Chapter 12

Trade Policy

Regional economic integration is the core objective of ECOWAS, as set forth in the founding ECOWAS Treaty of 1975. Achieving this integration involves removing barriers to trade among member states and developing a common set of policies and instruments to manage trade among member states and between the Community and the rest of the world. ECOWAP aims for such integration in Agriculture, with the explicit aim of reducing the region's dependence on food imports and fostering food sovereignty. Although substantial progress has been made in improving regional integration since 1975, effective implementation of agricultural trade policies remains a major challenge. This chapter reviews the experience of West Africa, starting with WAEMU and then extending to ECOWAS, in developing and implementing regional trade policies and dealing with trade-related price volatility. In so doing, the chapter analyses the role of trade policy in helping the agrifood system respond to the challenges it faces as a result of the on-going structural transformation of West African economies described in Chapter 2.

In addressing these issues, the chapter first describes ECOWAS's goal of building a West-Africa-wide customs union, which involves two elements: creation of a free-trade area within the region and developing a common external tariff (CET) for trade with countries outside of the Community. It then examines in more detail ECOWAS's agricultural trade integration agenda as well as how that agenda is shaped by ECOWAS's relationships with the World Trade Organization (WTO) and the European Union. Next, the chapter describes progress to date in implementing the various elements of the agenda and analyses remaining constraints to its full implementation. It also examines the degree of coherence between, on the one hand, the regional trade policy and other regional policies such as ECOWAP, and on the other hand, between regional and national trade policies.

One of the key issues that any trade agenda needs to address is how to deal with the price volatility that characterises many regional and international markets. The chapter addresses the measures, beyond the safeguards designed to accompany the implementation of the CET, that ECOWAS could undertake to help reduce and manage the impacts of such volatility. The discussion also examines other measures that currently are not part of the formal ECOWAS trade agenda, but which need to be dealt with if regional integration is to be fully effective. Finally, the chapter closes with some overall conclusions and a series of broader inquiries regarding the future of Agricultural trade policy in West Africa.[155]

12.1 The policy goal: building a unified West African market

The ECOWAS Treaty and ECOWAP both reflect a broad consensus among policy makers about the importance of strengthening regional integration and trade in order to take advantage of the complementarities arising from the diverse agro-ecological conditions and consumption patterns in West Africa. Stronger regional integration also allows countries to overcome the disadvantages of small and fragmented markets in order to exploit comparative advantages and economies of scale. It facilitates the management of shared natural resources, such as rivers, aquifers and pastures, building on the historically important patterns of transhumance and trade. It also is critical to

155 See Maur and Shepherd (forthcoming) for a more detailed discussion of trade integration policies of ECOWAS.

management of cross-border livestock and human diseases and promotion of technology spillovers among countries. Finally, regional integration via organizations like WAEMU and ECOWAS confers to member states, the majority of which are amongst the poorest in the world, more bargaining power in international trade negotiations.

The aim of establishing a customs union was included in the ECOWAS founding treaty. Creating a customs union includes two components: abolishing customs duties and non-tariff barriers to trade among the countries of ECOWAS, thereby creating a free-trade area; and establishing a common external tariff (CET) for trade with countries outside of ECOWAS. Following the example of West African Economic and Monetary Union (WAEMU), ECOWAS plans that its customs union will evolve into a full economic and monetary union (FAO, 2008).

Because regional trade policy affects the price of imported and locally produced goods in the region, designing trade policy involves balancing diverse interests of different groups within West Africa. Among the key balancing acts that trade policies need to address are the following:

- ECOWAS member states have different interests depending on their net trade positions, comparative advantages in producing various goods and the relative importance of specific food staples in the diets of their populations. The countries also differ with respect to how important industrialized agroprocessing is in their economies and hence the countries' interest in ensuring access to key inputs, some of which are imported. Such interests have strongly influenced, for example, the trade policies of Nigeria.

- Policy makers in each country face the "food price dilemma" of food prices representing both an incentive to increase local production and a major determinant of the real income of the poor. Trade policy, through its impact on domestic food policy, thus involves balancing the interests of poor and vulnerable population groups (net food buyers) with those of net food sellers.

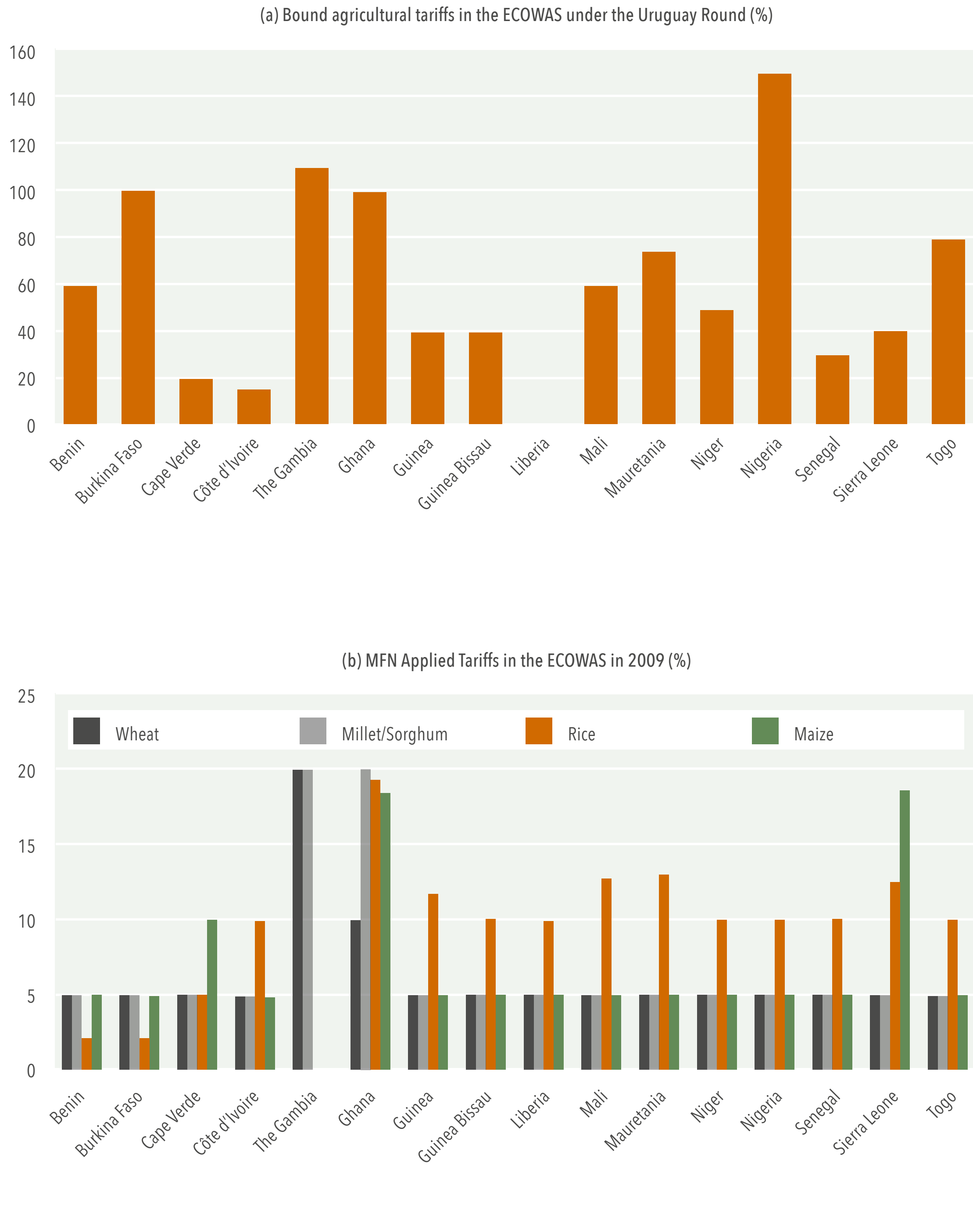
- Within a value chain, the products of each stage of the value chain are inputs and hence costs for the next stage. Decisions to protect one stage to boost domestic production increase costs for the next stage. For example, a decision to provide infant-industry protection for a domestic fertilizer industry may help that industry to grow domestically, but at the cost of denying farmers low-cost imported fertilizer, thereby slowing farm-level productivity growth. Similar arguments can be made for agro-industries that process both domestic and imported raw materials, such as sugar.

In part because of the need to balance these divergent interests, the implementation of the ECOWAS trade agenda has progressed more slowly than originally anticipated. Developing consensus on trade involves reconciling different historical positions and policies of the member states with respect to their degree of openness to international trade. The degree of openness is illustrated in the wide range of bound tariffs for cereals that the various West African states agreed to when they joined the WTO (Figure 12.1 (a)).[156] At one extreme there are countries with very low bound tariffs, such as Côte d'Ivoire (15%), Senegal (25%), Guinea, Guinea Bissau and Sierra Leone (at 40% each). At the other end of the spectrum are countries with high bound tariffs for cereals, such as Togo (80%), Ghana and Burkina Faso (100% each), The Gambia (110%) and Nigeria (150%, which extend to all commodities). These levels of bound tariffs do not correspond to the actual MFN tariffs applied by the countries of the region, the majority of which are in the 5-10% range and reach as high as 20% for a few countries and commodities (Figure 12.1(b)). However, this diversity in the initial bound tariff commitments is indicative of differences among the West African countries regarding their openness to trade and their perceptions about the capacity of their respective agricultural sectors to meet

156 All ECOWAS countries with the exception of Liberia and Cape Verde were members of the WTO from its inception in 1995. Cape Verde joined in 2008 and Liberia has been in the process of accession since December 2007. A bound tariff is the maximum tariff that a WTO member committed not to exceed on its imports from any other WTO member.Countries negotiate their bound tariff rates with other WTO members as part of the process of accession to the organization. In practice, WTO members typically apply lower tariff rates but retain the right to raise their applied rates up to their bound rates. Both bound and applied tariff rates should comply with the general WTO principle of "most-favoured-nation" (MFN), i.e. no discrimination among trading partners.

the food needs of their people. These differences were more explicitly expressed during the process of agreeing on the ECOWAS Common External Tariff (CET), discussed below.

Figure 12.1 *Bound and applied tariffs for cereals in West Africa*



Source: Konandreas, 2012a

12.2 The trade integration agenda: progress and remaining challenges

12.2.1 The ECOWAS Agricultural integration agenda[157]

Although economic integration is a central objective of ECOWAS, the Community does not have an officially endorsed trade policy document, analogous to ECOWAP for agriculture, that presents the vision, objective and tools for trade development of the region. Rather, ECOWAS's overall trade policies derive from several regulatory texts and plans that govern different aspects of trade within the Community and how the Community seeks to manage its trade with the rest of the world. The most important of these documents are the ECOWAS Trade Liberalization Scheme (ETLS), the Protocols of Free Movement of Persons and Goods, the rules governing value added tax (VAT) harmonization within the Community, the adoption of a Common External Tariff (CET) and safeguard measures for trade with the rest of the world, efforts to harmonise safety and quality standards for goods (Sanitary and Phytosanitary Standards – SPS; and Technical Barriers to Trade – TBT), and plans to create a common monetary zone for all of ECOWAS. Moreover, the relations between ECOWAS and the rest of the world are also governed by agreements its member states have with other nations via multilateral and bilateral accords. The most important of these are the WTO accords and relations with the European Union (EU) via the now-expired EU/ACP accords and their successor, the Economic Partnership Agreements (EPAs). For agriculture, these general trade protocols are supplemented with specific elements of the ECOWAP Regional Agricultural Investment Programme.

The ECOWAS Trade Liberalization Scheme. The ETLS establishes the framework for creating a free trade zone among ECOWAS member states. Adopted in 1979, it initially allowed free trade only for agricultural products and traditional handicrafts that originated in the ECOWAS countries, but between 1990 and 2000 it was broadened to include all industrial products of ECOWAS Community origin. Thus, under ETLS, all goods that originate within the ECOWAS Community are supposed to move duty-free within the region.

Protocols of Free Movement of Persons and Goods. Between 1979 and 1990, ECOWAS adopted a series of protocols that (1) allow citizens of any member state to enter the territory of any other member state for up to 90 days without a visa, (2) establish conditions under which citizens of a member state may establish residence and seek employment in any other member state, and (3) provide conditions under which any citizen of a member state can establish a business (and bring in goods and equipment for that business) in any other member state.[158] The protocols aim at providing mobility of labour and capital within the Community and provide protection for those undertaking such movements – for example, prohibiting any mass expulsions of workers from a member state, as happened to Ghanaians working in Nigeria in the early 1970s.

VAT harmonization. As part of the process of economic integration, the ECOWAS member states have agreed to harmonise their value-added tax (VAT) rates applicable to the same goods across countries. This is to avoid creating incentives to move goods from low-VAT to high-VAT countries within the free-trade zone area, thus generating trade unrelated to comparative advantage and problems of tax avoidance and tax enforcement.

SPS and TBT harmonization. In order to create a free trade zone, food safety and product quality standards need to be harmonized or at least mutually recognized across member states in order for goods to flow easily within the region. A major challenge facing West African countries is how to strike the balance between complying with international standards emanating from WTO agreements on the Application of Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) needed to access international export markets and developing standards that

157 This section draws heavily on Alpha, 2012.

158 For details, see http://www.comm.ecowas.int/sec/index.php?id=publicat-1&lang=en

correspond to product characteristics valued in local and regional markets. To date, efforts in West Africa have focused mainly on harmonization aimed at meeting global standards for export markets. As part of its regional integration effort, WAEMU pioneered efforts to strengthen and harmonize SPS and TBT compliance through the West Africa Quality Programme (WAQP), initiated in 2001 and implemented by UNIDO with funding from the EU. In 2007, the programme was expanded to cover all ECOWAS countries plus Mauritania. Its objective is to "create an environment that facilitates compliance with international trade rules and technical regulations, in particular, compliance with WTO agreements on TBT and SPS, through the establishment and/or the strengthening of national and regional quality infrastructure that provides effective services in standardization, conformity assessment and accreditation that meet international standards".[159]

Adoption of the CET. In January 2006, the ECOWAS Heads of State approved the extension to all ECOWAS Member States of the WAEMU Common External Tariff (CET), with a few temporary exceptions. This CET had been in use by the WAEMU member countries since 2000. One of the motivations for adopting the CET for all of ECOWAS is that having a CET in place is a prerequisite to signing a Community-wide Economic Partnership Agreement with the EU (see below). The WAEMU CET classified all imports into one of four tariff bands, with tariffs rates ranging from 0% for the first band to 20% for the fourth band. The adoption of the WAEMU CET resulted in tariff rate reductions on many items in the non-WAEMU members of ECOWAS (for example, see the discussion of the Ghanaian poultry value chain in Chapter 10). This, in turn, led to arguments that the WAEMU CET did not provide sufficient protection to certain products. Several countries, including Nigeria, and stakeholder groups, such as ROPPA, called for the creation of a higher fifth tariff band, with Nigeria arguing that it be set at 50%. In June 2009, the ECOWAS Heads of State authorized the creation of the fifth band and set the rate at 35%. Negotiations to finalize the list of products to be included in the fifth band continued until late 2013. Pending the scheduled implementation of the restructured CET with the fifth band in 2015, the general WAEMU structure of the CET, with its four bands, remains in practice throughout ECOWAS, but individual countries sometimes impose rates on specific items that are different from those specified in the WAEMU CET. For example, Ghana taxed rice imports at the rate of 20%, while the CET rate is 10%.

Safeguard measures. At the time of the adoption of the CET, ECOWAS Heads of State also endorsed the creation of two safeguard measures. The first, the Degressive Protection Tax (DPT), aims at providing additional industry-specific protection (at a decreasing rate over time) to countries as they adapted to lower tariff rates under the CET. The second, the Safeguard Tax on Imports (STI), aims at dealing with import surges. Two additional measures were later added to the list of proposed safeguards. The ECOWAS Compensatory Levy (ECL) aims at counteracting the competitive advantages that imports gain due to agricultural subsidies in the exporting countries. The Inverse Safeguard Tax (ISF) is a proposal that would operate in the opposite direction as the STI in cases of soaring international prices or precipitous, undesirable drops of imports of critical goods. It would provide a uniform mechanism by which import duties would drop in such cases to help stabilize trade volumes (ECOWAS, 2012). These safeguard measures and their current implementation status are discussed in section 12.2.3 below.

Plans for a monetary union. The 15 ECOWAS countries have 8 different currencies, and this diversity of currencies constrains regional trade. Within ECOWAS, the eight WAEMU countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo) share a common currency, the CFA franc, which has a fixed parity to the Euro, guaranteed by the French Treasury. Each of the remaining seven countries has its own currency. One of these (the Cape Verde escudo) is also pegged to the Euro and hence has a fixed exchange rate with the CFA franc. The value of the remaining six currencies relative to the Euro and the US dollar are determined through

159 *(http://qualitywestafrica.org/prototype/about-waqp/)*

auctions and administrative measures. Because of the limited convertibility of some of these currencies, trade between these countries and other countries within the region and outside of the region has been constrained, as importers and exporters have to obtain a convertible currency and pay currency conversion fees and insurance to cover exchange-rate risks. In order to address these problems and ease payments among West African countries, the six countries with currencies not linked to the Euro (The Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone) created the West Africa Monetary Zone (WAMZ) in 2000. WAMZ set a target of creating a common currency, the Eco, among its member states by 2015. The aim is then to merge the WAMZ and WAEMU by 2020 and achieve a unified currency for the entire ECOWAS zone (Alpha, 2012). A unified West African currency, however, would likely not be linked directly to the Euro, and such delinking for the WAEMU countries would require substantial macroeconomic adjustments on their part.

Relationships with the World Trade Organization (WTO). Although all member states of ECOWAS except Liberia are members of the WTO, each joined and negotiated its terms of accession individually. ECOWAS as an organization is not a member, having only ad hoc observer status at meetings of the Trade and Development Committee and the SPS Committee. In order to become a member of the WTO and have authority to negotiate on behalf of its member states (as does the European Commission on behalf of the EU member states), ECOWAS would need to become a full customs union. To qualify as a customs union under WTO rules, ECOWAS would need to adopt the "Free Practice Principle" which involves import duties being collected on goods only at their first point of entry into the Union, after which point they circulate as if they had originated in the Union. Currently ECOWAS operates under the "transit regime", according to which imported goods are granted temporary suspension of duties, taxes, and commercial policies until they reach the border of the destination country, at which point they clear customs. Moving to the Free Practice Principle would require ECOWAS countries to develop a system whereby customs services at the ports of entry would collect and then transfer customs revenue to the importing country. Negotiations among member states on development of such a mechanism appear stalled (Alpha, 2012). Adoption of the Free Practice Principle would also likely reduce employment in the customs services of inland countries and would concentrate bribes at the ports of entry. The coastal countries might also be slow in remitting to the inland countries customs revenues that were levied on their behalf. All of these factors probably explain some of the resistance of member countries to the movement to the Free Practice Principle.

As discussed below, the fact that the West African countries carried out their negotiations individually with the WTO rather than as a bloc complicated subsequent intra-ECOWAS negotiations regarding the CET. WTO rules also dictated revision of the rules governing the West African countries' preferential access to EU markets under the ACP/EU accords, leading to the process of negotiating Economic Partnership Agreements (EPAs).

Trade agreements with the EU and the Negotiation of EPAs. Trade relations between ECOWAS member states and the EU are governed by several agreements: the EU's Everything but Arms (EBA) agreement, its General System of Preferences (GSP) and enhanced GSP (GSP+), and the Economic Partnership Agreements (EPAs). All of these are successors to previous agreements that granted these countries nonreciprocal preferential access to EU markets under earlier African, Caribbean and Pacific (ACP)/EU agreements, which have been phased out because they were not WTO compliant.[160] The ECOWAS Commission has received the mandate from its member states to negotiate jointly with the WAEMU Commission for a Community-wide EPA, but until a final

160 The ACP/EU accords under the Lomé Convention of 1976 granted ACP countries preferential non-reciprocal access to EU markets for a wide range of products. These accords trace their genealogy back to preferential trade agreements granted at independence that allowed the newly independent countries preferential access to the market of the former colonial power. With the formation of the EU, the preferential access was broadened to the entire EU market. But because these preferences were not open to all developing countries but only to former colonies, they were judged to be noncompliant with WTO rules and hence had to be phased out. They are being replaced by EPAs, which introduce reciprocity in the trade relations between ACP regions such as ECOWAS and the EU. The initial target date for completion of the EPAs was 2007, but agreement "in principle" on the terms of a West-Africa-wide EPA was only reached in March, 2014.

agreement is signed and ratified with the EU (see Section 12.2.4) the ECOWAS member states' trade relations with the EU are managed on a country-by-country basis.

12.2.2 Implementation progress: the free trade area

ELTS and free movement. In reality, ECOWAS is far from a free trade area. Traders frequently face a wide array of tariff, tax and non-tariff barriers to trade, and, as any West African who has travelled by public transport across borders in the region can attest, the Protocol on the Free Movement of Persons is frequently violated. It is useful to distinguish, however, among (1) official government actions that are inconsistent with regional commitments to create a free trade area, (2) rent-seeking by individuals acting outside of official government policy, and (3) structural factors that hinder regional integration.[161]

Government actions that impede the realization of a free trade area include the imposition of periodic export bans on cereals by certain member states (e.g. Mali, Burkina Faso and Nigeria) during periods of high domestic prices and the levying of taxes on products of ECOWAS origin as if they originated outside the community. The latter is related to numerous disputes between ECOWAS countries (and between WAEMU countries) regarding rules of origin, especially as they apply to processed products. For example, Côte d'Ivoire has filed a complaint with the WAEMU Commission against Senegal's decision to tax imports of refined palm oil from Côte d'Ivoire. Similarly, Malian cattle exporters frequently complain of Senegal imposing a VAT on live cattle imported from Mali, which under WAEMU and ECOWAS rules should enter VAT-free. Nigeria's frequent and unpredictable changes in its trade policies are also examples of national decisions inconsistent with ECOWAS provisions; tariff schedules and a list of import prohibitions, including from other ECOWAS countries, are periodically revised via legislation, and the Federal Ministry of Finance issues regulations and directives affecting regional and international trade. The Nigerian government offers several justifications for the import prohibition list, including the need to protect domestic industry, food safety and consumer health concerns, security issues, and limiting dumping practices. All the decisions, however, are made unilaterally, without either consultation with or prior notification to the ECOWAS Commission.

Rent seeking by individuals, such as police, customs, and gendarmerie officials who regulate transport of goods and persons within the region, as well as imports and exports, remains widespread, increasing the costs of trade and discouraging movement of goods and people within ECOWAS. Bribes are also sometimes required to obtain the certificates of origin required for goods to be traded duty-free within ECOWAS. The most common form of rent seeking is the extortion of bribes along the numerous roadblocks within the region. Figure 12.2 shows the extent of such barriers as of mid-2010, including the average time lost along each trade corridor and the average bribe paid per 100 km. Particularly noteworthy are: (1) the high number of barriers along the coastal corridor linking Abidjan and Lagos and in northern Côte d'Ivoire (which reflected the division of the country at that time), (2) the high level of bribes extorted along certain corridors in Burkina Faso, Ghana, Mali, and Senegal, and (3) the very low level of such barriers in Togo, which is the regional leader in reducing such hindrances to trade.

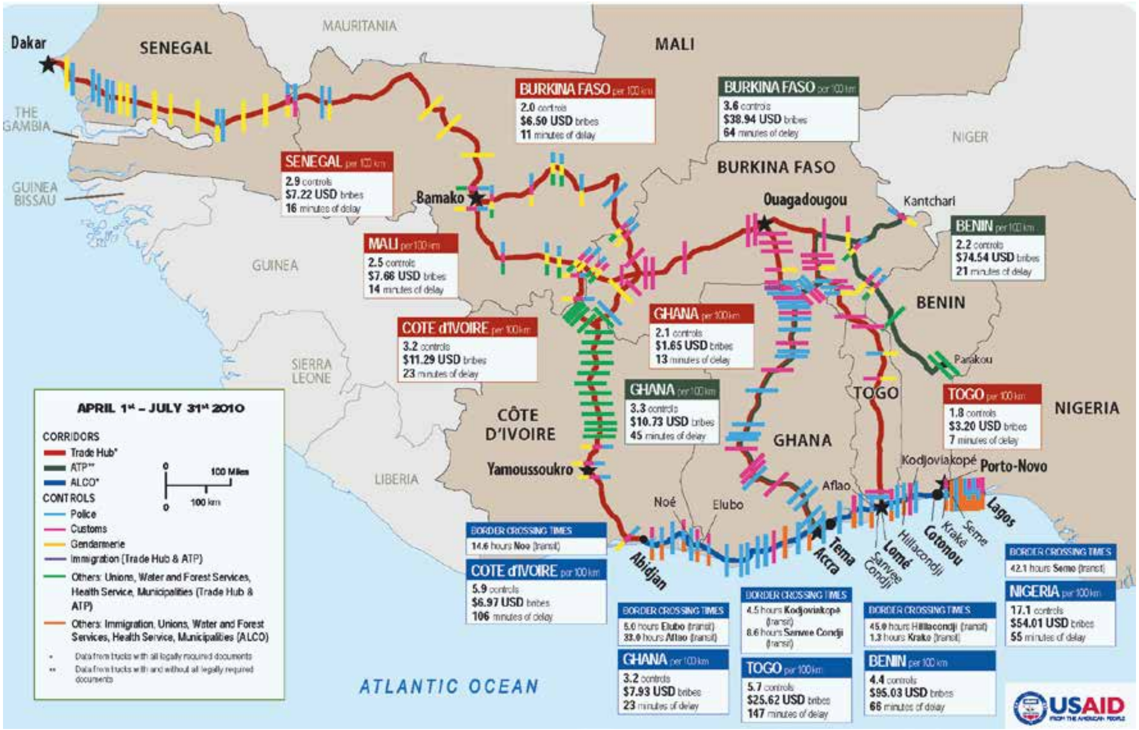
More recent reports show declines over time in the magnitude of these barriers, although the rate of decline appears to have levelled off in 2012 (Figure 12.3).[162] Mali appears consistently to be a leader in the number of road barriers per 100 km.[163] The decline over time in barriers across most countries may be due to increased efforts by organizations such as the West Africa Trade Hub to publicize the issue and provide traders and

161 Rent-seeking actions (e.g. police officers extorting bribes from truckers) are sometimes referred to in West Africa as "abnormal practices." Unfortunately, such practices are frequently the norm, and their widespread persistence suggests at least partial official approval.

162 Figure 12.2 shows the trends in the number of road stops per 100 km. The trends in average bribe paid per 100 km and time lost at such control points per 100 km show similar downward trends (USAID and UEMOA, 2012). Unfortunately, similar updated data are not available for changes along the Abidjan-Lagos corridor.

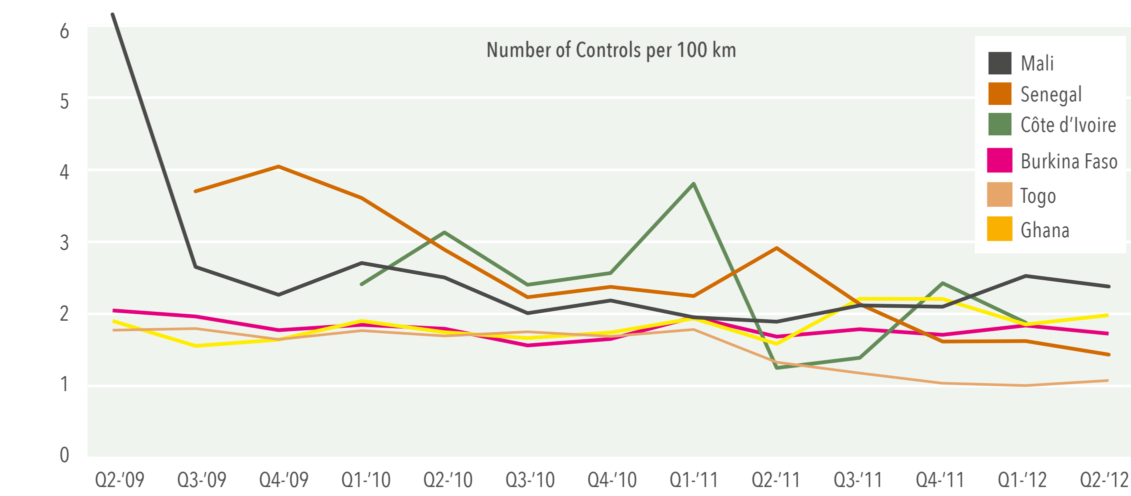
163 The high level of road barriers in Mali predates the country's security crisis that began in 2012. The number of barriers also does not appear to have increased following the March 2012 coup d'état, indicating that Mali faces a chronic rather than a transitory problem of such barriers to trade.

Figure 12.2 Road Barriers to Trade in West Africa, April–June, 2010



Source: USAID and ALCO, 2010.

Figure 12.3 Change in number of Road Controls per 100 km by country, 2009–2012



Source: USAID and UEMOA, 2012

truckers information about their legal rights and obligations under regional trade accords.[164] Togo's success reducing the number of such barriers indicates that governments can do something about this problem. The persistence of such barriers in several countries suggests that some governments are reluctant to address the problem aggressively, perhaps because such illegal payments represent an off-budget subsidy to the security forces. The

164 The decline in barriers in Senegal starting in mid-2011 also followed a border conference between Senegal and Mali, co-presided by the countries' two Prime Ministers, that focused on reducing such barriers to trade.

problem also undoubtedly persists because many customs agents and traders are not fully aware of ECOWAS and WAEMU rules regarding regional trade and traders are either unaware of complaint mechanisms available to them (e.g. via chambers of commerce) or find them ineffective (Alpha, 2012).

Structural factors. There are two key policy-related structural factors that have been particularly important in hindering regional integration: the structure of the market for trucking services and the lack of harmonization of SPS and TBT compliance measures.

The structure of the market for trucking services in West Africa results in high transport prices that hinder regional integration. While road infrastructure in certain parts of West Africa remains weak, particularly in rural areas, a 2009 World Bank analysis found that while prices per km charged by truckers in Africa are the highest in the world, the costs those truckers incurred for obtaining and operating their vehicles were not higher than those in other developing countries, such as China. Rather, the major determinants of the high prices charged were policies that resulted in a lack of competition in the trucking industry. This lack of competition was worst in Central and West Africa (Teravaninthorn and Raballand, 2009).

Among the major causes of high truck freight rates in West Africa are the following (ibid.):

- Bilateral treaties among countries that set quotas for allocation of shipments between countries and restrict shipment in third-country trucks. Typical examples are the treaties that Burkina Faso has negotiated with the major countries through which it imports most of its goods (Ghana, Côte d'Ivoire, Senegal, Togo, and Benin). These treaties allocate two-thirds of the tonnage of imports that are trucked to Burkina Faso to Burkinabé-registered truckers and one-third to truckers registered in the port country. Such quota systems obviously limit competition (excluding, for example, truckers from third countries, even if they are ECOWAS members) and create little incentive to update trucking fleets.
- Arrangements at the national level whereby allocation of freight among individual trucking firms is done via freight bureaus, usually on a first-come, first-served basis (queuing system). This system requires the trucker to be a member of a trucking association affiliated with the freight bureau. Designed in part to protect the access of small trucking firms to business, the system increases costs by creating an extra intermediary in the system (the freight bureau), thereby preventing direct contracting between truckers and those seeking to transport goods. In practice, the freight bureau sets the trucking rates, restricting price competition. The system also creates incentives for truckers to bribe bureau officials to get priority access to freight.
- In the absence of strict enforcement of axle load limits and the prevalence of small fines for violations, truckers face strong incentives to overload their trucks, which while privately profitable is socially costly, leading to premature breakdown of roads.

Differences in food safety (SPS) and product quality (TBT) standards have historically hindered integration in the region. The West Africa Quality Programme, initially implemented in WAEMU and subsequently extended to all of ECOWAS, has focused on strengthening national and regional capacities to set and enforce both health and quality standards. At the WAEMU level, over 42 regional standards (covering both agricultural and industrial products) have been adopted by the Council of Regional Organizations for Standardization, Certification and Quality Promotion for promulgation back to the national level. The WAEMU experience showed that interest of the National Standards Bodies were much more strongly oriented to developing improved standards for export markets, particularly for the EU, than for locally and regionally traded products such as gari (Alpha, 2012). Furthermore, despite significant progress by WAEMU to harmonize quality and health standards, the WTO reports that sanitary and phytosanitary (SPS) certifications are not recognized across countries in WAEMU, thus requiring reinspection of goods crossing borders (World Trade Organization, 2012). The lack of uniform quality standards for many agricultural products acceptable by traders throughout the region means that trade is based not so much on objective product description as on personal relationships among traders and on informal inspection of individual product lots, both of which narrow the scope for trade and competition.

One particularly thorny issue on which the region has reached no consensus is standards on genetically modified organisms (GMOs). National policies vary widely on whether GMOs are or will be allowed, but given the porous nature of borders in West Africa, it is clear that once GMOs become widely produced in one country, they will soon be present in its neighbours. Given that Nigeria and Burkina Faso have endorsed the notion of incorporating GMOs as part of their national agricultural development strategies, trade in GMO products in the region is not far off (see Focus Section C., p. 315)

VAT harmonization. In theory, developing a free-trade area requires harmonization of all forms of indirect taxation, including VATs as well as border tariffs, so that trade within the region is driven by comparative advantage and not simply differences between countries in taxation rates on goods. VAT harmonization is well advanced in the WAEMU countries, but has much farther to go in the non-WAEMU members of ECOWAS. In 1996, ECOWAS Heads of State and Government approved the ECOWAS Value Added Tax Protocol, but it was not until June 2012 – 16 years later – that The Gambia, one of two remaining member states at that time that still did not have a VAT, approved the protocol and moved to implement the tax effective at the beginning of 2013. Guinea Bissau (a WAEMU member), the other country without a VAT, was in the process of aligning its general sales tax to the structure of the VAT in the other countries (The Voice, 2012; World Trade Organization, 2012).

12.2.3 Implementation progress: the common external tariff and safeguard measures

The CET. Negotiations among ECOWAS member states about what items should be included in the fifth band of the CET, which was designated to cover "specific goods for economic development", lasted four years, from 2009 until September 2013, when the ECOWAS Council of Ministers adopted the final regulatory texts governing the tariff.[165] The revision of the CET to include a fifth band has been led by a joint ECOWAS-WAEMU technical committee. The committee established five criteria for a good to be included in the fifth band: (1) the good has a high potential for local production; (2) it is particularly vulnerable to international competition; (3) it is important for the economic diversification of West Africa; (4) its production would promote regional economic integration; and (5) a higher level of protection would be particularly helpful in promoting the private sector (ECOWAS and UEMOA, 2012b). The economic rationale for these criteria raises some questions, and the rationale depends in part on whether they are considered individually or simultaneously. For example, criteria (1) and (2) together constitute an infant-industry argument for protection. Taken alone, criterion (2) could be used to justify protection of any internationally uncompetitive industry.

There were particularly strong debates about the tariff rates for rice, sugar, and palm oil, reflecting differing views among member states and among other stakeholders regarding how to balance farmer, agroprocessor and consumer interests. Part of the political compromise was the proviso that only products previously in the fourth band could be considered for the fifth band. This proviso prevented rice, which had been in the third band of the WAEMU CET, from entering the fifth band as Ghana and Nigeria had originally sought. In December 2012, the joint ECOWAS-WAEMU technical committee recommended that raw sugar continue to fall into the third band (at 10%) and refined sugar remain in the fourth band (at 20%), but in a nod to sugar-producing countries, it also recommended that ECOWAS include sugar as one of its priority value chains in ECOWAP and that a special monitoring committee be established to evaluate the impact of the CET on the sugar industry.

165 The ECOWAS Heads of State and Government officially authorized the CET on 25 October 2013, with a scheduled implementation date of 1 January 2015 (ECOWAS, 2013a).

Table 12.1 *ECOWAS CET Tariff Bands*

Tariff Band	Definition of Goods	Level of tariff	Number of tariff lines	% of total tariff lines
1	Essential social goods	0%	85	1.4%
2	Goods of primary necessity, raw materials and specific inputs	5%	2 146	36.4%
3	Intermediate goods	10%	1 373	23.3%
4	Final consumption goods	20%	2 165	36.7%
5	Specific goods for economic development	35%	130	2.2%
Total			**5 899**	**100.0%**

Source: ECOWAS and UEMOA, 2012a

For palm oil, the committee recommended placing it along with other vegetable oils produced heavily in the region (coconut, cotton-seed, and groundnut oils) in the fifth band, while other imported vegetable oils remained in the fourth band (ECOWAS and UEMOA, 2012a).

Major features of the CET that emerged from the near-final recommendations of the joint ECOWAS-WAEMU committee in December 2012 are summarised in Tables 12.1 through 12.3. As detailed in Table 12.1, the fifth band (35% tariff) covers only a little over 2% of the total tariff lines included in the CET, with 60% of tariff lines covered in the third (10% tariff) and fourth bands (20% tariff), and 36% in the second band (5% tariff). Like most tariff schedules, the CET generally gives higher protection to semi-processed and processed products than raw materials, with the exception of a few sensitive products like meats. For example, the CET rates for unrefined vegetable oils, rice paddy, raw sugar, and milk powder are lower than those for processed products derived from them, thereby offering protection to West African agroprocessors of those imported inputs.

In creating the revised CET, ECOWAS was constrained by a condition of international trade agreements (Article XXIV of the GATT) that stipulates that the creation of a free trade zone such as ECOWAS cannot result in an increase in overall tariff protection of the zone relative to the rest of the world. Thus, even though there was strong lobbying from stakeholders to increase the number of products included in higher tariff bands during the process of negotiation, the number of proposed items in the fifth band gradually fell as did the general level of protection. In the final structure of the CET that was adopted in 2013 the trade-weighted average of all tariffs for the region as a whole is practically unchanged from the situation that prevailed prior to the adoption of this CET. For some individual countries, such as Liberia and Benin, however, the CET will result in major changes in trade-weighted levels of protection (Table 12.2). In 9 of the 15 ECOWAS countries (including Nigeria), the trade-weighted level of protection is projected to fall under the CET, while in the remaining 6 (including Ghana) it would rise.[166]

The fifth band is heavily concentrated on animal products (mainly meats), a few fresh and processed horticultural products in which ECOWAS judges West Africa to have strong development potential, processed cocoa products, key vegetable oils and products derived from them (mainly soaps), and fabrics (Table 12.3). The strong protection given to meat products, including poultry, does not extend to dairy products. While consumer-ready yoghurts fall within the fifth band, milk powder imported in bulk is taxed at 5%, suggesting that ECOWAS sees limited growth potential for milk production in the region but seeks to protect its dairy processing industry, which is based mainly on imported milk powder.

166 Note that the "pre-CET level" in Table 12.2 refers to currently applied tariffs (similar to the WAEMU CET), not the bound tariffs of the individual countries. As noted below, for some of the countries, the proposed ECOWAS CET with the fifth band exceeds their WTO bound tariff rates, which poses a potential problem for the implementation of the ECOWAS CET.

***Table 12.2** Projected trade protection changes with the adoption of the ECOWAS CET*

	Trade-weighted Protection Rate		
Country	Pre-CET (%)	Post-CET (%)	Change
Benin	15.7	18.05	2.35
Burkina Faso	11.55	10.62	-0.93
Cape Verde	13.75	13.9	0.15
Cote d'Ivoire	7.3	7.44	0.14
The Gambia	14.91	14.59	-0.32
Ghana	9.89	10.96	1.07
Guinea	12.59	10.63	-1.95
Guinea-Bissau	13.94	13.81	-0.13
Liberia	4.8	12.97	8.17
Mali	11.11	10.64	-0.47
Niger	13.01	11.25	-1.76
Nigeria	11.2	10.21	-0.99
Senegal	9.38	9.12	-0.26
Sierra Leone	12.66	10.57	-2.09
Togo	14.27	15.91	1.64
ECOWAS	**11.74**	**12.05**	**0.31**

Source: ECOWAS, 2013b

***Table 12.3** Structure of the fifth band of the ECOWAS CET*

Products	No. of Tariff lines in 5th band	% of total tariff lines in 5th band
Animal Products		53.1%
Fresh meats and meat products	50	38.5%
Processed meat products	12	9.2%
Yogurts	4	3.1%
Eggs for human consumption	3	2.3%
Vegetable Products		6.9%
Potatoes, onions, and shallots	3	2.3%
Processed potatoes	2	1.5%
Processed tomatoes and tomato products	4	3.1%
Cocoa powders and chocolate products	9	6.9%
Oils and Soaps		13.1%
Refined palm, cottonseed, coconut and groundnut oils	6	4.6%
Soaps and cleaning products	11	8.5%
Fabrics	17	13.1%
Other[a]	9	6.9%
Total	**130**	**100.0%**

Source: ECOWAS CET schedule
[a] Bottled waters, non-chocolate confections, and bakery products

Milled and parboiled rice remained in the third band, taxed at 10%, even though processed rice is not an intermediate good like other products in this band. Its placement in the third band represents a compromise between countries like Senegal and Sierra Leone, on the one hand, that are heavily dependent on rice imports and hence favoured a low tariff rate, and countries such as Ghana and Nigeria that sought a high rate in order to protect domestic production. Other unprocessed grains, such as maize, fall into the first band (5% tariff). Rice paddy, which might be considered an intermediate input into the milling industry and hence logically falling into the third band at 10%, actually stayed in the second band at 5%, perhaps as a concession to countries such as Nigeria that sought to substitute rough rice and brown rice imports for milled rice imports in order to capture the value added from milling domestically.

Shifting from its current tariff regime to the CET will affect a country's overall level of tariff protection, and hence its volume of trade, the amount of government tariff revenue, and consumer and producer welfare (due to changes in prices). The magnitude of these changes will depend on the difference in the tariff rates between the CET and each country's currently applied tariffs, the country's composition of imports, and how sensitive imports are to changes in tariff rates (as measured by the import elasticity of demand). Analysis by ECOWAS and WAEMU experts (ECOWAS, 2013b) estimated that adoption of the CET will not drastically affect government revenues are expected to in the region. Estimated tariff revenues fall slightly in Nigeria and Guinea Bissau, and increase very modestly in the other countries. Consumers benefit in countries where the trade-weighted rates of protection fall and lose where they rise, but the overall change in consumer surplus is small, given the overall small change in region-wide tariff rates.

Safeguard measures to accompany the CET.[167] The ECOWAS CET aims to establish a baseline level of protection for the Community. Given the volatility of market conditions, particularly for agricultural products, ECOWAS also proposed a complementary set of safeguard measures aimed at dealing with: (1) transitional problems that particular industries in individual countries might face as a result of adopting the CET, (2) import surges, and (3) the aim of ECOWAP to provide differentiated protection to various value chains.[168] The four measures include:

- ***The Degressive Protection Tax (DPT).*** The objective of the DPT is to offer countries that face a reduction in the level of protection for specific industries or sectors additional time to adjust their economies to the new tariff regime. The DPT provides additional protection to those industries or sectors (at a decreasing rate over time) during which time they can restructure and improve their competitiveness. Each member state is requested to develop its list of products for which it requests DPT protection; the requests will be reviewed by the ECOWAS CET management committee and recommendations made to the appropriate decision-making body of ECOWAS. The DPT is to be set as the smaller of either: (1) the difference between the former tariff rate for the good and the rate under the CET or (2) 50% ad valorem. The DPT will be progressively reduced over a period of 10 years. This DPT will likely provide higher protection than the WAEMU DPT, whose maximum rate was 20% ad valorem and which was phased out over 6 years.

- ***The Safeguard Tax on Imports (STI).*** This is a temporary surtax aimed at protecting local production from large declines in world market prices and import surges. Although authorised by ECOWAS, it is to be applied on an individual country basis. The tax would be triggered on selected items (the list of which would be published annually by ECOWAS) if either (1) the CIF price of the import fell by more than 10% relative to the previous three-year average price or (2) imports exceed 20% more than the previous three-year average. Once triggered, the

167 This section draws heavily on Konandreas, 2012a; Alpha, 2012; and ECOWAS and UEMOA, 2012b; and ECOWAS, 2012.

168 Three of these measures are similar to safeguards adopted in conjunction with the WAEMU CET, and they also mirror safeguards being discussed under the Doha round of the WTO negotiations.

surtax would equal either 100% of the decrease in the unit price or 50% of the rate of growth of imports, whichever is greater. The tax would apply to all imports of the product from outside the Community, no matter the source, for no more than one year unless the triggering conditions were again met in the subsequent year. The STI is thus seen as a short-term measure to deal with temporary import surges. It is similar in design to the Special Safeguard (SSG) of the WTO Agriculture Agreement (Article 5), but the ECOWAS STI appears, as written, to apply to all products, not just agricultural products. Another difference is that the right to use the WTO SSG was linked to the 'tariffication' process and had to be designated as such in members' schedule of commitments. Thus, as currently designed, it appears that the ECOWAS STI is not WTO-compliant (ECOWAS and UEMOA, 2012b).[169]

- ***The Inverse Safeguard Tax (ISF).*** While the STI would raise tariff levels when world prices drop precipitously or import volumes surge, the ISF is designed to address the opposite problem – a disruptive drop in imports of key goods if world prices increase rapidly or import volumes fall sharply – by spelling out the conditions under which import tariffs can be cut (and by how much) to maintain imports of key goods at a desirable level. The ISF is intended to avoid ad hoc and uncoordinated cuts in import tariffs across different member states during periods of high prices, as occurred in 2007-08. No such safeguard mechanism exists in WAEMU. Its legality at the WTO is not in question as in effect its objective is to reduce protection and boost trade and not the opposite. The ISF was just proposed in 2012, and at this stage no specific triggers have be specified (ECOWAS, 2012).

- ***The ECOWAS Compensatory Levy (ECL)*** is similar to the WTO countervailing duty and is meant to offset "unfair" competition. The ECL will be imposed on proof that subsidies of third countries are causing injuries or threats of injuries to ECOWAS producers involved in agriculture, livestock and fishing or forestry processing industries. The triggering mechanism is to be the Producer Support Estimates (PSE) published annually by the OECD.[170] An OECD-wide average PSE greater than 10% would trigger the ECL, which would vary between 10% and 30% depending on the magnitude of the PSE, and apply to all imports from non-ECOWAS countries (ECOWAS and UEMOA, 2012b). This proposed 10% trigger is very low, as average OECD-wide PSE's are currently in the range of 20%, meaning that in practice the ECL would be triggered from the start for almost all non-ECOWAS agricultural products.

The exact modalities of these safeguards, especially the trigger mechanisms, were still under discussion in late 2013. During the negotiations, different stakeholders have raised concerns about how effective such safeguards will be in protecting West African producers given the volatility in world market prices of basic foodstuffs and the perceived low level of the CET. For example, ROPPA proposed an adjustment period of more than 10 years for the DPT. For the STI, it argued to extend the application duration from the initially proposed six months to one year, reduce trigger thresholds from the originally proposed 50% to 10% for volume and from 20% to 15% for price, take account of currency appreciation in the price safeguard, and for the trigger thresholds to be set at a regional rather than country level. Finally, for the ECL, it recommended that ECOWAS conduct its own studies to identify levels of subsidies granted by exporters with a view to determining the level of the ECL (Konandreas, 2012a). As can be seen from the current status of the proposals, ROPPA, although not achieving all of its objectives, was successful in making these measures more protective of West African agriculture (see Focus Section B for further discussion of ROPPA and agricultural policy, p.311).

169 If restricted to agricultural products, the ECOWAS STI could be compatible with the Special Safeguard Mechanism (SSM) proposed for agriculture under the Doha Round of the WTO. However, this would depend on the specific trigger mechanisms adopted and its product coverage in relation to those of the SSM. Since the SSM has not yet been settled and adopted, however, the ECOWAS STI is not currently WTO-compliant.

170 The PSE measures the annual monetary value of gross transfers from consumers and taxpayers to support agricultural producers, measured at farm gate level, arising from policy measures. It is expressed as a measure of the percentage of total farm income. A PSE of 10% denotes that 10% of total farm income comes from such transfers (http://stats.oecd.org/glossary/detail.asp?ID=2150).

12.2.4 The EPAs[171]

Between 2003 and 2014, the ECOWAS Commission and the WAEMU Commission jointly negotiated with the EU for a regional EPA for West Africa (ECOWAS countries plus Mauritania). A final agreement was reached in October, 2014. The EU remains the largest trading partner of West Africa. In contrast to the previous ACP/EU agreements that allowed West African countries non-reciprocal duty-free access to the EU market, the draft EPA involves West African countries gradually opening their markets over a period of 20 years to duty-free imports of a range of European products and services in exchange for continued duty-free access to the EU. The negotiations were originally scheduled to be completed by December 2007, but this process evolved slowly for several reasons.

First, nations that the UN classifies as "least developed countries" (LDCs) already have non-reciprocal duty-free access to the EU market for almost all their goods under the EU's Everything But Arms (EBA) trade preference programme. All ECOWAS member states except Nigeria, Ghana, Côte d'Ivoire and Cape Verde are LDCs, and hence there was little urgent political pressure from stakeholder groups in the LDCs to conclude the regional EPA.

Second, in order to conclude an EPA, ECOWAS needed to have in place a CET and an agreement with the EU regarding a list of "sensitive products" that would not be subject to duty-free trade with the EU but rather be subject to the CET. Because the ECOWAS Commission was in the process of negotiating with its member states the modified structure of the CET, including the fifth band throughout much of 2013, it was not in a position until late 2013 to make a definitive offer to the EU regarding its CET.

Most fundamentally, the major sticking point was the degree to which West Africa would open its market to duty-free imports of EU goods in exchange for the EU's offer of 100% duty-free access of West African goods to the EU market. In practice, this debate involved reaching agreement on the products that ECOWAS would classify as sensitive goods, subject to the CET. In contrast to the political process used to identify products to include in the fifth band of the CET, ECOWAS used a combination of statistical analysis and wide consultation with stakeholders to come up with a list of proposed sensitive products based on a consolidation of lists developed by the member states (for details, see Alpha, 2012). The initial list implied that 65% of EU goods would enter West Africa duty free.[172] In contrast, the EU argued that an opening of no less than 80% would be required to produce a total trade-weighted level of market liberalisation of 90%, consistent with the notions of a free-trade area incorporated in the Article XXIV of the GATT, which is the international legal foundation for the free-trade areas such as the EPAs.[173]

In subsequent negotiations, the West African countries gradually expanded the degree of market opening they were willing to accept. In early 2014, the EU accepted the ECOWAS offer of a 75% opening over a period of 20 years in exchange for immediate duty-free access of 100% of West African goods and services to EU market as long as they met EU quality standards. The EU pledged to provide 6.5 billion Euros between 2015 and 2019, as part of the EPA Development Programme (EPPAED), to help West African enterprises increase their capacity to meet these standards.[174] In a concession to the EU, the West African countries agreed to extend Most Favoured Nation (MFN) status to the EU, which ECOWAS had previously resisted, as it felt that doing

171 This section draws heavily on Alpha, 2012; Bovier, 2014; ECOWAS, 2014a; ECOWAS, 2014b; and Financial Afrik, 2014

172 The percentages in this sentence refer to the number of tariff lines (individual goods), not the trade-weighted volume of imports from the EU.

173 Article XXIV states that free trade areas must, with few exceptions, eliminate "duties and other restrictive regulations of commerce… on substantially all the trade between the constituent territories in products originating in such territories." It does not, however, explicitly define the term "substantially all", so the disagreement between the EU and ECOWAS over the openness of West Africa to duty-free EU imports in part involves a disagreement over the interpretation of this term.

174 Besides its specific measures aimed at helping countries adjust to the EPA (e.g. tax reforms and compensation of fiscal losses), the EPADP (PAPED in French) programme is basically an aid for trade program. Its five strategic foci are: (1) diversification and growth of production capacities; (2) developing intra-regional trade and facilitating access to international markets; (3) improving and strengthening trade-related infrastructures; (4) implementing necessary adjustments and integrating other trade-related needs; and (5) EPA implementation and monitoring-assessment. The PAPED emphasizes three main value chains: food supply; cotton and textiles/clothing; and tourism. It also covers fields such as sanitary and phytosanitary measures, standards, trade facilitation, competitive production, and EU-West Africa value chains (Agritrade, 2010, 2011).

so would reduce the region's capacity to diversify its trading partners.[175]

ECOWAS and the EU signed the final version of the EPA in October, 2014. How this agreement will affect West African Agriculture will depend, among other things, on: (i) how well West African products will be able to meet EU quality standards; (ii) whether EU Agricultural products that benefit from production subsidies will be allowed duty-free access to the West African market; and (iii) the cost structure of West African agroprocessors compared to their EU counterparts.

In addition, concerns among the West African countries about the impact of adopting the EPA revolve around two issues: how the tax exoneration for EU goods will affect government revenues (as most West African governments rely substantially on tariff revenues) and whether key sectors and industries in West Africa will be able to compete with European imports. Estimates of these impacts vary substantially (Box 12.1).

While the EU-ECOWAS negotiations dragged on for a West-Africa-wide EPA between 2003 and 2014, the non-reciprocal duty-free access to EU markets granted to these countries individually under the EU/ACP Cotonou agreement came to an end in December 2007. As mentioned earlier, this posed a problem only for the four non-LDC ECOWAS countries – Cape Verde, Côte d'Ivoire, Ghana and Nigeria – as the LDCs continued to have non-reciprocal access under the Everything But Arms programme. Ghana and Côte d'Ivoire therefore negotiated interim EPAs individually with the EU, which actually started to open their markets more broadly to EU imports than under the ECOWAS proposal to the EU. Both of the interim EPAs include clauses stating that the agreements will become void if and when a West-Africa-wide EPA comes into effect. Nigeria resisted the pressure to open its market more widely to EU imports, and hence its unrestricted duty-free access to the EU market lapsed at the end of 2007. The country still had duty-free access for many of its products into the EU market under the EU's GSP, but it now faced tariffs on some of its processed products, such as semi-finished cocoa products, which are now taxed at rates of between 2.8% and 6.1% depending on the product (Traoré, 2009). Cape Verde benefitted from a three-year transition period of continued duty-free access due to its characteristics as a small and vulnerable island economy. In December 2011, Cape Verde was granted enhanced GSP access to the EU market under its GSP+ programme, which provides duty-free access to 66% of all tariff lines in the EU.[176]

12.2.5 Potential implementation constraints

Implementing the ECOWAS trade agenda for Agriculture faces a number of potential hurdles.

The CET and WTO. As mentioned earlier, the member states of ECOWAS vary widely in the level of the bound tariffs they negotiated during their processes of accession to the WTO. Adopting the CET, eight member states that negotiated relatively low bound tariffs (Burkina Faso, Cape Verde, Côte d'Ivoire, Guinea, Mali, Niger and Senegal) are in violation of the WTO accords, as the CET (particularly the fifth band) exceeds their bound tariffs by a significant amount. In contrast, countries such as Ghana and Nigeria, which negotiated high bound tariffs, face no problem. Because ECOWAS is not a member of the WTO, it cannot carry out a blanket negotiation of the bound tariff rates with the WTO on behalf of its members. Each member state in potential violation of its WTO agreement will need to do so individually, although the ECOWAS and WAEMU commissions have recognised that they need to create a platform to provide support to their members in preparing and renegotiating their agreements (ECOWAS and UEMOA, 2012a).[177]

Implementation of safeguard measures. The proposed ECOWAS safeguard measures with seemingly automatic triggering mechanisms, in some cases (as with the ECL) based on indicators calculated by

175 MFN status for the EU obliges ECOWAS to extend to the EU the same trade preferences that ECOWAS extends to any other trading partner.

176 The GSP+ status is granted to developing countries that implement core human rights, labour rights, and sustainable development conventions. As of February 2012, 16 countries qualified for this status. (http://www.mkma.org/Notice%20Board/2012/NewGSPHighlights.pdf)

177 Such renegotiation has precedent. In 2008 Gabon had to renegotiate its bound tariff for industrial products when the common external tariff of the Central African Economic and Monetary Union went into effect (Diouf, 2012).

Box 12.1 Studies of the impact of an EU-ECOWAS EPA on West African agriculture and agro-industry

Many EPA impact studies have been carried out since the beginning of the EU-ECOWAS EPA negotiations. Most of them focus on fiscal impact, while few analyse potential economic impacts, especially on the agricultural sector. Most of the studies agree that it is very likely that imports into West Africa from the EU would increase and that some African producers would be harmed as a result of the removal of tariffs on EU imports (Busse and Grossman, 2004; PwC, 2005). Recommendations about sensitive products to be excluded from the trade liberalization are also often similar: livestock, meat, wheat flour, milk products, onions, potatoes and rice are some of the most frequently mentioned products (Faivre-Dupaigre et al., 2004; Blein et al., 2004; PwC, 2005).

One study funded by the EU (PwC, 2005) focuses specifically on West African agro-industry. Completed in 2004/05 before ECOWAS submitted its proposed list of sensitive products, the study shows that lower tariffs on potatoes, onions, poultry, prepared tomatoes, and used clothing could cause serious injury to domestic production and the well-being of producers, depress local industry and discourage the development of processing capacity. The study thus recommended putting these products on the list of sensitive products and considering taking other protection measures (e.g., increasing the CET or imposing quantitative restrictions) for prepared tomatoes and poultry.

A recent study using a Computable General Equilibrium (CGE) model (CRES, 2011) found that no more than 65% of trade liberalization (the initial ECOWAS market access offer) should be applied to ensure overall positive impacts for the region. Even if the region as a whole would benefit, there were strong distributional issues: the study estimated that Côte d'Ivoire, Ghana, Benin and Niger would gain from the EPA whereas as Nigeria and Senegal would lose. However, the issue of EPA impacts is controversial. Prior to the completion of the ECOWAS market access offer, other studies using the same kind of CGE model (Fontagné et al., 2008) were very optimistic about impacts of 80% openness of the ECOWAS market to EU imports. The final impact strongly depends on the importance of tariffs in government revenue, on potential compensatory effects, and fiscal reforms.

Various safeguards measures are envisaged in the negotiation for a regional EPA and are included in the interim EPAs that Ghana and Côte d'Ivoire have negotiated with the EU (Alpha et al., 2011). Among them is a "food security clause". It stipulates that if the agreement leads to problems of availability or access to food and then causes or risks to cause serious difficulties, Ghana and Côte d'Ivoire could take appropriate (but unspecified) measures.

Source: Alpha, 2012

international organizations, could reduce the scope for arbitrary national-level decisions to invoke the safeguards in an ad hoc fashion. This transparency could provide the private sector clearer expectations about when government actions to intervene in trade will take place. Yet implementing the safeguard mechanisms will be demanding in terms of import prices and volumes that need to be monitored and institutional decision-making that needs to be rapid if the safeguards are to be effective. Experience with the WAEMU safeguards showed that they were often slow to respond (ECOWAS Commission, 2012a). Furthermore, while the CET is to be applied regionally, the safeguard measures are to be triggered by conditions facing individual countries (e.g. fluctuations in their exchange rates), which could create different levels of protection among member states and thereby induce smuggling.

Implementing the Free Practice Principle. As mentioned earlier, creating a full customs union will require a system whereby customs duties are collected only at the first point of entry into the union. Achieving this goal will require addressing the thorny issues of creating a structure to share customs revenues among the countries and aligning the incentives of the members of the national customs staffs to go along with such a departure from current practice.

12.3 Improving policy coherence

12.3.1 Coherence between ECOWAS trade policy and ECOWAP

The objectives of ECOWAP and the ECOWAS trade agenda are broadly coherent, and the process of realigning the CET with the creation of the fifth band has made them more so. The WAEMU CET classified goods into four broad tariff bands, while ECOWAP called for differential protection of specific value chains based on their specific needs. The creation of the fifth band and the Degressive Protection Tax were both moves in the direction of more differential protection. The tariff escalation in the CET is also consistent with ECOWAP's goal of promoting greater processing of agricultural products within the region.

The fact that the ECOWAP Mobilizing Programmes were developed before the CET negotiations were completed offered greater scope to ensure policy coherence. Nonetheless, while some of the priority value chains identified in Mobilizing Programme no. 2 (mainly meat products) were included in the fifth band, many of the others (such as rice, cassava, and maize) were not. In part, this exclusion might reflect the limited involvement of the ECOWAS Department of Agriculture, the Environment and Water Resources in the CET negotiations due to staff constraints, but it more likely reflected concerns about the humanitarian and political dangers of rising staple food prices in many of these countries. The definition of the CET may also have future implications for the designation of priority products for ECOWAP – as indicated by the recommendation of the joint ECOWAS-WAEMU CET committee that sugar (debate about which was very contentious during the fifth band discussions) be included as a priority commodity for ECOWAP.

12.3.2 Coherence between regional and national trade policies

A larger challenge is to promote coherence between national and regional trade orientations within ECOWAS given the diverse economies and policy orientations that the member states have historically followed. A brief overview of these orientations for a few countries in the region illustrates some of the challenges.[178]

Nigeria. Nigeria is the giant economy of the region with an agro-industrial sector more developed than most of the other countries of the region. Given the size of Nigeria's market, how well the country aligns its trade policies with those of ECOWAS will play a decisive role in determining the success of the regional trade policies. Prior to the mid-1980s Nigeria's trade policy was highly protectionist. Agricultural products, in particular grains and oils, were subject to high customs duties, between 50% and 100%, and Nigeria imposed quantitative import restrictions on hundreds of agricultural products and banned exports of nearly all foodstuffs. Frequent changes in trade policies by Nigeria posed major challenges for those seeking to trade with the country.

Nigeria's trade regime has dramatically changed over the last three decades. The government amended its trade regime to lower tariffs for a wide range of goods and to replace a number of import bans by tariffs. Nigeria began to liberalize its trade regime when it implemented its structural adjustment programme in 1986, and the present trade policy seeks to achieve more systematic application of the official tariffs. Today, the move to regional integration is gradually modifying Nigeria's trade policy regarding Agricultural products. The number of prohibited imports has substantially declined.

178 For more details, see Alpha, 2012.

Nonetheless, Nigeria still maintains a list of Agricultural products for which imports and/or exports are banned. The WAEMU Commission has complained about how the import ban disrupts regional trade, and Nigerian trade negotiators have said that the problem will be addressed once the ECOWAS CET is implemented (ECOWAS and UEMOA, 2012a). Nonetheless, a total ban on maize imports is included as a “favourable support policy” in Nigeria’s 2011 Agricultural Transformation Agenda (Nigeria Federal Ministry of Agriculture and Rural Development, 2011). In addition, as the country with the most industrial-scale agroprocessing in West Africa, Nigeria has lobbied for low tariff rates on imports of raw agricultural products such as rice paddy and raw sugar, which Nigerian processing plants need to increase their low levels of capacity utilization. Such low levels of protection of extra-African imports create increased competition with other countries in the region that could produce such goods.

Ghana. Ghana has had a fairly liberal trade orientation policy since the early 1990s. However, the issue of the role and level of tariff protection in maintaining or raising the level of food self-sufficiency is a frequent debate in Ghana. The debate is especially intense regarding products such as rice, poultry, sugar and tomato paste, where the country has significant investments in production and processing but faces strong international competition. For example, Ghana imposes an import tariff of 20% on rice, as opposed to the 10% rate included in both the WAEMU and ECOWAS CET. Nonetheless, in comparison to many of the countries in ECOWAS that put a strong emphasis on import-substitution of food crops in the name of food sovereignty, Ghana has a fairly balanced policy regarding promotion of food crops and export crops. As a major agroprocessor, it has also pushed for tariff escalation to promote more in-country processing, particularly of cocoa products. For domestic food products, Ghana, consistent with ECOWAP, has pushed selective protection of strategic products and safeguards against import surges.

Mali. Mali began liberalizing its trade regime in 1986, with reforms including the removal of trade quotas and the lowering of import tariffs, while at the same time liberalising domestic trade in cereals and simplifying export procedures for livestock. Regional integration is critical to Mali as a land-locked nation requiring secure and dependable access to ports and to quality port services in neighbouring countries. Mali has comparative advantages in cotton, livestock and meat products, animal and vegetable oils, and hides and leather products. Due to the irrigation potential of the Niger River, other commodities such as cereals (particularly rice), sugar, and an array of fruit and vegetables are promising, particularly for export to the West Africa regional market. The country’s ambition, as stated in its NAIP, is to become an agricultural powerhouse in West Africa, exporting staples and livestock products throughout the region. Yet as a poor country bordered by some richer neighbours, Mali feels the food price dilemma acutely. Many policy makers appear to fear that unfettered regional trade will result in Mali’s richer neighbours outbidding Mali’s low-income population for key commodities, leading to food shortages and soaring domestic food crises. Since 2005, the country has therefore imposed periodic export bans on cereals during periods of high regional and world prices, in contravention of the ECOWAS Trade Liberalization Scheme. Given the inclusion of most meat products in the fifth band of the ECOWAS CET, which will serve to raise their prices in the region, a similar food price dilemma with respect to livestock exports from Mali may also arise. Part of the motivation for including a Mobilizing Programme in ECOWAP aimed at developing alternative approaches to social safety nets was to address this type of food price dilemma in poorer countries like Mali and Burkina Faso (which faces some of the same pressures as Mali) in order to create alternatives to such trade bans that work against regional integration.

Senegal. The French colonial trade policy for Senegal focused on promoting groundnut exports to France while helping meet staple food needs through imports of inexpensive broken rice from French Indochina. Some of that heritage still remains, as the country is still highly dependent on imports of broken rice from Asia, although groundnut exports have fallen in importance. As discussed in Chapter 11, Senegal’s Loi d'Orientation Agro-Sylvo-Pastorale establishes food sovereignty as key goal along with promotion of export crops. The Grand Agricultural Offensive for Food and Abundance (GOANA), launched in 2008, had a strong import-substitution orientation and set extremely ambitious goals for increasing national self-sufficiency in a wide range of products, including rice, horticultural products, and livestock. As the state pulled back from direct involvement in marketing of agricultural products during the 1990s and early 2000s, it promoted the creation of interprofessional organizations to help regulate markets, including the imposition of import bans during certain periods of the year (e.g. for onions) to protect domestic production (Duteurtre and Dieye, 2008). In addition, Senegal, as one of the more industrialized countries in ECOWAS, has sought to protect local agroprocessing by imposing higher levels of protection on certain products (e.g. wheat flour, tomato concentrate, condensed milk, fruit juices, sugar and cigarettes) than called for in the WAEMU CET. It has also protected its poultry sector by banning all imports based on SPS considerations.[179]

Despite its increasing orientation toward protection of its agricultural sector, given the continued heavy reliance of the country on rice imports, Senegal was opposed to moving rice into the fifth band of the ECOWAS CET and argued in favour of the ISF that allows suspension of import duties during periods of high international prices.

This brief overview of a few countries' trade orientations illustrates that although all national agricultural trade policy documents in ECOWAS recognise the critical role of regional trade and call for an effective implementation of free trade within the region, trade practices and national interests differ based on the structures of the different national economies, the political power of national stakeholder groups and the history of trade and agricultural policies. While ECOWAP calls for food sovereignty at a regional level, many of the national policies seem to frame the goal at a national level and therefore sometimes erect barriers to regional trade. This was seen clearly during the 2008 food crisis when several countries in the region imposed export restrictions. Thus, the ECOWAS trade policies will likely be implemented by the member states when it fits their individual interests. The challenge for regional policy makers will be to try to increase the correspondence between the regional and national interests, including developing compensatory measures for those countries adversely affected by regional decisions.

179 The ban, putatively in place to protect Senegal from avian influenza, extends even to imports from countries that have never had an avian influenza outbreak.

12.4 Dealing with price volatility

A key part of trade policy is developing tools to deal with price volatility – the unexpected, large upward or downward movements of prices (see Focus Section A, p.118). Inherently, broadening the scope for trade helps reduce the volatility experienced at the local level, as supply fluctuations at the local level can be offset by imports and exports. The safeguard measures discussed above are designed to help deal with price volatility emanating from international markets. Similar measures have also been proposed under the Doha round of the WTO. The measures aimed at creating the ECOWAS free-trade zone, such as harmonization of quality standards and related processes, and the prohibition of trade bans within the zone, all aim at reducing price volatility by broadening the scope of the market, which allows supply-demand imbalances in one area to be counterbalanced through regional trade flows.

In addition to these measures, the ECOWAS RAIP proposes several elements aimed at mitigating price volatility in the region and dealing with its consequences. These include the following (ECOWAS Commission, 2012a; ECOWAS Commission et al., 2012):

Promotion of expansion of private storage. The team that designed ECOWAP's Mobilizing Programme that focuses on market regulation rejected the idea of creating a regional buffer stock to reduce price volatility, judging that the volumes of product needed for such a reserve to influence prices was beyond the financial and managerial capacity of the programme. Rather, the focus is on promoting regional storage and promoting trade credit and warehouse receipt systems to reduce the pressure on farmers to sell immediately after harvest, which accentuates seasonal price variation. Specific proposals include facilitating funding for storage facilities; support for storage, marketing credit and collective marketing by farmer organizations; and promotion of warrantage (warehouse receipt systems) through contracting with private sector warehouse operators in cross-border production areas in order to provide expanded storage services for traders interested in engaging in regional trade.

Actions aimed at making regional trade more fluid.

These include:

- Working with the ECOWAS Inter-Departmental Committee for Agriculture and Food to put pressure on national governments to promote free trade of agricultural products within the region by, inter alia, reducing illegal barriers to trade.

- The strengthening of agricultural market information systems by reinforcing national systems and linking them with the proposed ECOWAS information system ECOAGRIS. This action needs to include an effective trade surveillance system at the regional level in order to provide not only market information but also give an early warning of impending problems that could require special actions such as the triggering of safeguard mechanisms.

- The promotion of interprofessional organizations for sub-regional value chains that would help ensure orderly regional trade flows by promoting uniformity of quality standards, pressuring governments to suppress illegal activities hindering trade flows, and addressing value-chain wide barriers to improved market performance.

By making regional trade more reliable, such measures would also open up opportunities for investors to exploit regional economies of scale in agricultural production, storage, processing and distribution, as well as risk-management possibilities, thereby creating incentives for increased investment. This would not only increase aggregate regional food output but also result in a broadened and diversified food commodity basket, which is also an effective defence against price volatility.[180]

Promoting the establishment of a regional commodity exchange for food products in partnership with WAEMU. The idea behind this proposal is that the creation of a regional agricultural exchange, similar to SAFEX in South Africa, would create a transparent venue for price formation. The exchange price could then serve as an important piece of information that actors throughout West Africa could use in negotiating prices for their local transactions. The hope is that eventually the exchange could trade not only on a cash basis but also offer futures contracts, giving agroprocessors and eventually producer organizations an additional tool to manage price risk. The development of such an exchange is by its nature a medium- to long-term initiative. For prices on the exchange to be useful for actors throughout the region in setting their own prices, transport costs between the location of the exchange and other points in the region need to be fairly stable and predictable, which implies that trade flows need to be fluid (e.g. no unexpected roadblocks). A condition for a futures market to function well is that there also be well-functioning cash markets for the commodity in question, so moving forward with the free-trade-area agenda of ECOWAS appears to be a precondition for the regional exchange to succeed.

Creating a regional food security reserve aimed at providing targeted food aid to vulnerable segments of the population under direct distribution schemes or, occasionally, augmenting domestic food supplies during periods of domestic food shortages due to production shortfalls or import difficulties. The primary aim of such a reserve is not to try to reduce price volatility through buffer-stock operations but rather help mitigate the consequences of such volatility on particularly vulnerable populations. The constitution of such regional reserves typically

180 When food consumption patterns become more diversified, markets become more interlinked and stable than in cases where one commodity dominates food consumption patterns (Jayne, et al., 2009).

entails the earmarking of a certain percentage of each member country's[181] national reserve into the regional food reserve (see Focus Section A).

The ECOWAP plan calls for holding one third of the reserve as a physical stock and two-thirds as a financial reserve, mutualization of at least 5% of the national food reserve stocks through the RESOGEST[182] network of agencies managing national food reserves in several Sahelian and West African countries, as well as support to member states to establish or strengthen policies on national food security stocks. The system would also incorporate a G20 initiative for testing a pilot programme of small targeted humanitarian food reserves in the region. The food security reserve would help provide supplies to targeted safety net programmes in the region (ECOWAS Commission, et al., 2011).

Efficient and accountable distribution and management systems are an essential prerequisite for well-functioning food reserve systems. In this regard, it will be paramount to capitalize on lessons learned from existing national and regional food reserve systems in Africa and Asia. Sound principles from such well-functioning reserves include: limited size; clearly defined objectives; strong national or regional ownership; and a streamlined, accountable governance structure, including outside parties. Badly managed, reserve stocks can be highly disruptive of the market and crowd out private stockholding, leading to little or no net gain in inventories in the marketing system.

Strengthening social safety net systems. One of the three Mobilizing Programmes of the RAIP focuses on helping ECOWAS member states develop social safety nets that help mitigate the adverse effects of price volatility and other exogenous shocks on vulnerable populations. The programme also aims at helping ECOWAS develop, based on experience from around the world, standards for the design of such programmes (ECOWAS Commission, 2012b). If such efforts are successful, not only would they help protect the most vulnerable populations from the effects of extreme price volatility, they would also give member states another tool to help address, at least partially, the food price dilemma. Given the large number of net food buyers in most countries, however, it is probably not financially feasible to protect all of the politically vocal urban consumer groups from higher prices. Thus, while the safety nets may partially reduce political pressures on food-exporting countries in the region to impose export bans during periods of high food prices, they will not eliminate such pressures. Nonetheless, it is clear that the social safety net agenda cannot be divorced from the regional trade agenda.

Raising the profile of ECOWAS at the WTO negotiations. Because ECOWAS is not a member of the WTO, it cannot directly participate (other than as an observer) in WTO negotiations. ECOWAS could, however, consult more systematically with its member states to work out a common position on key issues of interest to the entire Community, which the countries would then use to defend their common interests in the negotiations. The ECOWAP Mobilizing Programme on market regulation proposes such an approach, with focus on issues particularly important to the region such as the designation of Special Products that would be exempted from tariff-reduction commitments and the design of the Special Safeguard Mechanism proposed under the Doha round negotiations on the Agreement on Agriculture. The broad criteria for designating the Special Products are food security, livelihood security and rural development. For a customs union with a CET, this list of Special Products would need to be uniform, and presumably ECOWAS would want a close correspondence between this list and the set of products that the ECOWAP Mobilizing Programmes have identified as "strategic products for food sovereignty and food security." Similarly, ECOWAS has an interest in ensuring that its safeguard mechanisms are compatible with the SSM to be adopted under the WTO.

It would be very much in ECOWAS's favour to become a full member of the WTO, which would require, as mentioned earlier, implementing the Free Practice Principle and receiving the mandate

181 The following countries are included: Benin, Burkina Faso, Cape Verde, Chad, the Gambia, Guinea-Bissau, Mali, Mauritania, Niger and Senegal.
182 *Réseau des Structures Publiques en charge de la Gestion des Stocks nationaux de sécurité alimentaire au Sahel et en Afrique de l'Ouest*

from its member states. Once a full member, ECOWAS could negotiate on behalf of all of its member states. Being a full member would be particularly helpful in renegotiation of bound tariff rates for the entire Community in the context of the CET. In so doing, ECOWAS will need to ensure some degree of flexibility in border protection by ensuring a certain margin between its negotiated bound rates and the CET rates to cushion against possible extended periods of depressed international prices.

12.5 Additional areas to address

Two additional issues need more attention in order to promote greater regional Agricultural integration, although both are thorny politically. The first is liberalization of the market for trucking services in the region, including allowing truckers from any ECOWAS member state to compete for freight throughout the region. Such action would introduce greater competition in the system and incentives for upgrading trucking fleets. This is particularly important in West Africa where most areas have no access to alternative transport systems, such as barges or railroad.

The second issue is the need for West African Monetary Zone (WAMZ) to make significant progress towards becoming a monetary union or at least linking currency variations among its members within a certain band. Movement to create an ECOWAS-wide monetary zone requires that the WAMZ, comprised of the non-WAEMU states, first harmonize their exchange-rate policies and move to create a common currency. WAMZ, however, has made little practical progress in implanting its plans to create a common currency by 2015 because its member states have not passed enabling legislation required to implement WAMZ decisions or to meet the convergence criteria established as a prerequisite for the monetary union. Consequently, the credibility of WAMZ is being drawn into question. In addition, a major constraint for WAMZ countries is the lack of a functioning official cross-border payments system and no direct link to the WAEMU payments system. Both traditional and parallel systems continue to operate; for small payments in cross-border trade and between individuals, cash is still extensively used. Traders often have to resort to carrying huge sums of cash in US dollars or Euros, at great risk, in order to effect payment for goods and services in countries where they do business (Alpha, 2012). It is hard to see how a common market in West Africa can be effective without at least some degree of coordination of exchange rates in the region. Part of the effectiveness of WAEMU to date has been due to its common currency, although by having that currency tied to the Euro, it has had to face the danger of periodic currency overvaluation. WAEMU, because of the common colonial heritage of most of its members, had the unusual experience of first being a monetary union before it became a free trade area. It appears much more difficult politically to go the other way – from free trade area to monetary union.

On the international front, there are a number of other issues that would need to be addressed in different fora where ECOWAS has an interest in coordinating among its member states to promote a common position. Among these are the following (for details, see Konandreas, 2012b):

- ***Strengthening WTO disciplines on export prohibitions and restrictions.*** Export prohibitions and restrictions at the global level render world markets thinner and less reliable (as evidenced by the 2008 food crisis). Unlike the specific WTO rules and binding commitments applicable to importing countries, disciplines on exports are weak and have proven generally ineffective. A measure that deserves immediate attention is to restrain the use of export prohibitions and restrictions on food purchases by the WFP for non-commercial humanitarian purposes (FAO, 2009).

- ***Combatting price troughs*** through pushing for continued reduction in distorting domestic support of agriculture in industrialized countries (as was called for in the Doha Round of the WTO negotiations), eliminating export subsidies and disciplining related instruments (such as export credits).

- *Rationalizing food assistance instruments*. Despite recent reforms, international food aid still remains highly variable and an uncertain resource, with commodity prices, stock levels and shipping costs playing a key role in determining its availability. Given that in years of very low international prices food aid might function as a hidden export subsidy and that it becomes much less available during periods of high prices, it would make good sense to earmark the use of this resource to emergency operations and for nutritional support to vulnerable populations.

- *Implementing the Marrakesh Decision[183] to provide more effective international financing facilities* that could help developing countries ensure their ability to import food during periods of high world prices. Some ideas for developing a more effective instrument to assist countries facing difficulties in financing basic foodstuffs were elaborated by FAO and UNCTAD, leading to a proposal for the creation of a Food Import Financing Facility, or FIFF (FAO, 2003). The FIFF was supposed to be a market-based instrument to provide credit guarantees to importing agents/traders of LDCs and net food-importing developing countries to meet the cost of excess food import bills. The rationale for this proposal remains valid, and this is an issue that ECOWAS countries could support.

- *Rationalizing biofuel policy* by abandoning inflexible mandates on biofuel use, which have contributed to global price volatility by making international demand for foodstocks such as maize increasingly inelastic.

12.6 Conclusions and remaining questions about the future of regional trade policies

West Africa, through the efforts of WAEMU and ECOWAS, has made considerable progress over the past 30 years towards developing a more integrated regional market for Agricultural products and a more common trade interface with the rest of the world. Yet progress has been slower than planned, and a full West African customs union is still not a reality. ECOWAS members signed the agreement to create a CET in 1996, with plans for it to be fully implemented by 2004. It is now scheduled to go into force in 2015. The slow implementation reflects the reality that the member states and stakeholders within them have divergent interests, so reaching a consensus on issues like the structure of the CET is difficult, and implementation of agreements such as those aimed at creating a free-trade zone are frequently resisted. This implies that design of the trade policy needs to pay particular attention to the structure of incentives and disincentives facing member states and various stakeholders to implement common approaches.

Two broad questions arise with respect to the ECOWAS/ECOWAP trade policies. First, what are the limits of the strategy of differentiated protection of West African Agriculture embodied in this set of trade policies? Second, how implementable are these policies?

Regarding the limits of the approach, one can pose a number of specific questions:

- ***In an environment of high international prices for many agricultural products, how much protection does West African agriculture need?*** What should be the balance between general protection offered by the CET and safeguard measures to protect against occasional import surges?

- ***What weight should concerns about dumping play in shaping the CET?*** One implicit justification for the fifth band was a concern about dumping by OECD countries, which could sell at low prices due to subsidies they provide to their producers. Yet for some commodities, such as poultry, international markets are increasingly dominated by exports from emerging economies, such as Brazil, whose ability to undersell West African producers derives not from subsidies but from their efficient,

183 Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least- Developed and Net Food-Importing Developing Countries <http://www.wto.org/english/docs_e/legal_e/35- dag_e.htm>

large-scale production systems and their ability to segment their sales between high-income markets in the North and lower-income markets in Africa. In addition, would the inclusion of the ECOWAS Compensatory Levy as a safeguard measure address the dumping issue effectively and how does that relates to the "dumping justification" for the CET fifth band?

- ***How sustainable politically will a policy of agricultural protection be in the future?*** Already, tensions over this issue were evident in the differing positions of ECOWAS member states about which products to include in the fifth band. In a situation in which a large part of the population spends a high proportion of its income on food, an agricultural development strategy based on raising agricultural prices (rather than lowering unit costs of production throughout the food system) is likely to be difficult to maintain politically. The fifth band provides particular protection to meat products for which demand is likely to grow very rapidly in the future (see Part II). While the fifth band is designed to help ensure that West African producers capture a large portion of that growing demand, if West African supply does not respond strongly to the increased prices, frustrated consumers will likely voice their displeasure over restricted supplies and higher prices.

- ***How can West African production compete with imports for agroprocessors business?*** As the analysis in Part III showed, one of the major factors driving agroprocessors in the region to turn to foreign suppliers is not necessarily their lower prices but rather their ability to ensure consistent supplies of reliable quality. A common external tariff does nothing to address this problem. Thus, tariff protection needs to be seen as a targeted measure while West African value chains reduce their costs and improve their quality control and reliability.

A central question, then, regarding the efficacy of the trade policy is whether the CET's protection will induce adoption, throughout the targeted value chains, of cost-reducing technologies and institutional innovations. Or will protection reduce incentives to innovate, leading to increased production but at increasing unit costs? A strong supply response requires access to improved technologies and measures to reduce the costs of transport and trade. Thus to be effective in promoting efficient Agricultural growth, tariff policy needs to be combined with policies to stimulate improved technology development and adoption in the region and improved institutional arrangements to reduce the costs of regional trade.

Regarding policy implementation, three key questions emerge:

- ***Is it feasible to define evidence-based protection levels for a highly diverse region?*** In other words, does one protection scheme fit all the countries? Inevitably, there will be political trade-offs based on differing country interests. This was seen in the debate over tariff levels for sugar in the CET. Nigeria, a country with a huge market for refined sugar and which has large sugar refineries that often operate under capacity, lobbied for lower rates for raw sugar than for refined sugar, arguing that the former was simply an input into agroprocessing. Other low-income inland countries that produce sugar for a much smaller market, such as Mali, argued that since raw sugar and refined sugar are substitutes, allowing raw sugar to enter at low rates would undermine the previously protected market for its refined product.

- ***Given these sorts of diverse interests, what can be done to create incentives among countries to implement common policies?*** The approach of ECOWAP of making co-financing of NAIP activities contingent upon countries respecting their commitments regarding free trade within the region is one important step forward, as are the planned efforts to work through regional interprofessional and trade organizations to educate their members and border officials about their rights and obligations under the regional trade agreements and to empower private-sector actors to fight back against illegal barriers to trade.

- ***What are options to deal with some of the political-economy factors that continue to hinder regional integration?*** These include things such as the low wages paid to public officials that may induce them to supplement their incomes by extracting rents from traders and the diversity of purchasing power among countries that may induce low-income countries to block exports in times of shortage to protect their own consumers. In order to capture the gains from regional integration, a challenge will be to design mechanisms to tap some of those gains to compensate countries and individuals who stand to lose from such integration.