THE ROLE OF ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS) IN PROMOTING BORDERLESS TRADE IN WEST AFRICA*

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1.0 Introduction

The influential role of trade in economic development has long been accepted since 1776 when Adam Smith published The Wealth of Nations. The prevailing and still the popular view is that countries with more liberal trade policies have better economic performance than those with restrictive trade policies (Sachs and Warner, 1995 and Krueger, 1998). Proponent of this view argue that liberal trade policies enable countries to produce and allocate resources more efficiently; access new ideas and technology; and also have access to cheap foreign consumer goods. However, free trade is not without its disadvantages as it encourages capital flight and job loss as local firms loses sales to imported goods. Some of the groups that are hurt by foreign competition may not wield enough political clout to obtain protection dumping of substandard imported products in developing countries, which eventually destroy local industries. Nevertheless, barriers to trade continue to exist despite their sizable economic costs. The continued acceptances of the positive role of trade by countries within the United Nations (UN) were driven by two major factors. The first being the creation of the United Nations Conference on Trade and Development (UNCTAD) in 1964 and, its adoption as a permanent arm of the UN. This arm of the UN specializes in analyzing and reshaping trade policies to benefit developed and developing nations. The second was the adoption of new principles in the General Agreements on Tariffs and Trade (GATT). This has made trade policies to remain central in the design of macroeconomic policies in both developed and developing countries. Most importantly, it is now viewed that growth prospects for developing countries are greatly enhanced through an outer-oriented trade regimes, that is, trade policy which is more open enhances international trade on the ground that trade has acted as an important engine of growth for countries at different stages of development, not only by contributing to a more efficient allocation of resources within countries, but also by transmitting growth from one part of the world to another.

It is in recognition of the critical role of trade in stimulating development of nations that countries within the West Africa sub-region came together to form the Economic Community of West African States (ECOWAS). The objectives of ECOWAS include among others: the promotion of trade among member countries with the belief that increased participation in trade is associated with higher inflows of foreign investment/capital and new technologies which can be adopted to transform an economy through appropriate policy. This view is corroborated by the recent development in China, the fastest growing economy in the world, where trade potentials have been effectively harnessed to achieve higher growth rate of gross domestic product (GDP) as well as increasing the general welfare of the populace. The emphasis on trade integration by ECOWAS is consistent with the call by the World Trade Organisation (WTO) and the International Financial Institutions (IFIs) for countries to integrate in order to tap fully the benefits of global trade. That is, a process of economic integration will create better economic development, and security for the countries engaged in a process of integration. This "better" economic development will allow integrated countries to increase their GDP, and the overall welfare of member countries. However, most developing economies including ECOWAS member countries have not benefited much from trade owing partly to policy inconsistency, non-competitiveness of exports and the lack of access to global markets occasioned largely by inadequate and low quality of exportable (Sanni 2006).

Against this development, the objective of this paper is examining the role of ECOWAS in promoting

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trade in the West Africa sub-region with a view to proffering suggestions for improvement. Following the introduction are the conceptual and theoretical issues. This is followed by the examination of ECOWAS integration efforts in the sub-region. Section four assesses the role of ECOWAS in promoting trade while section five concludes the paper with suggestions for improvement.

2.0 Conceptual and Theoretical Issues

Conceptually, international trade can be defined as exchange of goods and services between the residents of one economy and another (Stigeler, 1982). While free trade is usually defined as the absence of tariffs, quotas, or other governmental impediments to international trade, allows each country to specialize in the goods that it can produce cheaply and efficiently relative to other countries. Such specialization enables all countries to achieve higher real incomes (standard of living). Trade has been recognized by both the classical and neo-classical economists as an “engine of growth”. This is because trade promotes growth and development through technology and foreign investment flows and other benefits associated with global capital movements.

Trade can be divided into visible trade and invisible trade. The visible trade is trade in tangible items such as capital goods, manufactures, machinery and equipment and raw materials. The invisible trade relates to trade in intangible items such as communication services, financial services, postal services, transportation services, insurance services and other business services that enhance the production and exchange of physical goods. Krugman and Obsfeld (1999) posit that countries engage in trade for two basic reasons, each of which determines the extent to which a country gains from trade. First, countries trade because they have different resource endowment and can benefit from trade by making an arrangement in which each country specializes in those activities it does relatively well. Second, countries trade to achieve economies of scale of production. That is each country can produce more efficiently if it specializes in the production of those goods it has relative advantage, rather than producing all the products it needs.

2.1 Role of International Trade

International trade plays a positive role in economic development because exports serve as an earner of foreign exchange that are used to finance development programme. The most obvious gain from exports is the access to goods from abroad provided by earnings of foreign exchange. Exports permit not only the satisfaction of a broader range of consumer goods than could be supported by the narrow structure of traditional domestic output but also provide access to the capital equipment and technology of advanced countries that are crucial to the development process. The positive impact of trade has long been supported by the traditional trade theories such as those of Adam Smith's absolute advantage theory and the Ricardian and Heckscher-Ohlin Learner Samuelson (HOLS) models which consider differences in comparative advantage as the basis for trade. Though they differ in some of their assumptions and explanations of the differences in comparative advantages across countries, the later theories emphasize the production and consumption gains from trade. Granting critical shortcomings, Ricardo's theory states that a country will tend to export the commodity in which it has a comparative advantage and import the commodity in which it has a comparative disadvantage. Thus, given the assumption of constant costs, a country will specialize completely in the production of the commodity in which it has comparative differences in relative factor endowments, production functions, and pattern of demand. The summary of the HOLS model is that '*a country would export a commodity which uses its more abundant factor more intensively and import a commodity which uses its scarce factor more intensively*'. Other theories have been developed to explain the causes of trade, especially as related to strategic advantages of trans-national enterprises through foreign direct investment (FDI). Some of these theories admit human capital as a separate factor of production (management), or argue that scale and learning economies play crucial role in determining competitive advantage (increasing returns to scale), while others assign roles to differences in technology (product cycle). These theories suggest that trade of comparative advantage have developed beyond conceptual framework of the traditional explanation of undifferentiated labour, capital endowment and productivity (Bankole and Bankole, 2004).

2.2 Trade Liberalization

Trade liberalization is a form of trade policy (other forms are: export promotion strategy, import substitution strategy, etc.) that has been a central element of successful growth strategies especially in developed and emerging economies. The doctrine of liberalization contends that there are no restrictions to trade, economic and business activities. Specifically, it requires the state to dismantle existing regulatory structures in financial markets, traded goods markets and in labour markets. The central argument is that factors of production, goods and services are optimally priced and allocated when their prices are freely determined in a competitive environment. It is further argued that in the absence of free pricing, there would be inefficiency in resource allocation, which would worsen, as the authorities try to administer measures to cope with dwindling foreign exchange earnings and shortfall in public revenue. There are many possible ways to open an economy (sequencing of openness). The challenge for policy makers is to identify which best suits their country's political economy, institutional constraints, and initial conditions. As these vary from country to country, it is not surprising that there is a striking heterogeneity in country experiences regarding the timing and pace of reforms. Different countries have opened up different sectors at different speeds (for example Bangladesh and India); others have achieved partial liberalization through the establishment of export processing zones.

The rationale for the adoption of trade liberalization is well documented in the literature. In the World Bank

(1997) view for instance, good policies are those which accelerate integration into global markets by removing barriers to the free flows of goods, services, and investment. In the long-run, it is envisaged that trade liberalization will reduce poverty in LDCs through redistribution of gains from trade. Calvo and Drazen(1998), however, showed that trade liberalization of uncertain duration could lead to an upward jump in consumption including non-tradables. It is viewed that developing countries have reaped little from international trade with gains that have accrued to industrialized nations from trade. Another argument against trade liberalization is that of public revenue loss, arising from cut or removal of tariff on traded goods (Adam, 2005).

There are diverse opinions as regards the effect of trade liberalization on growth. The first school of thought believe that trade promotes growth through the impact of the inherent benefits associated with trade among countries. The other school of thought believe that trade liberalization does not promote growth particularly in developing countries owing to lack of tradable commodities in the global market such that trade openness by such countries would not enhance growth but rather undermine the growth of local manufacturing industries through importation of different kinds of goods. Developing countries are confronted with underdevelopment and poverty which requires a well articulated macroeconomic policy for the transformation of their economies in order to attain rapid growth and development. Olomola (1992) noted that for a developing economy to extricate itself from low equilibrium trap owing mainly to underutilization of its resources and poverty, it require the implementation of programme that emphasise increasing long-run growth. Trade liberalization is thus seen as a veritable means to achieve long-run growth. In a study by Sanni (2005) on Nigeria, the regression result showed that trade liberalization is essential for growth. Trade liberalization impact positively on non-oil exports and economic growth, but it found that weak infrastructural provision (power, roads, communication, etc), unfavourable international conditions, high inflation and misaligned exchange rate movements' all impeded the growth of non-oil exports in Nigeria.

2.3 Economic Integration

Economic integration can be viewed as second best trade theory, free trade being the first best trade theory. Economic integration is an arrangement of economic/social cooperation among some countries of the world. There are six different stages of economic integration, namely: (i) preferential trading area (ii) free trade (iii) custom union (iv) common market (v) economic and monetary union; and (vi) complete economic integration. Put simply, regional economic integration is an agreement among contiguous nations to allow for the free flow of ideas, investment funds, technology, goods and services. There are many degrees of economic integration, but the most preferred and popular one is free trade area Balassa (1961). The inherent benefits in economic integration explained why regional economic cooperation has gained momentum partly as a strategy to cope with global economic problems. As many countries are not strong enough on their own to cope with the rapid changes in the global economy, groups of countries use regional integration to achieve the necessary conditions for sustainable growth and development. The ultimate aim is to increase trade across the world. It allows for more trade creation amongst member countries, for instance they are privy to a wider selection of goods and services not previously available to them; member nations can also acquire goods and services at lower costs due to lower or elimination of tariffs. It also fosters political cooperation and relative peace amongst member states. A group of nations could have more political influence as a faction than each nation would have had on its own. Thus, integration is an essential strategy to address the effects of conflicts and political instability that may affect the region and is also an important tool in handling the social and economic challenges associated with globalization. In addition, economic integration provides employment opportunities, because it encourages trade liberation and leads to market expansion, more investment and greater diffusion of technology, all of which creates more employment opportunities for people and allow them to move from one country to another to find jobs or to earn higher pay.

In spite of these benefits, economic integration has a few demerits. The creation of economic bloc would assist in increased trade and movement but this would also lead to the creation of trading blocs which can increase trade barriers against non-member countries. Economic integration also leads to trade diversion because of trade barriers. Integration could be a threat to national sovereignty. Integration amongst nations requires member countries to give up some level of control over some of their key policies like trade, monetary and fiscal policies. The higher the level of integration, the greater the degree of controls that needs to be given up and threat to national autonomy particularly in the case of a political union which requires nations to give up a high degree of sovereignty. Three fundamental factors have affected the process of economic globalization and are likely to continue driving it in the future. First, improvements in the technology of transportation and communication have reduced the costs of transporting goods, services, and factors of production and of communicating economically useful knowledge and technology. Second, the tastes of individuals and societies have generally, but not universally, favored taking advantage of the opportunities provided by declining costs of transportation and communication through increasing economic integration. Third, public policies have significantly influenced the character and pace of economic integration, although not always in the direction of increasing economic integration. These three fundamental factors have influenced the pattern and pace of economic integration in all of its important dimensions.

3.0 ECOWAS and Regional Economic Integration Efforts

The Economic Community of West African States (ECOWAS) is a regional group of fifteen countries, founded in 1975. Its mission is to promote economic integration in "all fields of economic activities, particularly industry, transport, telecommunications, energy,

agriculture, natural resources, commerce, monetary and financial questions, social and cultural matters". The Institutions of the ECOWAS are the Commission, the Community Parliament, the Community Court of Justice and the ECOWAS Bank for Investment and Development (EBID). ECOWAS aims to promote peace, co-operation and integration in economic, social and cultural activity, ultimately leading to the establishment of an economic and monetary union through the total integration of the national economies of member states. It also aims to raise the living standards of its peoples, maintain and enhance economic/political stability, foster relations among member states and contribute to the progress and development of the African continent.
ECOWAS integration policies and programme are influenced by the prevailing economic conditions in its member countries, the need to take the principal provisions of the African Economic Council (AEC) Treaty into account, and relevant developments on the international scene. The revised treaty of 1993, which was to extend economic and political co-operation among member states, designates the achievement of a common market and a single currency as economic objectives, while in the political sphere it provides for a West African parliament, an Economic and Social Council and an ECOWAS court of justice to replace the existing Tribunal and enforce Community decisions. The treaty also formally assigned the Community with the responsibility of preventing and settling regional conflicts.

Several schemes/programme have been established to actualize the objectives of economic integration and trade facilitation by ECOWAS. Among them were ECOWAS Trade Liberalisation Scheme (ETLS), West African Clearing House (WACH) now West African Monetary Agency (WAMA), Inter State Road Transport (ISRT), ECOWAS Monetary Cooperation Programme (EMCP), West African Monetary Zone (WAMZ), West African Monetary Institute (WAMI); West African Institute for Financial and Economic Management (WAIFEM) and ECOWAS Bank for Investment and Development (EBID). Some of them are discussed below:

3.1 ECOWAS Trade Liberalisation Scheme (ETLS)

The ECOWAS Trade Liberalization Scheme (ETLS) came into force on January 1, 1990, with provisions for tariff reductions on unprocessed goods, handicraft and industrial products of community origin. The objective of the ETLS is to promote cooperation and integration leading to the establishment of an economic union in West Africa in order to raise the living standards of its citizens, and to maintain and enhance economic stability, foster relations among member states and also contribute to the progress and development of the African continent. It also aims to establish a customs union among all member states for the total elimination of customs duties and taxes of equivalent effect, removal of non-tarrif barriers and the establishment of a Common Customs External Tariff to protect goods produced in member states. The premise of the liberalization programme is based on the free movement of unprocessed goods and traditional handicraft products, to be exempted from import duties and taxes.

The second aspect of the programme involves the gradual removal of customs duties and equivalent taxes on industrial products of community origin and, thereafter, the lifting of non-tariff barriers to intra-community trade. The liberalization of trade in unprocessed goods are livestock, fish, plant or mineral products that have not undergone any industrial transformation while traditional handicraft products are articles made by hand, with or without the help of tools, instruments or devices that are manipulated by the craftsman. They are to be circulated freely, fully exempted from import duties and taxes and are not subject to any quantitative or qualitative restriction. Products which are considered originating from member states include; live animals born and raised within member states, mineral products extracted from the ground of member states, products obtained from animals living or raised in member states; electric energy produced in member states; scrap and waste resulting from manufacturing operations within member states; and vegetable products and herbs harvested within member states.

Amongst French speaking West African countries, there exists a common external tariff for imports originating from a third country, in contrast to the Anglophone group of ECOWAS who have different tariff rates. The tariff differences among the countries usually lead to trade creation and trade diversions which form the basis of discontent among cooperating countries in a regional trade arrangement; this absence of common external tariff in the ECOWAS makes inter-industry linkage which could occur in an economic entity or sub-region absent. Inter-industry linkages mainly occur in trade arrangements where industrial sectors of the cooperating countries are equally matched and advanced. Due to this various factors, ETLS has not been very successful as Intra-regional trade in ECOWAS sub-region and amongst member states is very low. According to the statistics for the years 1998-2002, intra-regional exports and imports averaged US$1250 million and US$.212 million respectively. In contrast, the region's total imports and exports to Europe Union averaged US$8260 million and US$8000 million during the same period. Leading economies in the region like Nigeria, Cote d' Ivoire, and Ghana have sustained economic development momentum and are preferring linkages outside the region. ECOWAS constantly faces challenges to trade which include illegal barriers, harassment, multiple roadblocks and reduced road use even with the ETLS scheme in place. In spite of signed cross-border trading provisions which are often violated by national border officials, Intra-regional trade is often minimal or largely informal and is often driven by inter-country price differentials. The free movement of goods continues to face challenges.

3.2 ECOWAS Bank for Investment and Development (EBID)

The ECOWAS Commission and the ECOWAS Bank for Investment and Development, more often called *The*

Fund, has its two main institutions designed to implement policies, pursue a number of programme and carry out development projects in member states. Such projects include intra-community road construction and telecommunications; and agricultural, energy and water resources development. The Heads of State and Government broke with the past by their decision to transform the ECOWAS Secretariat into a Commission at thirty. By becoming a Commission with enhanced powers and Commissioners in charge of smaller and clearly defined sectors, the ECOWAS Secretariat will have more impact and become more visible in Member States. Regarding the Community Parliament, the restructuring is designed to make it more efficient by providing it with relevant management support. Similarly, the Community Court of Justice is being re-organized to have its judges also concentrate on their core competences. Restructuring ECOWAS allows it to better adapt to the international environment, play a more effective role in the integration and development process, have smaller and more clearly defined sectors, support Member States in building their capacities for programme implementation, and a predictable rotation system based on equity, transparency and functionality. EBID is an international finance institution established by the new Article 21 of the Revised Treaty as amended by the Additional Act A/SA.9/01/07 of 19 January 2007. It has two windows, one for the promotion of the private sector and the other for the development of the public sector. Its main objective is to contribute towards the economic development of West Africa through the financing of ECOWAS and NEPAD (New Partnership for Africa's Development) projects and programmes, notable among which are programmes relating to transport, energy, telecommunications, industry, poverty alleviation, the environment and natural resources. EBID's mission is to contribute towards the creation of the conditions which would enhance the emergence of an economically strong, industrialized, and prosperous West Africa that is perfectly integrated both internally and in the global economic system in order to benefit from the opportunities offered by globalization.

3.3 West African Monetary Agency (WAMA)

The West African Monetary Agency (WAMA) is an autonomous specialized agency of the Economic Community of West African States (ECOWAS). In 1996, the West African Clearing House (WACH), which was established in 1975 as a multilateral payment facility to improve sub-regional trade in West Africa, was transformed into a broad based autonomous agency called the West African Monetary Agency (WAMA). WAMA's Headquarters was officially inaugurated on the 28th November 1996. Upon the transformation of WACH into WAMA, WAMA took over the assets and liabilities of the West African Clearing House. WAMA is comprised of the eight Central Banks of the West African sub-region. These include: BCEAO (Banque Centrale des Etats de l'Afrique de l'Ouest), Bank of Cape Verde, Central Bank of the Gambia, Bank of Ghana, Central Bank of Liberia, Central Bank of Nigeria and Bank of Sierra Leone. These central banks serve fifteen out of the sixteen countries of the West African sub-region with Mauritania being the only one out of the union.

The Agency is concerned with monetary co-operations and payment issues within the context of economic and monetary integration process of the region and therefore has the following objectives: promotion and use of national currencies for regional trade and transactions; bringing about savings in the use of foreign reserves for member states; encouraging and promoting trade and exchange liberalization; enhancing monetary cooperation and consultation among member states; facilitating the harmonization and coordination of monetary and fiscal policies and structural adjustment programme; ensuring the monitoring, coordination and implementation of ECOWAS monetary cooperation programme; encouraging and promoting the application of market determined exchange and interest rates for intra-regional trade and initiating policies and programme on monetary integration and cross border investments that will lead to a single monetary zone in West Africa.

WAMA was empowered to ensure the monitoring, coordination and implementation of the ECOWAS monetary cooperation programme, encourage and promote the application of market determined exchange rates for intra-regional trade, initiate policies and programme on monetary and economic integration and ensure the establishment of a single monetary zone in West Africa. The Agency's financial resources are derived from annual contributions from member Central Banks and such other sources as may be approved by the Committee of Governors. Resources for the WAMA budget are derived 40 per cent from equal contributions of member Central Banks, and 60 per cent on the basis of the ratio used by ECOWAS in fixing each Member State's contribution to the ECOWAS budget.

3.4 West African Monetary Institute (WAMI)

The Heads of States of six countries in West Africa, as part of the fast-track approach to integration, decided in Accra, Ghana, April 20, 2000 to establish a second monetary zone to be known as the West African Monetary Zone (WAMZ) by the year 2003. These countries namely The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone signed the '*Accra Declaration*' which defined the objectives of the zone as well as an action plan and institutional arrangements to ensure the speedy implementation of this decision. It is envisaged that WAMZ will be merged with the CFA Franc Zone to form a single monetary zone in West Africa. In order to facilitate the creation of the common Central Bank and the introduction of a common currency, an interim institution, the WAMI was set up in Accra, Ghana in January 2001. In accordance with its statute, the Institute is mandated to perform the following functions: monitor state of convergence; harmonise regulations and design policy framework; promote regional payment system; exchange rate mechanism and conversion rate; and organisation of scheme as well as designing technical preparation of the new currency; modalities for setting up a common central bank and foster cooperation among member countries.

4.0 Assessment of ECOWAS Efforts toward Promoting Borderless Trade in the West African sub-Region

The objective of ECOWAS to ensure trade creation within the custom union informed the introduction of ECOWAS trade liberalization scheme, as well as allowing free movement of labour, capital and goods and services within the sub-region. But the experience of ECOWAS countries so far show that this objective has not been fully met. Available data (Table 1 see appendix) show the volume of trade in the region. Total trade increased from US$5.3 billion in 1996 to US$5.6 billion and US$5.8 billion in 1997 and 1998, respectively. In 2000 total trade stood at US$6.5 billion and increased to US$10.8 billion in 2005. It rose further by 50 percent to US$17.7 billion in 2007 from the level in 2006. Exports from ECOWAS countries amounted to US$3.1 billion and US$4.0 billion in 2002 and 2004 respectively. It rose to US$5.7 billion and US$5.9 billion in 2005 and 2006, respectively. On the other hand, import by ECOWAS countries ranged between US$1.6 billion in 1996 and $8.8 billion in 2007(see table 1). Overall, there were trade surpluses in 1996 and 2002, while the region recorded trade deficit in 2003 and 2004.

Table 2 (see appendix) shows that within the West African sub-region, Nigeria account for the highest share of inter trade averaging 70.5 percent between 2003 and 2008. This was followed by Cote d'Voire with an average share of 10.55 percent, and Ghana which accounted for 6.1 percent. Despite, the glaring advantages of global trade, Africa recorded poor performances when compared with the rest of the world. The share of Africa in global trade was 3.3 percent in 2009 compared with Asia (30.4 percent), America (5.7 percent) and developed countries (60.0 percent). Within Africa, the share of Northern Africa recorded the highest with 38.2 percent, followed by South Africa and West Africa 20.6 and 18.0 percent, respectively.

The weak performance of sub-Saharan Africa in global trade is attributed to many factors including the export of primary products, non-competitiveness resulting largely from high cost of production as well as weak productive base among others. According to UNCTAD (2003), the continuing dependence on traditional commodity exports also reflects the region's inability to tap fully into the international trade in "*market-dynamic*" (non-traditional) commodities, such as horticulture and processed foods. These products are highly income-elastic, with lower rates of protection in industrialized and large developing countries (UNCTAD, 2003). In the period 2000 - 2005, no African country featured among the world's 20 leading exporters of processed food, although these include countries such as Argentina, Brazil, Mexico, India, Indonesia and Thailand. South Africa, the largest African exporter of these products, had a global market share of less than 1 per cent. Mauritius, the second-largest exporter of processed products in sub-Saharan Africa, came a distant 59th in the global rankings, with only a 0.2 per cent market share. In the case of semi-processed products, South Africa was the only sub-Saharan African country among the top 20 exporters in the period 2000 - 2005. There were no sub-Saharan African countries at all among the leading exporters of processed products in that period (OECD, 2008).

According to Dean and Owusu (1998) the prospect of ECOWAS providing a meaningful vehicle for the increase of trade, linkage, and economic development among its members does not appear to be strong. Trade creation effects of customs unions are likely to be realised in either of two ways: the conventional theory of comparative advantage and the new trade theory of increasing returns in differentiated markets, both resulting from a decrease in transaction costs that should occur with freer trade. Based upon the conventional theory of comparative advantage, such trade liberalisation would lead to trade based upon comparative factor costs, and growth would occur from the national specialisations that would result. If the new trade theory of increasing returns in differentiated markets is invoked, then the ultimate result is the same. Liberalised trade leads to particular specialisations within the members of a customs union based upon variations in market preferences rather than on variations in factor cost. Benefits from increased trade based on variations in comparative factor costs appear to be elusive in ECOWAS. Relative factor costs within the group of countries are identical, to a large extent, because the entire region is characterised by an abundance of labour and a shortage of capital (Dean and Owusu, 1998).

Beyond the apparent fundamental problems of trade generation within ECOWAS, the organisation seems to be faced by additional disadvantages that can hinder trade. Political problems, both domestic and international, have hindered efforts at regional integration in SSA since the end of the colonial era (Sommers and Mehretu, 1992). The uneven size of ECOWAS's individual members with Nigeria large, a small number of intermediate-sized countries in Cote d'Ivoire, Ghana and Senegal, and the remaining countries very small creates unease over the incidence of costs and benefits of regional integration (Gambari, 1991). In addition, transaction costs are high within ECOWAS (Knowles, 1990; Obadan, 1984; Gambari, 1991; Henink and Owusu, 1998 a sited by Augustine 2005).

There are common languages among some of the countries as a result of colonisation, but none that are common to all. There is a common currency within the French franc area, but that area and ECOWAS are not coincident. In some cases, infrastructure connecting individual countries is sparse, making large-scale shipments between them unlikely (Obadan, 1984). While these and similar problems are faced by all customs unions, they seem particularly important in ECOWAS, where they only serve to add to more fundamental economic problems of improving trade through regional integration.

Trade within ECOWAS often involves exchange of such commodities as grains (rice, corn, and cola from the forested areas to the Sahel countries (Dean and Owusu, 1998 Burfisher and Missiaen, 1990). On the other hand, it's livestock, however, which constitutes the highest valued agricultural commodity in trade which results from a complementarity in production and consumption between the Sahel countries and the coastal states. The cattle trade demonstrates the responsiveness of commodity flows in the region to drought as well as to changing political and economic conditions (Awudu and Egger, 1992). While much of this trade is informal and unrecorded, it appears to be highly important to the individual national economies. Locally manufactured items are less significant within the region's trade. They include yarn, fabric and jute bags (Burfisher and Missiaen, 1990), and processed wood (Owusu, 1994). PetroLeum trade is important, with Nigeria supplying crude oil in the region and refined petroLeum being supplied by Cote d'Ivoire, Ghana and Senegal (Burfisher and Missiaen, 1990).

The direction of trade within ECOWAS seems to follow established patterns. Dean and Owusu, (1998) and Obadan (1984) have observed that the landlocked countries of Mali, Niger and Burkina Faso conduct a substantial portion of their trade with other ECOWAS countries. It follows a north-south pattern, part of which is transit trade through coastal countries. They export such commodities as live cattle, sheep and goats, and hides and skins. They import food crops such as yams and vegetables in addition to petroLeum and petroleum products. Much of the trade within ECOWAS has not yet significantly transcended the colonial language blocs and their associated barriers which existed prior to the union's formation. There is, therefore, an apparent concentration of intra language-zone trade. This is stronger among the former French colonies; transaction costs are lowered not only by common language but also by a common currency system (CFA francs) and greater contiguity than in the case of the separated former British colonies (Obadan, 1984).

The low participation in the international trade in services has affected the volume of trade in the sub-region. Such services include shipping, telecommunication, air transportation, computing and financial services. Experience from emerging economies such as China and India has shown that the services sub-sector possesses potential for growth. India, for instance has made an impressive landmark in software development and the foreign exchange earned from it has been utilized to transform the Indian economy. China has also used the e-commerce facility to make more inroads into many economies (Sanni, 2006,). However, the Nigerian banking industry and communication sub-sector have recently made an in-road within the sub-region. This is hoped to enhance intra-regional trade as well as investment flows to the region.

Amongst French speaking West African countries, there exists a common external tariff for imports originating from a third country, in contrast to the Anglophone group of ECOWAS who have different tariff rates. The tariff differences among the countries usually lead to trade creation and trade diversions which form the basis of discontent among cooperating countries in a regional trade arrangement; this absence of common external tariff in the ECOWAS makes inter-industry linkage which could occur in an economic entity or sub-region absent. Inter-industry linkages mainly occur in trade arrangements where industrial sectors of the cooperating countries are equally matched and advanced. Due to this various factors, ETLS has not been very successful as Intra-regional trade in ECOWAS sub-region and amongst member states is very low. Industrial development has remained low among the countries and this has accounted for low intra regional trade, which has created dichotomy in ECOWAS cooperation (Adiavor, 2003). ECOWAS constantly faces challenges to trade which include illegal barriers, harassment, multiple roadblocks and reduced road use even with the ETLS scheme in place, in spite of signed cross-border trading provisions which are often violated by national border officials, Intra-regional trade is often minimal or informal and is often driven by inter-country price differentials.

The review has revealed that intra-trade has increased but not appreciably. The experience of ECOWAS countries has shown that the objectives of ELTS have not been fully met. The causes of low trade in the region have been attributed partly to the following factors:

(i) Export of primary products (mono-export base)

(ii) High cost of production, thus, leading to uncompetitiveness of export

(iii) Weak production base and supply response

(iv) Low trade in services(invisible trade)

(v) Poor infrastructure provision and near-lack of trust among members

(vi) Weak currency and language barrier

(vii) Political and economic instability

5.0 Conclusion and Policy Recommendations

The role of trade in the development of an economy has been well documented in the literature. China's rapid economic expansion with over US$5.0 trillion external reserves has been largely induced by its performance in global trade. ECOWAS effort to promote trade has resulted to increased intra regional trade but the share of the West Africa in global trade has been very low suggesting that the custom union has not brought desired trade creation into the region. This implies that the sub-region has not been able to fully tap the benefits of trade in terms of increased foreign investment, better standard of living, employment generation and increased industrial production, among others. This development is traceable to a lot of factors including the reliance on primary products for trade, uncompetitiveness of products from the region, lack of convertible currency, and prolonged crisis in some countries in the region as well as lack of good infrastructure that links the members of the custom union together, etc.

It is against this backdrop that ECOWAS member countries needs to be seriously committed to goals and objective of the union, find a lasting solution to the cases of trade diversion in the sub-region as well as solve the problems of low industrial productivity and infrastructural deficiencies in member countries. Similarly, there is need to improve on rapid technological and innovativeness through improve economic and political environment. Furthermore, there is need for improved road network (less road-check points), telecommunication facilities and lessen bureaucratic bottle-necks at border points. Measures should be taken to plan and sequence removal of restrictions on trade, labour and capital. Within this framework, effort should be made to encourage division of labour, specialization and industrialization in the region.

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APPENDIX

Table 1: ECOWAS Visible Trade Statistics (US$' Billion)

YEARS	EXPORTS	IMPORTS	TOTAL TRADE
1996	3667.01	1629.68	**5296.69**
1997	3863.52	1766.87	**5630.38**
1998	3165.36	2639.65	**5805.01**
1999	2584.06	1684.02	**4268.08**
2000	2788.28	2324.41	**5112.69**
2001	2306.19	2631.93	**4938.12**
2002	3148.21	2415.76	**5563.97**
2003	3037.8	3458.73	**6496.52**
2004	3986.13	4327.85	**8313.97**
2005	5389.90	5361.39	**10751.29**
2006	5928.89	5897.53	**11826.42**
2007	**8893.33**	**8846.30**	**17739.63**

Source: Englama and Sanni (2008).

Table 2: Percentage (%) Share of ECOWAS Countries in Intra Trade 2003-2008

Country	2003	2004	2005	2006	2007	2008
Benin	1.68	1.33	1.15	1.35	2.01	1.99
Burkina Faso	0.80	0.95	0.91	0.95	0.74	0.74
Cape verde	0.82	0.83	0.75	0.69	0.95	0.94
Cote d' Voire	12.76	12.44	11.45	11.18	7.75	7.74
The Gambia	0.24	0.28	0.24	0.20	0.26	0.25
Ghana	7.40	6.60	6.39	6.41	5.22	5.21
Guinea	2.08	1.16	0.96	0.80	0.82	0.81
Guinea Bisau	0.18	0.29	0.12	0.10	0.11	0.11
Liberia	-	-	-	-	-	-
Mali	2.86	1.98	1.56	1.71	1.54	1.53
Niger	0.80	1.15	0.80	0.73	0.79	0.79
Nigeria	64.23	67.43	70.57	71.28	74.69	74.81
Senegal	4.68	4.50	4.14	3.68	4.14	4.11
S/Leone	0.28	0.16	0.18	0.19	0.16	0.15
Togo	1.19	0.94	0.77	0.73	0.82	0.82

Source: Computed by Author from ECOWAS data.