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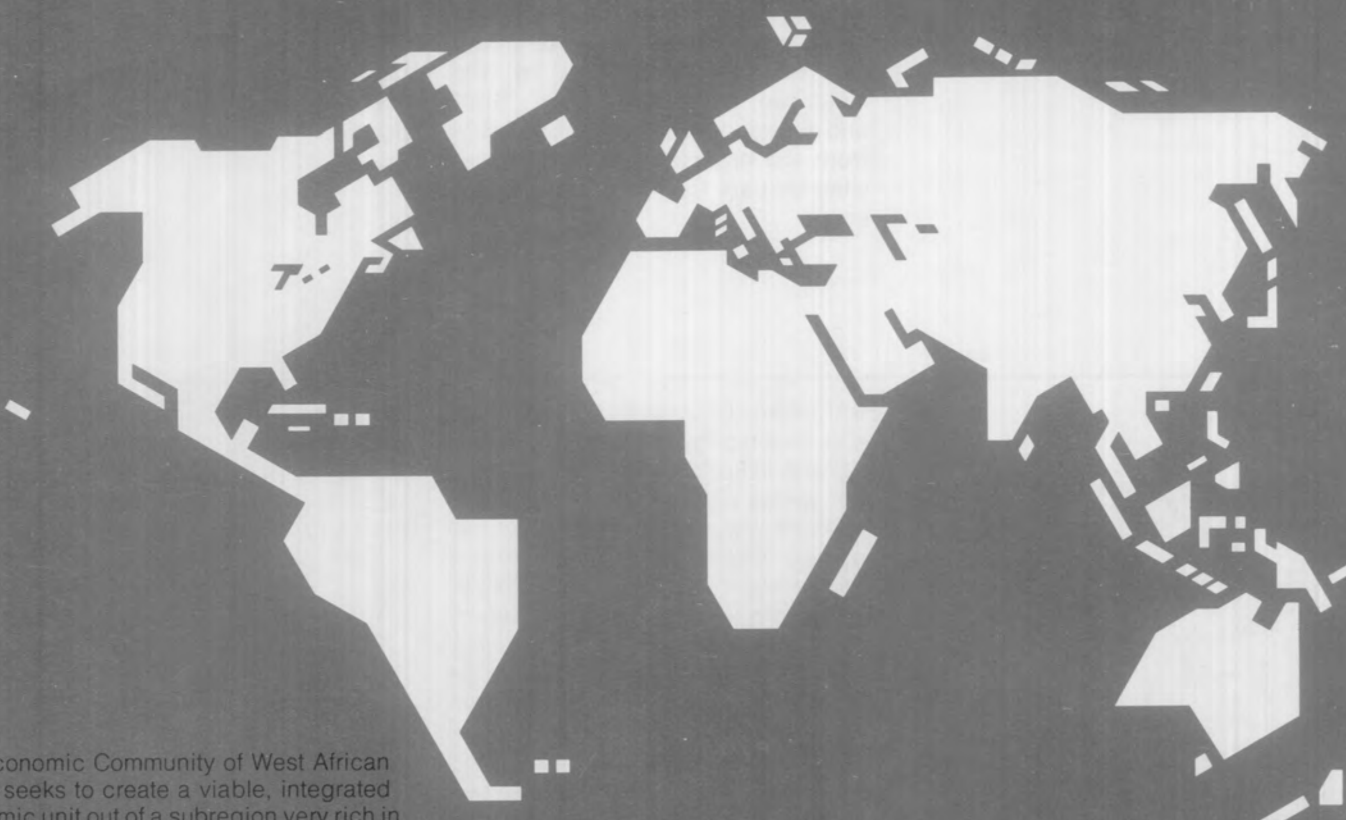
Reports

ECOWAS: The Economic Community of West African States

by Barbara Harrell-Bond



The Economic Community of West African States seeks to create a viable, integrated economic unit out of a subregion very rich in natural resources but poor in capital. The 16 member countries differ dramatically in area, climate and topography, culture, history, population, and economic potential.

[BHB-1-'79]

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American Universities Field Staff

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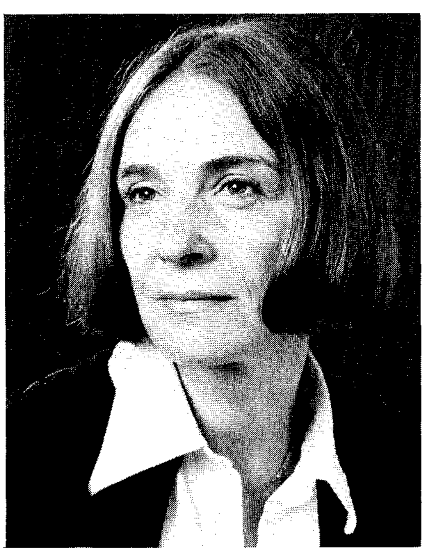
THE AUTHOR



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by Barbara Harrell-Bond
[BHB-1-'79]

ECOWAS: The Economic Community of West African States

Lieutenant General Obasanjo, Nigeria's Head of State, recently described the failure of the rich countries of the world to establish a "new international economic order" as blatant confirmation to the peoples of West Africa that the great powers are more interested in preserving their economic advantages over the Third World countries than in economic justice. "West African states," he advised, "must learn to place less premium on, and whenever possible reject, the sympathy and charity of the rich industrialized countries who founded their wealth on our natural resources." Obasanjo's remarks were part of the opening address to a meeting of the Board of Directors of the ECOWAS Fund for Co-operation, Compensation and Development, but his argument—that there can be no true equality in relationships between aid-giving and aid-receiving countries—was fundamental in the debates that led to the founding of this regional organization.

In 1975, 15 West African Heads of State met in Lagos, Nigeria, to sign a treaty establishing the Economic Community of West African States. ECOWAS' main objective was to promote growth and prosperity through regional interdependence. The founding members were Benin, the Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo, and Upper Volta. The Cape Verde Islands joined in 1977.

The idea behind ECOWAS can be traced to the late Dr. Kwame Nkrumah's ideal of "Pan-Africanism." Africa, in Nkrumah's view, could never prosper until it united. In pursuit of this ideal he insisted that Ghana's Constitution include a provision for surrendering national sovereignty in favor of a wider federation. While the political unity sought by Nkrumah is generally regarded as too idealistic, the economic realities motivated West African leaders to take the first steps toward creating the structure for "functional" cooperation in order to tackle the problems of development.

Precolonial and Colonial Background

The countries which form ECOWAS are situated on a part of the African continent which before the tenth century was the location of several kingdoms or empires of varying size, wealth, power, and duration. The trans-Saharan trade from the north introduced Islam to the area and written accounts dating from as early as 1067 show that the peoples of the region enjoyed and achieved a high level of competence in a number of handicrafts. Notable among these was weaving, which was of a much higher quality than that found in Europe. Agriculture, mining (gold was the main export which attracted long-distance trading), and metal work in bronze and brass were also carried on successfully. The kingdoms of Yoruba were noted for their large urban settlements. One Dutch traveler writing about 1600 described Benin: "As you enter it the town appears very great: you go into a great broad street, not paved, which seems to be seven or eight times broader than the Warmoes Street in Amsterdam.... The houses in this town stand in good order, one close and even with the other, as the houses in Holland stand...."

While the influence of Islam from the north had an important impact on local politics, the intrusion of Europeans beginning with the Atlantic slave trade in the 1440s had a much more dramatic effect on the people. The slave trade had enormous repercussions—at least ten million slaves from Africa landed in the New World, and many died in the course of raids by slavers or en route. The colonization process had an even greater impact on West African social, political, and economic life.

It was in West Africa that the European colonizers of the eighteenth and nineteenth centuries had to fight some of their bitterest battles to overcome the resistance to their domination. This resistance never really ended, although the processes of imperialism coupled with their growing arms superiority enabled the Germans, Portuguese, French, and British to divide the region among themselves arbitrarily. The administrative and economic infrastructure which was established during the colonial period was designed to exploit and expropriate the raw materials and natural resources of the region for the benefit of the Europeans and their home governments. The patterns of trade and political influence established during this period that link the several countries of the region to their colonial capitals still persist.

After the Second World War a "wind of change" accelerated African decolonization. Ghana was the first black and West African country to gain independence in 1957. By 1964 nearly all of the continent was formally independent, except for the Portuguese colonies of Mozambique, Angola, the Cape Verde Islands, and Guinea Bissau, and the racist apartheid countries of South Africa and Rhodesia.

The balkanization of the African continent on the basis of European interests and conflicts, rather than on any local "logic," may be seen as the cause of many of the problems ECOWAS faces in its attempt to create a program for the integration of regional economic activities. Among the effects of this arbitrary division are the wide variations in surface areas and population density. Countries range in population from Nigeria with around 80 million to the Cape Verde Islands with only 300,000 inhabitants. Ghana has the next largest population, of ten million, but the rest of the member countries have populations of six million or below—the rough average is just under three million. Another characteristic of West Africa, despite all the publicity concerning overpopulation, is its relatively low population density. Niger, for example, one of the largest countries in the Third World, has only four million inhabitants. The Gambia, a country of minute proportions, has only half a million people.

The signing of the ECOWAS treaty in 1975 can be seen to mark the end of the first phase of independence. Since the early 1960s when Presidents Kwame Nkrumah of Ghana, Gamel Nasser of Egypt, and Sékou Touré of Guinea helped to bring the Organization of African Unity (OAU) into existence, several other associations of countries on a regional basis have been created. Some of these associations never really got off the ground or lasted only a few years. Moreover, many of these associations were based upon the boundaries created by the colonial regimes which also imposed distinctions of language, culture, and politics. The issue of competing regional associations will be considered later.

* * * * *

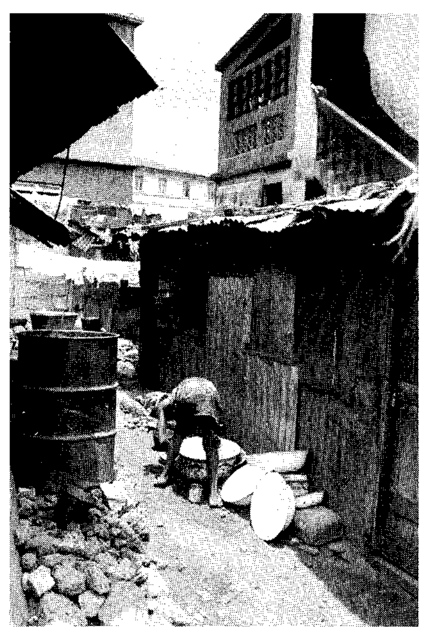
It took more than ten years to accomplish the task of founding ECOWAS. The first serious proposals for subregional cooperation were made in the mid-1960s, but a number of problems slowed progress. The most intractable, and probably the most serious challenge was the Nigerian Civil War which began in 1967. In 1972 President Eyadema of Togo and General Yakubu Gowon of Nigeria met and rendered the idea of ECOWAS into a formal proposal. The following year they toured 12 other West African countries to solicit the support that produced the 1975 treaty. Now in its fourth year, there are healthy signs that ECOWAS is seriously grappling with the problems of creating a viable integrated economic unit out of a subregion very rich in natural resources but very poor in terms of capital. The challenge, as articulated by President Eyadema, is that

in this world where the rich countries are not yet prepared to lend an attentive ear to the legitimate demands of our states, African countries must become conscious of the fact that their development can be assured only by themselves and that each of our economies considered individually, is not capable of achieving this ideal. We are therefore destined to live together if we really want to prosper.

Consistent with Eyadema's plea for regional interdependence, the treaty provides that all citizens of member countries are to be regarded as "community citizens" and all obstacles to their freedom of movement and residence within the ECOWAS community are to be eliminated.

The Objectives of ECOWAS
The ECOWAS treaty aims at the gradual elimination of customs duties and other taxes and restrictions between member countries, and the establishment of common customs tariffs and commercial policy toward nonmember states. The 16 signatory countries have undertaken to abolish obstacles to the free movement of people, goods, services, and capital among the members to promote joint agricultural policy, projects in agricultural marketing and research, and agroindustrial enterprises.

Inequalities, injustice, poverty, and the psychological dislocations in contemporary African society can only be understood in the light of Europe's imperial history.



Similarly, the development of transport, communications, and energy infrastructures is to be a community effort. The treaty aims to harmonize the member states' economic and industrial policies and to eliminate disparities in their levels of development. Recognizing the need for a coordinated monetary policy, the treaty establishes a common Fund for Co-operation, Compensation and Development.

These are far-reaching changes to be brought about gradually among the 16 states. Thus the treaty provides for a transitional period of 15 years before a full customs union is operational. In April 1978, at the third ECOWAS summit meeting, the members decided that after May 1979 all customs tariffs would be frozen and that no member state would be permitted to raise any tariffs on goods exported to or imported from another member country. Over the next eight years the members will reduce and ultimately eliminate import duties on goods that originate in ECOWAS countries. During the following five years, ECOWAS will work toward establishing uniform tariffs. The policy is to be implemented without disrupting the revenues of the countries involved, particularly those that are landlocked.

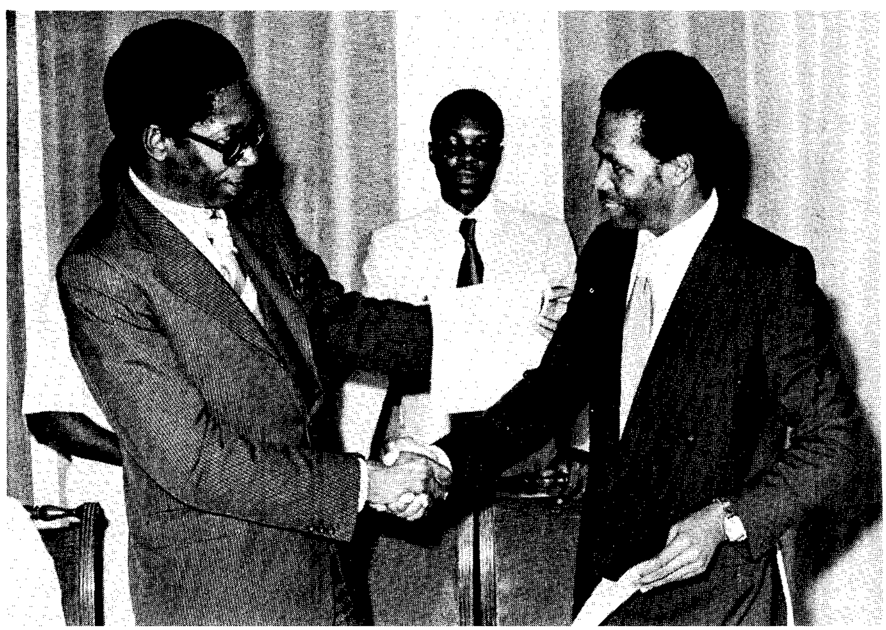
The treaty aims to promote a balance of payments equilibrium among member states through a Commission for Trade, Customs, Immigration, Monetary and Fiscal Affairs, and Payments. Charged with responsibility for harmonizing economic and fiscal policy, the commission is to be concerned in the short term with bilateral settlement of accounts, and in the longer term with multilateral settlements between member states.

ECOWAS seeks to create an integrated regional economy whose market will support development according to West Africa's needs. But the 16 member countries all differ dramatically in area, climate and topography, culture, history, population, and economic potential. Nigeria, for example, boasts a $9 billion Gross National Product, The Gambia only $50 million. Earnings from Nigeria's oil industry alone dwarf the other members' GNPs—Gambia's revenues literally depend on the export of peanuts.

Collectively, the ECOWAS states cover an area of almost 1,000,000 square miles, compared to 700,000 square miles for the European Economic Community (EEC), although the 9-member EEC has a total population of about 170 million, 40 million more than ECOWAS. Per capita income averages approximately $270 for the ECOWAS region. This contrasted with the world average of $1,422, and the following regional averages: Europe $3,313, Latin America $953, Asia $479, and Africa as a whole $366.

Despite the vast differences among them, the ECOWAS member states share one common feature—underdevelopment—and it is the effort to overcome its liabilities that link them in common purpose. But

Dr. Ouattara shaking hands after signing the transport and communications project agreement in the ECOWAS Secretariat, Lagos.



Abubakar Diaby Ouattara, the Executive Secretary of ECOWAS, was born in 1938, the second child in a family of five. His father was a peasant farmer. He studied mathematics at the Lycee de Verzon in France and later studied at a graduate business school, also in France. In 1964 he became an executive trainee at the Central Bank for West Africa, Ivory Coast branch. The following year he joined the International Bank for West Africa and became the bank's first African executive. In 1965 he became concerned with the necessity for creating a West African Common Market and later that year organized a research team with other Africans to promote this idea.

In 1967 Ouattara was awarded a postgraduate scholarship for study in the United States. He received a Master's degree in Business Administration and later earned a Ph.D. for his thesis on Development Finance Institutions.

A banking colleague describes him as a "savannah man; simple and open." Ouattara sees himself as a pragmatist and tries to avoid political labels.

Ouattara feels that multinational companies could play important and positive roles in the economic development of the Third World if only they were prepared to abide by the rules of the governments in the areas of their operation and were ready to go into joint ventures with local nationals.

there are many obstalces to genuine regional integration.

ECOWAS Organization and Financing
The Executive Secretariat for ECOWAS is located in Lagos, Nigeria, and the headquarters of the ECOWAS Fund for Co-operation, Compensation and Development is in Lomé, Togo. The Executive Secretary is Boubacar Diaby Ouattara of the Ivory Coast, who is serving a four-year term. Dr. Romeo Horton, a Liberian, is Director-General of the Fund. There are four specialized commissions: Trade, Customs, Immigration, Monetary and Fiscal Affairs and Payments; Industry, Agriculture and Natural Resources; Transport, Telecommunications and Energy; and Social and Cultural Affairs.

The Council of Ministers, which meets annually, consists of two representatives from each country and the chairman is drawn from each country in turn. Lieutenant General Obasanjo, the current chairman, succeeded President Etienne Gnassingbe Eyadema of Togo.

The ECOWAS Fund for Co-operation, Compensation and Development handles all monetary problems, including that of financing the community. ECOWAS funds come from contributions made by each member state, the amount varying according to per capita income. Collection has been difficult from the beginning, however. In 1977, the Fund's Director-General, Dr. Romeo Horton, headed a team that visited ten ECOWAS states to discuss the Community's economic problems as well as those of the individual countries. Still, the idea of interdependence survives: the Cape Verde Islands have been exempted from payments for the next two years, owing to extreme economic distress, while Nigeria in 1977 promised to provide 31.9 percent of the funds required for the ECOWAS Secretariat in Lagos and the Fund headquarters in Lomé.

While the Fund would prefer to receive its contributions in IMF-approved convertible currencies, there is provision for payments in any "acceptable" currency. This avoids problems for countries such as Guinea, whose currency is not easily convertible on the world money markets. In fact, harmonization of monetary and fiscal policy is one of the toughest problems ECOWAS faces. There are several currencies in West Africa, some of them not acceptable internationally or, in the case of Mauritania, Guinea, and Ghana, even within other West African states. There is also a franc zone, with most of the French-speaking countries depending on France for the stability of the CFA franc.

Obstacles
Political division of the West African subregion resulted from the imperialist adventures of European powers during the eighteenth and nineteenth centuries. Two ECOWAS member states were former Portuguese colonies, the Cape Verde Islands and Guinea-Bissau, and only recently gained their independence after a prolonged war with Portugal. The Gambia, Ghana, Sierra Leone, and Nigeria were part of the British colonial empire. Niger, Senegal, Mali, Mauritania, Togo, Upper Volta, Ivory Coast, Guinea, and Benin were all colonized by the French. Liberia, while never officially a colony, is under the influence both politically and economically of the United States. Most of these countries achieved formal independence less than 20 years ago and with relatively little preparation.

The region encompasses vast differences in ecological conditions. Several countries fall within the Sahel region which has been

Alex. Romeo Horton, the Director-General of the ECOWAS Fund, was born in 1923. His father was a well-known Baptist preacher and a prominent educator. He encouraged Dr. Horton to pursue his further education in a business college in the United States. Horton and the late Martin Luther King were classmates at Morehouse College and close friends. Horton earned a Master's degree in Business Administration and then embarked on a distinguished career in banking. In 1954 he founded one of the first privately owned African banking institutions in black Africa.

After serving as director of several large companies in Liberia, Horton was invited by President Tubman to become the first Liberian Secretary of Commerce and Transport, a post he held from 1964-1969. He was the first Dean of the Business and Public Administration Department—which he had helped to found—in the University of Liberia.

Horton's personal fortune is said to run "into millions of dollars" but he expresses the view that the true value of money is what it can do to help others and to improve society. He is a firm believer in free enterprise. He is described as "aggressive but gracious; gregarious but correct" and he mixed informality with firmness.

According to Dr. Horton, Director-General of the ECOWAS Fund, "It is an unpardonable indictment against ourselves to have a region so rich and people so poor."

Presidents William Tolbert of Liberia (left) and Siaka Stevens signing five new protocols to the Mano River Declaration in November 1977. The Mano River Union is a regional association between Sierra Leone and Liberia.

stricken with famine as a result of drought. The African continent is noted for its diversity of language and ethnic groups and West Africa lies within the area linguists describe as the "fragmentation belt." Nigeria, for example, includes several hundred languages within its borders. Official languages vary from Arabic and French in Mauritania, Crioulo (creole Portuguese) in the Cape Verde Islands, Guinean Crioulo in Guinea-Bissau, and French or English in the others. Literacy in the official language varies but is in no case achieved by 10 percent of the population.

The colonial experience tied these various countries to the European mother country and their educational, economic, political, and cultural links continue to influence internal policy and behavior. These ties, coupled with increasing nationalism, make it difficult to establish ECOWAS on a firm basis of subregional solidarity.

Most of these countries have suffered considerable internal political turbulence since independence and half are under military regimes. Some follow a foreign policy of nonalignment, others identify politically with one or another of the great power blocs. Mauritania, a country that has recently undergone a coup d'état, is the scene of serious disturbances with French and Moroccan troops in the country fighting against the Polisario guerrillas.

Nigeria has been under military rule for most of its 18 years of independence and endured a bitter civil war for 3 years. Several member countries have experienced political instability precipitated by progressive Marxist groups. Treason trials as a result of coups or attempted coups have been a dominant feature of West African politics and executions of political adversaries has been fairly common.

ECOWAS members also have a history of uneasy relationships among themselves. Border troubles have occurred between Sierra Leone and Guinea, Togo and Benin, Mali and Upper Volta, and Senegal and The Gambia to name only four examples. In 1973 Sékou Touré broke off diplomatic relations with Senegal and Ivory Coast after accusing Houphouet-Boigny and Senghor of being in league with the Portuguese authorities in Guinea-Bissau in the war for independence. The problems between Guinea and Senegal were exacerbated by Senegal's open promise to give refuge to those fleeing Sékou Touré's allegedly oppressive regime.

Famine conditions in Niger have sent hundreds of Nigeriens moving across the border into Nigeria where they now represent a serious social problem. In the cities, it is common to see women and children from Niger standing at the roadside begging from motorists.

Ghana has deported large numbers of Nigerians, Togolese, and Voltaics who had been living and working in Ghana for many years. Sierra Leone deported an entire community of Ghanaian fishermen and their families who had been living there for several generations. Beninois have been forced to leave Upper Volta, and more recently, Gabon. Guinea also deported Nigerians and in some cases refused to allow men to take their wives and children with them when the wives were deemed to be indigenous to Guinea. In the late 1960s, Sierra Leone used the army to drive out the thousands of illegal immigrants who had come to the diamond area from neighboring countries, particularly Guinea.

Freedom of movement for people within ECOWAS implies the abolition of discrimination based on nationality in questions of employment and remuneration. It should mean the right of free settlement for the self-employed, entitlement to social security and services on the part of immigrants, and even vocational training. Yet the problem of population distribution and migration is already serious in West Africa. In each country there is a familiar pattern of movement from rural to urban areas with a corresponding decline in agricultural production and an increase in urban unemployment. Transnational migration arises because national boundaries cut across ethnic and linguistic boundaries, and has been encouraged by the differentials in wealth and employment opportunities. For example, more than one million people from Upper Volta work in Ivory Coast. Nigeria has become another magnet for thousands of Ghanaians, Togolese, Beninois, and Nigeriens. Unemployment is chronic in the subregion and has been estimated at around 20 percent for most countries.

More serious indications of the difficulties ECOWAS will face in implementing the spirit of the treaty are such economic measures as Ghana's Aliens Compliance Order (1970), Investment Policy Decree (1975), and Nigeria's National Enterprises Promotion Decree (1972). These pieces of legislation discriminate in favor of their own citizens and are therefore contrary to the spirit of ECOWAS.

Foreign policies present similar problems. The Nigerian Civil War, for example, led to differing policies vis-â-vis Biafra. During the period of military rule in Sierra Leone, Siaka Stevens and many of his supporters were exiled to Guinea where the training and arming of guerrillas to invade Sierra Leone was undertaken by the Chinese and Sékou Touré provided troops to serve as Stevens' personal bodyguard. The invasion was unnecessary because another coup within Sierra Leone restored Siaka Stevens to power. Many of those who oppose Stevens' government live in exile in Ghana and Liberia. General Ojukwu, leader of the Biafrans in the Nigerian Civil War, now lives in exile in Ivory Coast, although according to Nigerians this exile is unnecessary and self-imposed.

Political tensions between ECOWAS countries have even spilled over into sports and cultural activities. In 1977, when a Nigerian football team, the Enugu Rangers, won a game in Senegal, they were severely beaten by members of the Dakar home team. But even before this incident relations between the two countries were strained because of a dispute that arose during the planning of FESTAC '77 and led to the firing of the Senegalese secretary of FESTAC. These tensions were preceded by a disagreement between Nigeria and Senegal over ECOWAS membership. Senegal had campaigned strongly for Zaire's inclusion, but Nigeria and several other countries had objected. As a result Senegal was the last country to sign the ECOWAS treaty and many Nigerians believe their subsequent squabbles can be attributed to this basic disagreement.

Internal economic problems coupled with the disparity in levels of development and investment prospects present another fundamental obstacle to ECOWAS success and constitute its major challenge. Since political factors combined with economic differences will determine where foreign capital will be invested, the combined movement of people and capital may accelerate the unbalanced development the Community was created to overcome.

Investment also introduces the issue of foreign influence. The franc zone, which dates back to the colonial era, is as much a political as an economic entity. Guinea-Bissau, Liberia, Sierra Leone, and the Gambia all link their currencies to those of their former colonial mentors. The French-speaking countries are West Africa's most homogenous group from an economic and political standpoint. Eight of the sixteen ECOWAS countries have more-or-less close commercial, shipping, air transport, fiscal, and political links with France. Dr. Boubakar Ouattara, the Secretary General of ECOWAS, has declared that there is much for the Community to accomplish, "but we do not have to invent the bicycle. That was done long ago and our job is to use the machine." Unfortunately, there are no comparable inventions applicable to the problems confronting ECOWAS in its aims to promote even development among its members.

Another problem for ECOWAS is that of overlapping or potentially competing organizations. French-speaking members of ECOWAS are also members of organizations such

General Yakubu Gowon of Nigeria, and President Gnassingbe Eyadema of Togo, two of the founding fathers of ECOWAS, during the ceremonies for the signing of the ECOWAS treaty in Lagos in 1975.

BENIN:

Official Language: French
Area: 43,484 sq. m.
Population: 3,297,000
Capital: Porto Novo
Monetary Unit: CFA franc
Imports: 32,106 (million)
Exports: 9,797 (million)
Major import sources: France, Germany, United Kingdom
Major export destinations: France, China, Nigeria

CAPE VERDE:

Official Language: Crioulo (creole Portuguese)
Area: 1,557 sq. m.
Population: 306,046
Capital: Praia
Monetary Unit: Escudo
Imports: 911,404 ('000 escudos)
Exports: 48,034 ('000 escudos)
Major import sources: Portugal, Netherlands
Major export destinations: Portugal, Angola

GAMBIA:

Official Language: English
Area: 4,361 sq. m.
Population: 494,279
Capital: Banjul
Monetary Unit: Dalasi
Imports: 169,082 ('000 dalasi)
Exports: 106,713 ('000 dalasi)
Major import sources: United Kingdom, Taiwan
Major export destinations: United Kingdom, Netherlands, Portugal

GHANA:

Official Language: English
Area: 92,100 sq. m.
Population: 10,309,000
Capital: Accra
Monetary Unit: Cedi
Imports: 943,706 ('000 cedis)
Exports: 840,933 ('000 cedis)
Major import sources: United Kingdom, German Democratic Republic, Communist countries, U.S.A.
Major export destinations: United Kingdom, Communist countries, U.S.A.

GUINEA:

Official Language: French
Area: 94,926 sq. m.
Population: 5,143,284
Capital: Conakry
Monetary Unit: Syli
Imports: 1,976 (million sylis)
Exports: 1,236 (million sylis)
Major import sources: France, Italy
Major export destinations: Norway, German Democratic Republic, U.S.A.

GUINEA-BISSAU:

Official Language: Guinean crioulo
Area: 13,948 sq. m.
Population: 950,000
Capital: Bissau
Monetary Unit: Guinea peso
Imports: 1,006,321 ('000 pesos)
Exports: 162,424 ('000 pesos)
Major import sources: Portugal, U.S.S.R.
Major export destinations: Portugal, Cape Verde

IVORY COAST

Official Language: French
Area: 124,503 sq. m.
Population: 6,670,912
Capital: Abidjan
Monetary Unit: CFA franc
Imports: 311,608 (million CFA)
Exports: 389,775 (million CFA)
Major import sources: France, U.S.A.
Major export destinations: France, Netherlands, U.S.A.

LIBERIA

Official Language: English
Area: 43,000 sq. m.
Population: 1,503,368
Capital: Monrovia
Monetary Unit: Liberian dollar (L$)
Imports: 399.3 ($US million)
Exports: 459.6 ($US million)
Major import sources: U.S.A., German Democratic Republic
Major export destinations: German Democratic Republic, U.S.A., Italy

MALI

Official Language: French
Area: 478,767 sq. m.
Population: 6,308,000
Capital: Bamako
Monetary Unit: Mali franc ($US = 454.75 mali francs)
Imports: 71,510 (million mali francs)
Exports: 47,120 (million mali francs)
Major import sources: France
Major export destinations: Ivory Coast, France

MAURITANIA

Official Language: Arabic, French
Area: 397,950 sq. m.
Population: 1,420,000
Capital: Nouakchott
Monetary Unit: Khoum
Imports: 8,072 (million)*
Exports: 8,013 (million)
Major import sources: France, United Kingdom, Senegal
Major export sources: France, Spain, Italy

*Recorded transactions only. Trade crossing land frontier (i.e., smuggling) is underestimated.

NIGER

Official Language: French
Area: 489,191 sq. m.
Population: 4,727,000
Capital: Niamey
Monetary Unit: CFA franc
Imports: 21,889 (million CFA)
Exports: 19,556 (million CFA)
Major import sources: France, German Democratic Republic
Major Export destinations: France, Nigeria

NIGERIA:

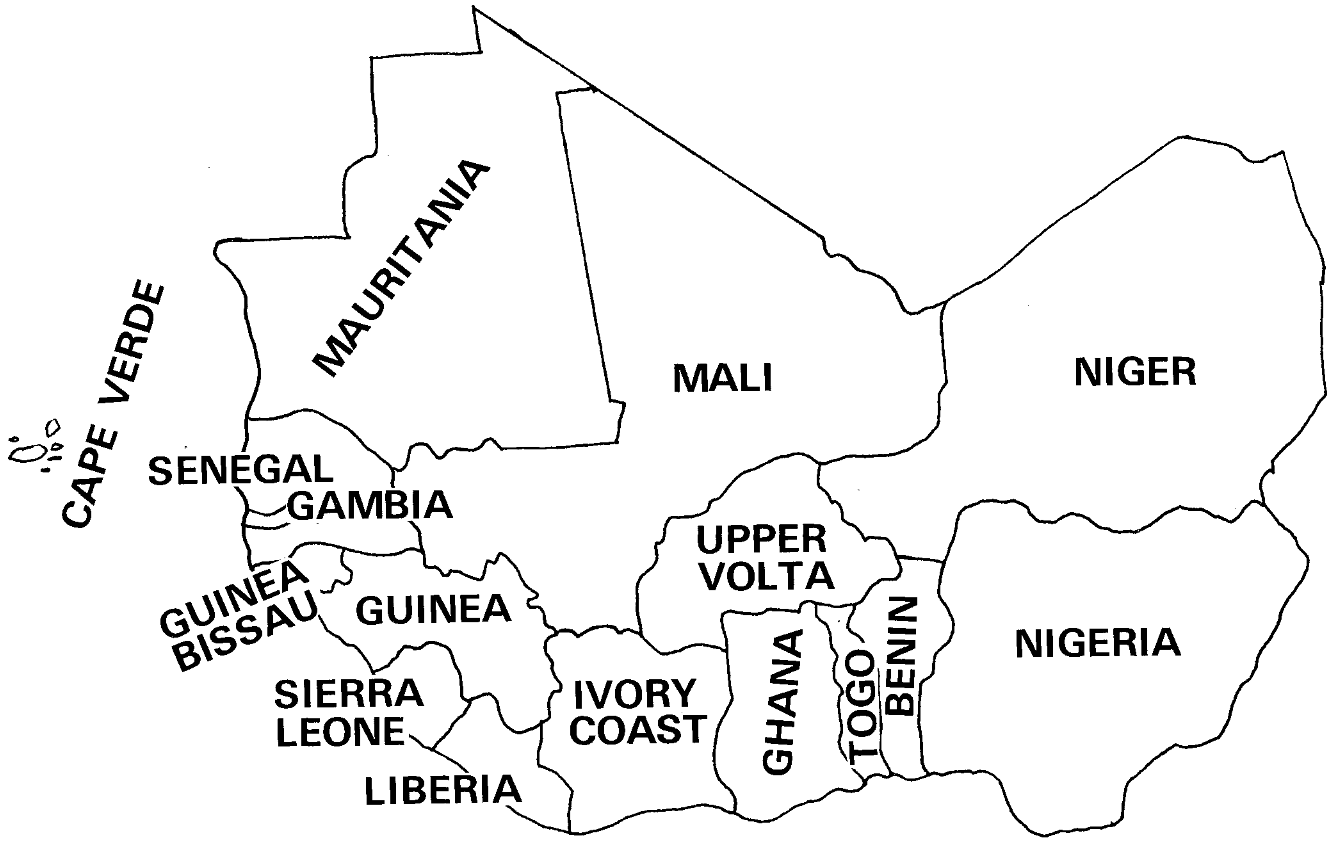
Official Language: English
Area: 356,669 sq. m.
Population: 64,750,000
Capital: Lagos
Monetary Unit: Naira
Imports: 5,140.8 (million N)
Exports: 6,749.9 (million N)
Major import sources: United Kingdom, German Democratic Republic, U.S.A. Japan
Major export destinations: U.S.A., Netherlands, United Kingdom, France

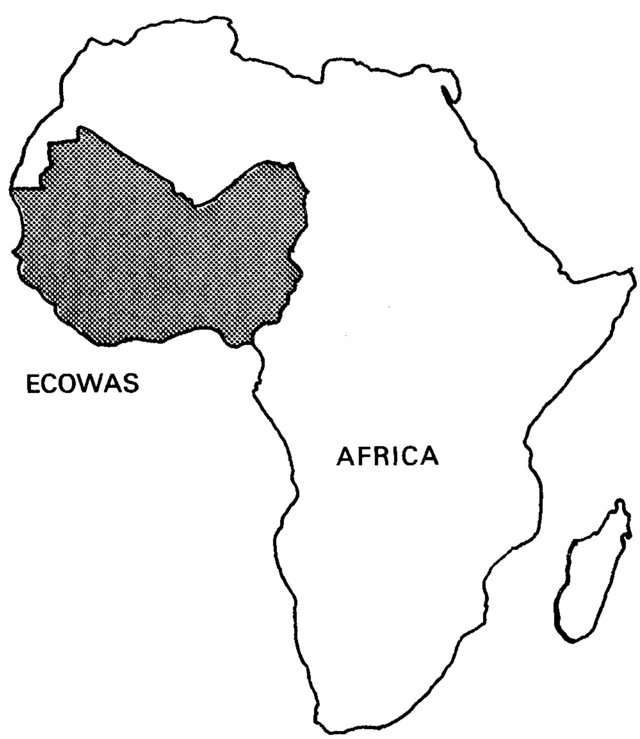
SENEGAL:

Official Language: French
Area: 75,750 sq. m.
Population: 5,085,388
Capital: Dakar
Monetary Unit: CFA frabc
Imports: 124,616 (million CFA)
Exports: 99,101 (million CFA)
Major import sources: France, U.S.A.
Major export destinations: France

SIERRA LEONE:

Official Language: English
Area: 27,699 sq. m.
Population: 3,111,000
Capital: Freetown
Monetary Unit: Leone
Imports: 171,258 ('000 Leone)
Exports: 111,482 ('000 Leone)
Major import sources: United Kingdom
Major export destinations: United Kingdom





TOGO:

Official Language: French
Area: 21,622 sq. m.
Population: 2,283,000
Capital: Lome
Monetary Unit: CFA franc
Imports: 44,420 (million CFA)
Exports: 24,914 (million CFA)
Major import sources: France
Major export destinations: France

UPPER VOLTA:

Official Language: French
Area: 105,870 sq. m.
Population: 5,572,712
Capital: Ouagadougou
Monetary Unit: CFA franc
Imports: 34,420 (million CFA)
Exports: 12,690 (million CFA)
Major import sources: France
Major export destinations: France, Ivory Coast

are immediate neighbors. Among other things, it is hoped that ECOWAS' efforts to coordinate services will eliminate the very questionable policies of multinationals which sell to West Africa. In Port Harcourt, Nigeria, for example, telephones are permanently out of order, despite enormous expenditures since independence. The Post Office has thousands of dollars' worth of equipment that has been purchased from abroad. Engineers who attempt to put the system right have discovered that Nigeria has been sold components that do not match, and as a result are useless.

Energy is another sector where the harmonization of policy is of central importance to the Community's development. Nigeria has abundant oil, Ivory Coast and Ghana lesser quantities. Guinea, Ivory Coast, and Ghana have enormous hydroelectric potential. Ghana already supplies Togo and Benin with electricity although, ironically, most Ghanaians are without it. Nigeria sells electric power to Niger although it cannot supply all its own domestic requirements.

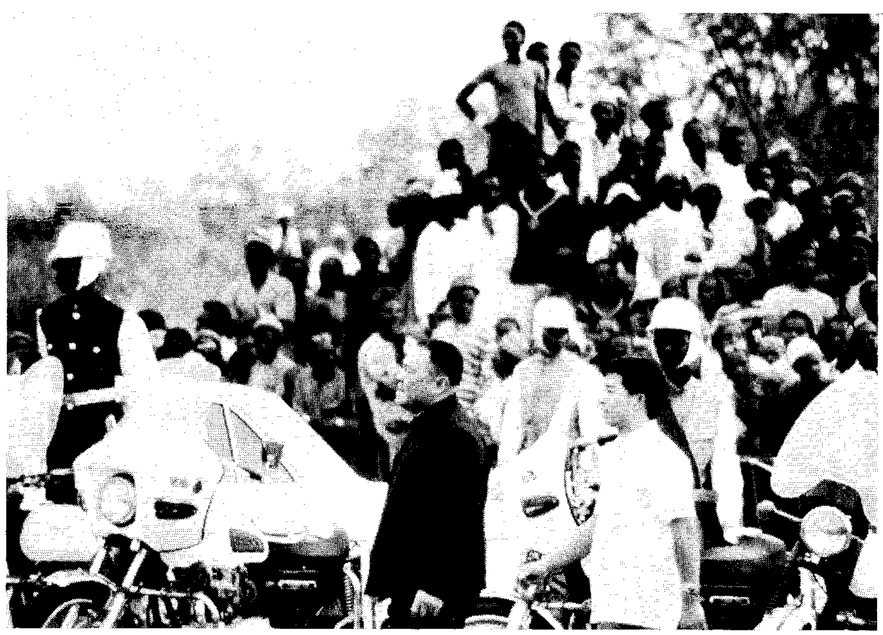
Initially, the member countries have undertaken to exchange information on research, to plan joint training, and to coordinate mineral and energy resource policy and practice. A second stage will see a common ECOWAS policy for research and for the production, distribution, and processing of energy and mineral resources.

Agriculture and Industrial Harmonization

Coordination of agriculture and industry is absolutely vital for West African development, an important feature of present under-development being the absence of links between these two major economic sectors. In all the countries of the subregion, the majority of the population—in some cases as much as 90 percent—is engaged in agriculture. There is nevertheless a growing food scarcity and all the Community members are, to some extent, dependent upon imports. The reasons are complicated and beyond the scope of this Report, but can be explained in part by the vast ecological differences and, by implication, differences in agricultural potential within the region. Forest, savannah, and coastal belts run from Guinea-Bissau to Nigeria; near-desert conditions prevail in the Sahelian regions of Mauritania, Senegal, Mali, Niger, Upper Volta, and in the northern portions of Nigeria and Ghana. Only Ivory Coast is virtually self-sufficient in food production. A better organized and coordinated agricultural policy is a necessary step toward the solution of this problem.

Ideally, harmonization will diminish raw material imports from nonmember countries, another facet of the present problem of underdevelopment. ECOWAS countries today are largely dependent for foreign exchange earnings upon the export of minerals or agricultural products such as cocoa, peanuts, coffee, oil, iron ore, bauxite, uranium (Niger), and diamonds (Sierra Leone). There is little or no industrial processing or transformation of these raw materials before export, so that mineral and agricultural commodities have no real link with the Community's industry. For example, the VALCO smelter in Ghana, a joint venture of the U.S.-based Kaiser Corporation and the Ghanaian government, produces aluminum, not from the bauxite which is mined in Ghana—it is exported—but from imported Jamaican alumina.

Coordination of agricultural, industrial, and economic policies among ECOWAS members would also eventually include price standardization for agricultural and mineral exports. Disparities in official export prices have been a major cause of smuggling and a serious source of tension among members. In 1970-71, for example, Ghana lost some 57,000 tons of cocoa as a result of smuggling to neighboring Togo and Ivory Coast, where the official price of cocoa was higher than in Ghana. Smuggling in West Africa is "big business": Togo exports gold which it does not produce; transistor radios are smuggled to the Gambia from Senegal; Liberia has been one of the main markets for diamonds smuggled out of Sierra Leone.



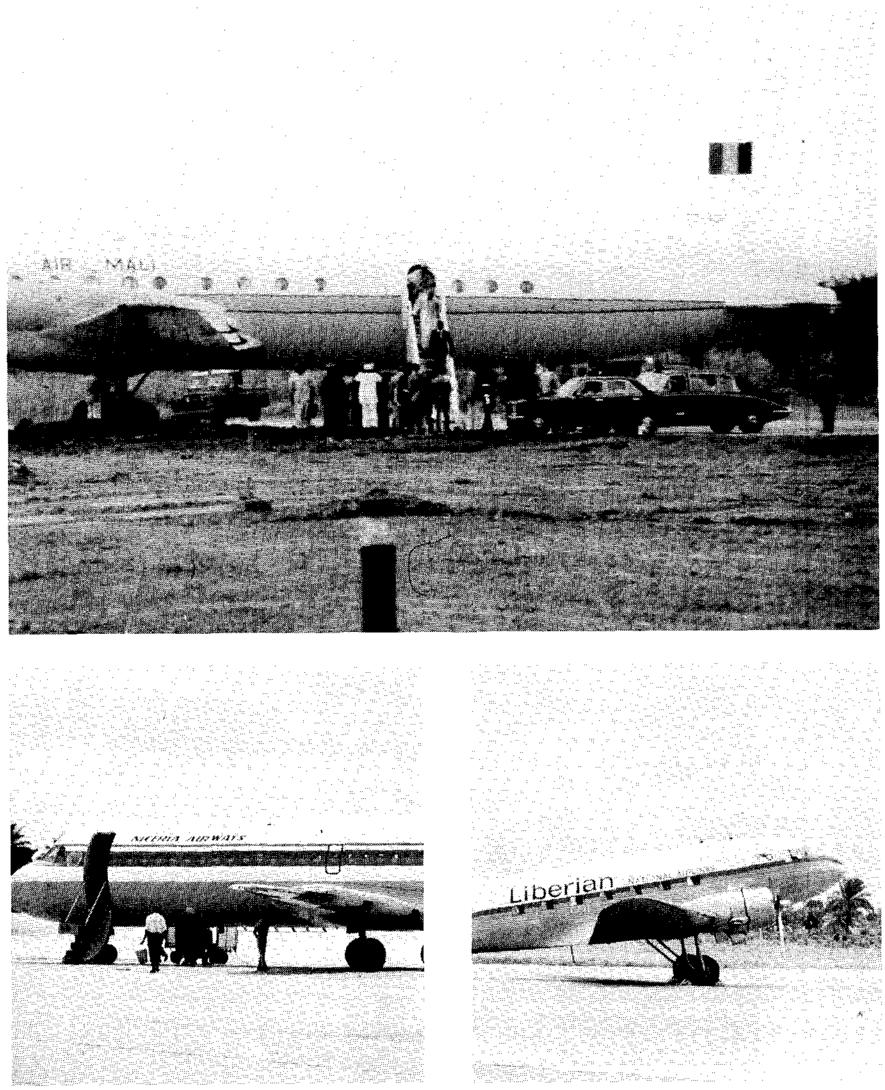
Crowds standing on the street in Banjul to greet the Heads of State of the members of the "Sahel Club" which met in the Gambia in December 1977.

Foreign-owned banks have cooperated by remitting money deposited in dollars in Monrovia back to the smuggler's account in Sierra Leone payable in leones. When the Sierra Leone government tried to curb these practices the private banks refused to cooperate.

Such industry as exists has a narrow base, being confined to the manufacture of some basic consumer commodities which are substitutes for imports (beer, Coca-Cola, tobacco, umbrellas, matches, vaseline, footwear, soap, textiles, etc.). While the value of raw material exports depends on price fluctuations in distant markets, domestic industries have a small internal market and an even smaller or nonexistent export market. Thus industry within the Community has a very small foreign exchange earning capacity and accounts for only 10 percent of economic activity, although it represents an extraordinary burden on balance of payments through its expensive import requirement (machines, capital investment, raw materials, and often management and consultancy services).

Moreover, the composition and ownership of industry is still dominated by foreign interests, particularly those of multinational companies, although there is a trend toward government participation. Its employment-generationg capacity tends to be low because it is capital- and not labor-intensive. The large- and medium-sized industries are normally located near the capital city or biggest port. They enjoy cheap labor, fiscal privileges, tax holidays, and relatively easy repatriation of profits, dividends, and capital while getting high returns on investment.

Apart from all the communications and transport problems affecting both agricultural and industrial development, another obstacle to the harmonization of trade and economic policy among ECOWAS countries is that they all tend to produce the same products. Only the more developed—Nigeria, Ivory Coast, Ghana—produce goods ranging up to the assembly of consumer durables, including vehicles. ECOWAS aims to overcome this by pooling experience and coordinating projects and research into the development of raw materials for Community industries and for the transfer of technology.



Most of the ECOWAS members have little airline companies struggling to break even. Col. Moussa Traore disembarking from an Air Mali plane to attend a meeting of the "Sahel Club," the regional association of the Sahelian countries.

No Community member has yet established heavy industries despite high potential in Ghana, Guinea, Ivory Coast, Liberia, Mauritania, and Nigeria. Guinea, for example, could become a center for an iron and steel industry sustained by Nigerian coal or oil. Both Ghana and the Ivory Coast have substantial electric potential and could supply power to neighboring countries. A new cement factory, a joint effort among Ivory Coast, Ghana, and Togo and located in Togo, is a first step in the direction of genuine industrial coordination. Eventually, the plant will supply most ECOWAS countries.

Sharing experts and training facilities is another area where ECOWAS hopes to have an impact. According to Dr. Horton, Director of the ECOWAS Fund, "Vast sums are being spent by member countries out of their development budgets to pay for experts from nonmember countries, while there are hundreds, yes thousands, of highly skilled Community citizens." Yet the human resources are as disparate among ECOWAS states as are the natural resources, with each affecting the potential to insure a uniform investment climate.

Provision has been made for the free exchange of goods within the Community that are wholly produced by enterprises whose headquarters are located in the Community and in which there is at least a 51 percent participation by member governments or citizens. The latter must include 50 percent control of the board of directors. There will be a steady increase in tax on goods imported into the Community from nonmember countries.

Sir Dawda Jawara, President of the Gambia, acting as host to the members of the "Sahel Club."

"Dumping" is to be prohibited and all members are to give each other "most favored nation" treatment. The treaty expressly prohibits national legislation that either directly or indirectly discriminates against products of member states. A fund has been established within ECOWAS that will provide compensation to members who suffer from the treaty's application and, in a crisis, the treaty allows members to take protective measures with the approval of the Ecowas Council of Ministers. The ECOWAS Commission for Trade, Customs, Immigration, Monetary and Fiscal Affairs and Payments is to strive constantly to maintain the balance of payments equilibrium that is the Community's long-term objective.

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It is obvious that ECOWAS needs a far greater degree of harmony of economic and political views if it is to succeed. Economic development is not a neutral or simply a technical matter. Economic changes are based upon political choices and these combine into different strategies for social development. The 16 ECOWAS countries have different political systems ranging from military dictatorships to formal parliamentary democracies, from governments which are avowedly Marxist to those that are explicitly capitalistic or committed to free-trade liberalism. The instability inherent in this already volatile mix can be easily sparked by developments in international politics, as when the French-speaking states tacitly supported France's move to send in paratroopers to quell the Shaba war in Zaire, an action which brought strong protest from other ECOWAS members. Gabon was involved in an attempt by mercenaries to overthrow the professed Marxist-Leninist government of Benin.

Ultimately, economic cooperation requires agreement on development strategies which in turn require some basic political decisions on which all can agree. Solidarity within ECOWAS threatens to upset the present dependence of the subregion on major industrialized countries.

The experiences of two decades of formal independence has taught Africans an important lesson: political independence has no real substance or meaning without economic self-reliance. If ECOWAS is successful in building a stable economic and political unit it may partially fulfill Kwame Nkrumah's dream of a truly independent and united Africa.

(March 1979)