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Banjul, The Gambia

PROGRESS REPORT ON THE STUDY ON THE IDENTIFICATION
OF PRODUCTS TO BE TRADED UNDER THE ECOWAS TRADE
LIBERALISATION PROGRAMME

INTRODUCTION

This brief report is intended to present to the Fifth meeting of the Committee of officials and subsequently to the Fifth Conference of Ministers of the West African MULPOC, the progress achieved with the implementation of the study on the "Identification of products to be traded" under the ECOWAS trade liberalisation programme.

The proposed study was requested by the Council of Ministers of the MULPOC, in a separate resolution on the work programme of the MULPOC in the area of trade and subregional integration, at its Fourth Conference which was held in Freetown, Sierra Leone in February 1981.

The intention behind the recommendation of this study at the level of the Committee of Officials, was for the MULPOC to assist by supplementing information currently existing within the ECOWAS Secretariat and individual countries, by undertaking a detailed study, involving examination of import and export profiles of individual countries within the Community, to determine a list of existing and potential products, which could be traded under the ECOWAS trade liberalisation scheme.

At the level of the MULPOC, it was considered necessary to undertake a very comprehensive study, involving extensive field missions to examine, production and consumption potentials and evolution of markets within individual states. It was anticipated that this would enable the MULPOC to determine not only the list of products currently traded, but also a list of future products for which production and marketing potentials exist within the Subregion. Even though considerable data evaluation has been undertaken, the financial restraint on the MULPOC last year, did not permit the completion of field missions and hence the study.

This brief is therefore intended to inform this meeting about the stage of advancement of this important study.

A. SCOPE AND METHODOLOGY OF THE STUDY

The study is intended to cover available products which fall under the three main product classifications adopted under the ECOWAS arrangements, namely:

1. Wholly produced goods i.e., Food, live animals and wholly produced agricultural and industrial raw materials.
2. Handicrafts, and
3. Manufactured or industrial products.

It involves a careful evaluation of available data from all the sixteen member States, covering the three basis product groups.

The study will be divided into four parts, as follows:

- Part I : entitled 'Examination of the List of Products currently traded' involves a general review of the structure of subregional trade and examination of products which enter into both recorded and unrecorded trade. An evaluation of the reliability of the supply and markets for such products is also undertaken in this section.
- Part II : entitled 'Examination of Production and Consumption Patterns within member States', examines the production capabilities and potentials for all categories of product against the background of existing and potential consumption patterns in member States. It also involves an evaluation of country by country import and export profiles under the three product groups.
- Part III : entitled 'Identification and Classification of existing and potential products'. From analysis carried out in Parts I and II, a list of existing and potential products are identified and classified into product groups on the basis of the standard international trade classification (SITC).
- Part IV : entitled 'Implications of the Origin Rules of ECOWAS for the list of identified products'; examines the qualification and suitability of the identified products for trade under the ECOWAS rules of origin. With particular reference to the value added criterion and the indigenous capital ownership requirement.

B. DATA COLLECTION

Sufficient data has been gathered on the following countries; Nigeria, Ivory Coast and Ghana in addition to information on Liberia and Sierra Leone, from the Mano River Secretariat. Also, available international trade data and agricultural production and trade data on Benin, Togo, Upper Volta, Senegal, Mali, Niger and Guinea are currently being reviewed. It is expected that this exercise would be followed by field missions into these countries.

C. PRELIMINARY FINDINGS

Considerable progress has been made with the analysis and evaluation of available data with some interesting findings.

1. It has been found that while a substantial number of products are currently being traded among certain countries of the Subregion, under bilateral trading terms, a significant proportion of products also enter into clandestine trade. It has also been found that a significant number of agricultural products which do not normally appear in international trade data are also being traded. The following are some of the products currently traded.

(a) Food and live animals (wholly produced agricultural products)

1. Cattle, sheep, goats, live
2. Fish; fresh and smoked
3. Yams and tubers such as Cassava
4. Maize, millet, sorghum and rice; milled and unmilled
5. Vegetables and fruits; fresh

(b) Handicrafts

1. Pots and pottery products
2. Crafts made from wood
3. Metal crafts
4. Leather bags and leather products.

(c) Manufactured products

1. Palm oil, groundnut oil, gari
2. Sugar, cocoa products, coffee products
3. Products of aluminium
4. Petroleum products
5. Pesticides and insecticides

2. It has also been found that sufficient production capacities and market potentials exist for expanded trade in the above listed products and a variety of others. For instance, in the case of Food and live animals, the net import potential of Nigeria alone was estimated at \$3,500 million in 1980 with an average annual growth rate of 10%. Whereas the net export potential of Niger and Mali in live animals (Basically cattle) was estimated to be over \$120 million for the same period.

In the case of fish and fish products, the net import potential of Nigeria and Ivory Coast combined exceeded \$250 million in 1980, while the net export potential of Senegal and Ghana amounted to \$100 million during the same period.

In the case of forest products, the net import potential of Senegal, Mali, Niger and Upper Volta exceeded \$30 million in 1980. While the net export potential of Ghana, Ivory Coast and Liberia exceeded \$300 million during the same period.

Furthermore, for products such as groundnuts, groundnut oil, hides and skins, the direction of trade is from the Sahelian States to coastal countries. For other products such as cocoa, coffee products palm oil, yams and tubers, maize, millet and sorghum, it is the other way round.

For manufactured products, a significant trend of re-exports has been noticed, mainly for products such as perfumes, textiles, tin foods and other processed food items, which are imported basically from the developed countries.

However, for petroleum products, liquid petroleum gas, aluminium products and basic furnitures, the direction is from the coastal countries to the Sahelian States. Also among the coastal countries, significant trade in such products exists.

3. It is apparent from our preliminary analysis that for virtually all of the wholly produced food and agricultural products and handicrafts, the origin conditions of ECOWAS are not applicable and hence such products could be traded easily within the Community. Manufactured products, especially domestic resource-based products such as petroleum products, wood products and furniture, aluminium products and other processed food items such as

cocoa and coffee products, groundnut and palm oils would have no difficulty meeting the domestic value added criterion of 40 per cent and the indigenous participation requirement of 20 per cent or 35 per cent. However, other manufactured products such as textiles, rubber and rubber products, insecticides and textiles which emanate from countries with low indiginisation requirements are not likely to qualify for trade under the ECOWAS rules, at least for some time.

FINALISATION OF PROJECT

It is anticipated that this study would be completed during the course of 1982, for presentation at the Sixth Annual Meeting of the MULPOC.