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# Export diversification as a promotion strategy for intra-ECOWAS trade expansion

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**This paper discusses how ECOWAS members could adopt export diversification strategies in fostering export-led economic growth. Since ECOWAS members are heavily dependent on commodity export and are therefore vulnerable to external shocks, export diversification is one of the strategies for trade expansion, stability in export earnings and increased per capita income. However, studies have revealed that export diversification has continued to pose a major challenge for ECOWAS members. Though export diversification is typically a slow process which needs to be sustained by an appropriate and coherent strategy, ECOWAS members have a lot to gain by implementing the strategy. The paper concludes that the traditional strategy of export promotion which focuses on the international marketing of final goods is no longer appropriate, but the adoption of different routes to diversification which could include resource-based manufacturing and processing of primary products.**

**Key words:** Export diversification, strategy, ECOWAS, intra-regional trade.

## INTRODUCTION

According to a United Nations Economic Commission for Africa (UNECA) 2004 study, the benefits of intra-African trade include:

- i.) Enlarged regional markets provide incentives for private cross-border and foreign direct investments flows, especially for large-scale investments in manufacturing and service projects which are subject to economies of scale.
- ii.) Expanded intra-African trade should generate faster growth and income convergence in regional economic communities.
- iii.) The diversification of production structures from production and trade of primary commodity will ultimately weaken the long-term dependence of African countries on developed markets for manufactures.

However, ECOWAS policy makers are concerned by the economic and political risks associated with heavy dependence on commodity exports. This is based on the notion that high concentration of exports on primary com-

modities and natural resources can have detrimental effects on a nation's growth prospects. In other words, resource-rich economies would grow slower than others, as if natural resources were a 'curse'. Furthermore, it has been argued that resource wealth increased the likelihood of civil wars, and favours authoritarian rule, and worsens income inequality. Hence, diversification to non-traditional, manufactured goods has been considered as a primary goal of national development strategies in many low-income countries.

The major objective is to explore the adoption of export diversification as a strategy for trade expansion in West Africa. Other objectives include an overview of RTA in West Africa, trends in intra-Africa trade, discuss the issues and challenge intra-regional; export diversification as a strategy for increasing intra-ECOWAS trade; and make policy recommendations on the findings of the study.

Since studies in DC have shown that there exists numerous benefits in export diversification in both low skill and resource-based manufacturing, ECOWAS members still find it difficult to realize this potential. Thus, ECOWAS members must use their natural wealth to build new areas of competitive advantage in non-traditional products. The traditional view of export promotion often taken by public agencies dealing only with the overseas marketing of existing products is no longer appropriate for

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**Table 1.** Membership of West African countries in RIA.

Country	ECOWAS	WAEMU	MRU
Benin	XXX	XXX	
Burkina Faso	XXX	XXX	
Cape Verde	XXX		
Cote d' Ivoire	XXX	XXX	
Gambia	XXX		
Ghana	XXX		
Guinea	XXX		
Guinea Bissau	XXX	XXX	XXX
Liberia	XXX		XXX
Mali	XXX	XXX	
Mauritania	XXX		
Niger	XXX	XXX	
Nigeria	XXX		
Senegal	XXX	XXX	
Sierra Leone	XXX		XXX
Togo	XXX	XXX	

Source: African Development Report, (2000)

this task. This is because they have not been able to solve the multiplicity of trade challenges such as the need for importing essential materials at world prices to facilitate export diversification, the need for enhancing the ability of firms to meet price and quality requirements of the global supply chains, the need for building the legal and physical infrastructures conducive to international business development, and so on.

In order to promote export diversification, the paper reviews and discusses major policy issues related to commodity dependence and export diversification in the West African sub-region. The rest of the paper is organized as follows. Section 2 takes an overview of existing regional trading arrangements (RTAs) in West Africa. While section 3 discusses the issues and challenges in intra-regional trade in the West African sub-region, section 4 takes a look at the theoretical basis for export promotion. Section 5 presents statistical evidence of the indices of export diversification and competitiveness in West African countries. Section 6 reviews some successful experiences of export diversification and identifies some common features explaining these outcomes, thus focusing on the role of trade support services and institutions in overcoming the overwhelming impediments to trade, using the case studies of Ethiopia, Kenya, and Mozambique. The conclusions are discussed in section 7.

## 2.0 OVERVIEW OF EXISTING TRADING ARRANGEMENTS IN WEST AFRICA

Existing regional integration arrangements (RIA) in West Africa include the Economic Community of West African States (ECOWAS), the West Africa Economic and Mone-

tary Union (WAEMU), and the Manu River Union (MRU). The membership of each of these RIAs is presented in Table 1.

ECOWAS comprises the sixteen countries of the sub-region. It cuts across historical and linguistic barriers. The sub-region has a market of about 211 million inhabitants and a combined GDP of US\$82 billion in 1999 (Soyibo and Alayande, 2002). ECOWAS was expected to evolve through three stages into a full Customs Union. The first stage of trade liberalization involves the removal of barriers to intra-community movement of persons, harmonization of economic policies, elimination of tariff and non-tariff restrictions on intra-community trade, establishment of a common external tariff and a common commercial policy, the abolition of all obstacles to free movement of persons, services and capital, and the harmonization of agricultural, infrastructural, Industrial, monetary and economic policies. In order to facilitate the integration process, the West African Monetary Zone (WAMZ), which is the second monetary zone in the region, was initiated in 1999. WAMZ comprises Anglophone countries that have undertaken to pursue a single currency objective. By implication this will (*ceteris paribus*) hasten the process of macroeconomic stability, as well as encourage greater mobilization and improved management of human and financial resources that could facilitate the eventual integration of the region into the global market.

WAEMU, as a combination of the West African Monetary Union (WAMU) and the West African Economic Community, which are French speaking West Africans, was formed in 1994. It consists of eight member countries and has a combined population of 67 million with an average per capita income of US\$390 in 1998. The fundamental objective of WAEMU includes the reinforcement of competitiveness of the economic and financial activities of member countries in the context of an open and rival market and a rationalized and judicial environment. Furthermore, it also aims at ensuring that the convergence of the macroeconomic performance of policies of member countries with the institutions of a multi-lateral control procedures, and create a common market among member countries based on the free circulation of people, goods, services and capital.

MRU was established in 1973 and comprises three countries. The main objective for establishing MRU was the evolvement of a customs union. However the fact that each of its members in one time or the other has been involved in armed conflict has resulted in limited gains in trade liberalization within the sub-region. The conflicts have considerably undermined the economies of these countries.

## 3.0 INTRA-REGIONAL TRADE IN THE WEST AFRICA: ISSUES AND CHALLENGES

First and foremost, this sub-section attempts to answer

**Table 2.** Trends in Intra-African trade (per cent of total trade).

RTAs	Imports					Exports				
	1970	1980	1990	1998	2003	1970	1980	1990	1998	2003
CEMAC	5.0	3.7	3.6	3.9	2.9	4.9	1.6	2.3	2.3	1.4
COMESA	6.7	2.8	3.4	3.9	5.8	9.7	9.1	8.1	8.9	8.6
ECOWAS	3.3	10.2	14.9	12.9	11.5	3.1	10.6	8.9	11.1	10.1
WAEMU	6.4	7.6	14.8	9.8	13.3	7.9	12.6	15.3	13.0	16.2
SADC	4.9	3.8	6.0	6.1	6.3	9.8	2.7	6.9	6.0	6.0
Africa	7.4	5.1	7.9	9.2	10.2	8.8	5.2	7.3	10.5	9.3

Source: IMF, Direction of Trade Statistics. (Various issues).

the question: Have RTAs fostered intra-regional trade in West Africa in particular and Africa in general? Time series data reveal that the impact of RTAs on intra-African trade seems insignificant. As a share of the continent's global trade, intra-African trade declined over much of the 1970s before it recovered in the 1980s and the first half of the 1990s. It was not until the early 1990s that intra-African trade recovered to its early 1970s levels (Table 2). Since the mid-1990s, however, it has stagnated at about 10 per cent despite intensified efforts to integrate regionally. Intra-ECOWAS and intra-WAEMU has risen erratically relatively to their trade with the rest of the world, often showing no obvious trend over time – except perhaps WAEMU whose intra-regional trade has increased in recent years due to the improved performance of the custom unions.

Production activities in the region are considerably similar for years. In other words, the economies are not diversified in their production structures, implying that the share of agriculture and services have significantly dominated their economic activities. The agricultural sector contributed between 22 and 66% of the GDP and employed 46 – 90% of the labour force. For example, according to Soyibo and Alayande (2002), the share of agriculture varied between 14% (Cape Verde) and 47% (Guinea Bissau) in the period 1980 and 1990. The share of services also varied between 22% (Nigeria) and 71% (Guinea Bissau) in the period 1980 and 1990. The share of industrial activities was as low as 9% for Niger in 1990 with Nigerian recording the highest contribution of industrial activities at 46% in 1980. However, it is worthy to mention that agriculture and services have been dominating the productive activities of most of these economies. It is also pertinent to note that the products are basically oriented to the developed markets in Europe and North America rather than to those of West Africa. Countries within the same crop belt tend to produce similar agricultural products; hence they cannot be each other's important trade partners. However, most industrial goods penetrating the West African trade zones are processed agricultural commodities such as sugar, canned beef, frozen meat, tobacco, textiles, leather products, etc. By implication, the right policy mix will greatly improve the

prospects for the expansion of intra-regional trade in processed and agro-based industrial products.

It is equally relevant to note that the production structure of West African economies shows that the scope of intra-regional trade will be significantly limited because of the apparently similar production activities. The share of trade in intra-regional export and import shows that intra-regional trade in West Africa has been abysmally low since the inception of these RECs. Based on these picture, Ogunkola (1998) noted that intra-regional trade did not fully reflect the over 25 years of efforts directed at regional integration in the region. Intra-regional exports in ECOWAS states were just 10.1% in 1980 and never reached that mark again throughout the period of review. Whereas intra-regional trade was consistently low in WAEMU countries and virtually nothing in the MRU.

In spite of the tariff barriers that still exist in the sub-region, some non-tariff barriers such as political instability, domestic socio-political and economic exigencies, and checkpoints pose formidable impediments to intra-regional trade. According to an ECOWAS study, there are seven checkpoints in every 100 km on the road between Lagos and Abidjan, two on every 100 km stretch between Accra and Ouagadougou, etc. (Table 3). The implication of this is that it has encouraged the corrupt government law enforcement agents to consistently harass and extort money from regional citizens, thereby undermining regional economic activities.

Much progress has been recorded in the reduction of external tariffs in Africa. For instance, between 1997 and 2004, simple average applied most favoured nations (MFN) tariffs for ECOWAS countries fell from 20 to 16.8%, while that of WAEMU fell from 22.6 to 17.8%. In spite of this, external trade barriers remain relatively high within the West African sub-region. For instance, the simple average of applied MFN tariffs in Africa is higher than that in other developing countries in Asia Pacific and Central Asia. Furthermore, there are wide variations in average tariffs between countries and products. While some African countries have reasonably low average tariffs (for example, 11% in Mozambique) others have high tariffs (39% in Comoros). This could result in large trade diversion under the RTAs.

**Table 3.** Official Checkpoints on Selected Routes of West African Highways, December 2000.

Highway	Distance (Km)	Number of checkpoints	Number of checkpoints per 100 km
Lagos to Abidjan	992	69	7
Lome to Ouagadougou	989	34	4
Abidjan to Ouagadougou	1122	37	3
Niamey to Ouagadougou	529	20	4
Cotonou to Niamey	1036	34	3
Accra to Ouagadougou	972	15	2

Source: ECOWAS Secretariat 2001, 'ECOWAS 1975 – 2000: Achievements and Prospects,' Abuja, Nigeria [also cited in ECA (2004)].

#### 4.0 THE THEORETICAL BASES FOR EXPORT PROMOTION STRATEGIES IN DEVELOPING AFRICAN COUNTRIES

All nations need to export goods and services in order to foster economic development and consequently generate increased per capita income. Thus, export revenue has become a core component in the modern theories of development. The primary focus of modern theories of economic development is to investigate the process by which a stagnant economy can be transformed into sustained growth. The requirements of accelerated growth include, among others, a rise in human skills, the adoption of more productive technologies, the development of new institutions and an increase in the level of saving and investment (NES, 1995). It was further emphasized that a nation which aims at sustainable development without much dependence on foreign loans and grants must provide all the requirements of sustained growth from its own resources or from imports paid for by exports. Thus, in realizing this, success has to attain in the simultaneous increase in skills, domestic savings and export earnings as well as an efficient allocation of these increased resources among competing demands.

The drastic decline in foreign exchange earnings in Nigeria between 1980 and 1986 due to erratic swings in the international price of crude oil resulted in declining export earnings and a loss in the economy's share of the international export markets (NES, 1995). As this occurred in some developing countries, this generated a theoretical response that changes in demand conditions, changes in supply conditions, and industrial capacity factors determine an economy's volume of exports.

i.) **Changes in demand:** since tastes and incomes vary over time, the export base must be diversified to cater for the changing demands. In fact, both incomes and tastes have been changing fast in the European and American markets which are the main buyers of African products.

ii.) **Changes in supply:** as a nation's productive structure changes in response to changes in domestic resource endowment such as changes in input mix and production technology, its export base also changes. In fact, it should be stressed that a country's foreign exchange

earnings can be increased if it transforms itself from a traditional primary products exporting nation to an industrial product export one. Thus, complete specialization in primary products creates an inflexible export structure in the short run, even if the price elasticities of supply of primary products will be large in the long run, the basic fact is that a country cannot adjust to short run booms or depressions. This argues that it is necessary to export commodities with different price elasticities of supply as a deliberate policy to keep the productive structure flexible.

iii.) **Industrial capacity:** studies have revealed that nations with thriving manufacturing sectors can achieve sustainably increasing income per capita through rising export earnings. With high industrial capacities, most developed countries are able to achieve mass product differentiation on the supply side (NES, 1995). Building new industrial capacity will therefore help countries to diversify into a wide range of agricultural processing activities to increase value-added by improving quality. Such a measure will create a strong export sector.

#### 5.0 EXPORT DIVERSIFICATION AS A PROMOTION STRATEGY FOR EXPANDING INTRA-ECOWAS TRADE

The potential gains accruable to members who engage in intra-regional trade depend on the existing and expected trade pattern among members as well as their own trade structure. Although some progresses have been recorded on intra-ECOWAS trade, these are not large enough to confirm that intra-ECOWAS trade has been beneficial to the member countries. Therefore, in order to assess the potential and interest of increasing intra-ECOWAS trade, this paper adopts the export diversification approach.

It is usually emphasized that countries with more diversified exports base are suitable economies for successful RTAs. The two reasons adduced for this include: [i] countries with more diversified exports are more likely to produce a greater range of products that can be exchanged with regional members. As noted by Yeats (1998), if only a limited number of such goods exists members of a RTA may have to rely heavily on third countries for a high share of their key imports (and as destination for their major exports) and this would likely

**Table 4.** Export diversification and competitiveness indicators in West Africa.

Country/years	Diversification Index					Competitiveness Indicator (1998 – 2002) – [%]		
	1998	1999	2000	2001	2002	Annual export growth (1998 – 2002) [%]	Sectoral effect	Global competitive effect
Benin	1.9	2.7	3.2	2.1	3.6	-8.9	-11.1	-0.3
Burkina Faso	2.2	2.2	4.2	4.5	8.6	-0.9	-9.3	5.9
Cape Verde	10.1	6.2	8.5	9.6	5.5	-10.6	-2.9	-10.2
Cote d'Ivoire	5.3	5.2	6.7	6.0	4.7	-3.7	-4.4	-1.8
The Gambia	1.8	2.4	3.5	5.6	7.8	-19.0	3.5	-25.0
Ghana	7.3	7.6	8.1	7.9	5.6	-3.7	-2.7	-3.4
Guinea	3.2	3.5	3.5	3.4	3.8	0.8	-3.6	2.0
Guinea Bissau	4.0	2.7	2.4	1.5	1.6	-1.9	2.0	-6.4
Liberia	2.0	3.1	2.9	2.2	2.1	-10.6	0.7	-13.7
Mali	1.3	1.4	1.9	3.3	2.7	-11.4	-10.7	-3.1
Niger	2.2	2.4	2.1	5.0	3.7	-14.5	7.3	-24.3
Nigeria	1.3	1.3	1.2	1.3	1.3	9.6	14.5	-7.3
Senegal	16.0	14.0	16.7	11.9	11.9	3.0	-3.9	4.4
Sierra Leone	2.3	4.4	4.1	6.9	7.5	5.9	3.7	-0.3
Togo	5.0	7.2	7.7	8.5	7.7	-9.5	-8.1	-3.8

Sources: PC-TAS 1998 – 2002 International Trade Centre, UNCTAD/WTO and the UN Statistics Division;  
Website: <http://www.oecd.org/dataoecd/55/62/34903138.xls>

reduce their commitment to the arrangement. [ii] countries might become less vulnerable to exports instability that could lessen their commitment to regional arrangements. Furthermore, Yeasts (1998) notes that sub-Saharan African countries exports tend to be highly concentrated in a few products, many of which are not important in other African countries imports, thereby limiting the potential import of any RTA among them.

Export diversification (or concentration) is held to be important for developing countries because many developing countries are often highly dependent on relatively few primary commodities for their export earnings. Unstable prices for these commodities may subject a developing country exporter to serious terms of trade shocks. Since the covariation in individual commodity prices is less than perfect, diversification into new primary export products is generally viewed as a positive development. The strongest positive effects are normally associated with diversification into manufactured goods, and its benefits include higher and more stable export earnings, job creation and learning effects, and the development of new skills and infrastructure that would facilitate the development of even newer export products. The export diversification (DX) index for a country is defined as:

$$DX_j = \frac{\sum |h_{ij} - x_{ij}|}{2}$$

Where  $h_{ij}$  is the share of commodity  $i$  in the total exports of country  $j$ ; and  $h_i$  is the share of the commodity in world

exports. The related measure used by UNCTAD is the concentration index or Hirschman (H) index, which is calculated using the shares of all three-digit products in a country's exports:

$$H_j = \sqrt{\sum (x_i/X_t)^2}$$

Where  $x_i$  is country  $j$ 's exports of product  $i$  (at the three-digit classification) and  $X_t$  is country  $j$ 's total exports. The index has been normalized to account for the number of actual three-digit products that could be exported. The lower the index, the less concentrated are a country's exports.

According to Table 4, ECOWAS members fall into two groups: countries that have recorded the highest and increasing export diversification indices and countries that have recorded moderate or downward trend of their export diversification. While Senegal remains in the first group, Cape Verde and Guinea Bissau are in the second group. For instance, the export diversification of Cape Verde which was about 10.1 in 1998 fell abruptly to about 5.5 in 2002. Over the five-year period, the export diversification index in Nigeria remains almost constant. The export diversification indices for other countries are quite low but on a rising trend.

A further analysis of West Africa's non-oil export growth indicates that its competitiveness has declined considerably over the past three decades. The constant market share (CMS) indicator reveals that during 1970 – 80, declining competitiveness and unfavourable export composition, was the dominant contributor to the continent's

poor non-oil performance. This finding is consistent with that by Ng and Yeats (2002), which states that Africa must diversify away from traditional exports or continue to suffer from a secular decline in the terms of trade and slow growth of demand for these exports. West Africa's competitiveness declined sharply during the 1980s before this deterioration slowed in the 1990s. This is also unrelated to the negative global competitiveness indices as noted in Table 4.

## 6.0 GOOD EXAMPLES FOR EXPORT DIVERSIFICATION STRATEGIES

This section takes a critical look at the policy discussions on export diversification from the perspectives of policy makers seeking good practices and guidance. As shown in the preceding sections, export diversification remains a major challenge for ECOWAS members. Empirical studies have revealed that trade policy reform will encourage large supply responses in terms of expanding trade volume, increasing export varieties and attracting FDI inflows. Furthermore, a direct impact of trade policy reform, such as the elimination of export taxes and the dismantling of marketing boards, can be undermined by the lack of progress in other reform areas. For instance, poor infrastructure, which prevents local farmers from expanding production of raw materials for an export processing activity.

Furthermore, it is crucial to reduce transaction costs and improve local business conditions, in order for firms to be able to respond more quickly to emerging opportunities and the challenges arising from on-going policy reforms. Some success stories of export diversification in Eastern Africa are Kenya, Mozambique and Uganda.

Kenya has sought to diversify away from traditional commodities (tea and coffee) to processed products (such as preserved fruit and fish products), the production of new types of niche products (such as "off-season" and "specialty fresh vegetables" or cut flowers) and to manufacturing (apparel, clothing accessories and leather products). However, the results have been mixed especially with respect to the manufacturing sector. While Kenya is now the largest African cut-flower grower and one of the biggest exporters of fresh horticultural produce, the country has been less successful in manufacturing. Notwithstanding initial positive achievements, the provision of incentives to export-oriented manufacturing firms failed to sustain export growth.

Kenya had already emerged in the late 1960s as a supplier of "off-season" fruits and vegetables to the United Kingdom and then to other European markets. Besides the booming trade in fresh horticultural produce, Kenya started to develop cut-flower exports. This industry underwent a major transformation, thanks to foreign investment, in particular with the establishment of a Danish company which was granted attractive investment terms. The company brought in capital and expertise to

generate considerable spin-offs. Several expatriate professionals left the company and started up their own small flower businesses. In the 1970s, the Horticultural Crops Development Authority managed an experimental programme to train smallholding farmers in flower cultivation and to organise their harvest for export. The great expansion of the sector in the 1980s increased the demand for technical assistance, which gave rise to a technical support cluster of specialized service suppliers. Cut-flower exports took-off in the 1990s in conjunction with significant reforms in import procedures, foreign exchange and air freight sectors, improvements in infrastructure and active investment promotion. Historically dependent on foreign capital and expertise, the industry has increasingly seen the emergence of Kenyan players, with significant levels of expertise, to the point that the country is now largely self-sufficient in in-house knowledge and provides business services to other African countries

Mozambique, The case of cashew nuts in Mozambique highlights the problems associated with promoting and sustaining commodity processing and the importance of avoiding the temptation of "quick fix" policies in the absence of a coherent strategy. Mozambican cashew nut processing was an early success story, thanks to the establishment of mechanised factories in the 1950s, which made the country the world's leading exporter. After independence, factories were nationalised and, due to scarce managerial and technical resources, the industry declined rapidly. The government ban on exports of raw cashews at the end of the 1970s did not help to revive it, since equipment was obsolescent and competition from Brazil and India was mounting. The decade-long civil war also contributed to aggravating the situation by disrupting rural production and trade.

The post-civil war period witnessed various attempts to reform and revamp the sector, culminating with the heated debate of the 1990s on the liberalization of cashew marketing and exporting, which was supported by the World Bank. Advocates of the reform based their argument on the inefficient technology employed for processing and the favourable impact that liberalisation would have had on farm-gate prices, thereby stimulating production and exports of raw nuts and eventually improving growers' welfare. The upshot of this reform is that on one hand, the expected increase in cashew production for export and the induced income boost for the poor did not materialise; on the other, processing is now in disarray, as witnessed by the closure of almost all factories by 2001.

Uganda, the Lake Victoria fish industry exemplifies both opportunities and challenges with respect to commodity upgrading. Overall, this sector has experienced spectacular growth in recent years. Fishing activities have developed around the Lake since the 1990s, providing today some \$200 million per year in export earnings and employing around 200 thousand people. Until that time,

large fish stocks were almost unexploited for commercial purposes. Only about a tenth of the fish population of the Lake was sold un-processed on the local market. During the 1990s, responding to an increase in the European demand for fresh water fish, a few Ugandan companies started processing and airlifted fresh Nile Perch in the form of fish fillets. As soon as the sector expanded, problems of quality and phytosanitary standards emerged, due to inadequate chilling equipment, as well as environmental concerns as a result of fish processing waste. Low yields (due to high wastage in fish filleting) and the 1999 EU ban on Ugandan imports due to suspected fish poisoning — leading to a 35% decrease in exports — risked undermining the viability of the sector. The Uganda Fish Processors and Exporters Association (UFPEA) played a critical role in obtaining technical assistance from donors and establishing a reliable fish safety assurance system in compliance with EU standards. UFPEA members have directly invested more than \$100 million in the sector. The growth of the fresh fillet sector has spurred the development of side sectors — such as processing of wastage for producing animal feed and fertilizers — as well as downstream sectors — such as the packaging and freight and shipping companies — and upstream sectors with fishermen adapting their techniques to the new quality and organizational requirements set by the industry. The development of fish exports has also generated spillovers to other sectors, thanks to the improvement of cold storage and freight services. For instance, fish exporters joined forces with flower exporters' ground-handling firms to bring down freight rates and improve freight services at Entebbe Airport.

## CONCLUSION AND RECOMMENDATIONS

West Africa has been experimenting regional economic integration for about three decades but progress has been slow and without significant results. Thus, there is a need for a more favourable environment for overall trade. The potential of ECOWAS in exploiting economies of scale and enhancing competition has been limited by low export diversification among its members, poor infrastructure, and high trading costs among members.

International organizations such as the World Trade Organisation (WTO) and the IMF can play a crucial role in assisting ECOWAS members implement development-oriented trade policies. Apart from the continued support in establishing macroeconomic stability, the international organization should strengthen its surveillance and technical assistance in managing shocks arising from trade liberalization and regional integration. While international support is needed in the area of greater market access for member countries and expediting trade facilitation activities (Odularu, 2006), members need to demonstrate a strong commitment to a programme of broad-based trade reform to reverse the sub-region's

marginalization in world trade and investment.

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