Financing EPA:
The fiscal impact of EPA on ECOWAS

Sofie Selin

Lund University School of Economics and Management
Department of Economics
Master Thesis
August 2011

Supervisors:
Joakim Gullstrand
Yves Bourdet

ABSTRACT

The European Union (EU) and the Africa, Caribbean and Pacific (ACP) countries have been negotiating Economic Partnership Agreements (EPAs) since 2002. The EPAs are intend to replace present agreements which due to its discriminatory element against other developing countries, not are compatible with the WTO regulations. The liberalisation of the EPAs has triggered some concerns regarding the risk of large decline in tariff revenues and the negotiations proved to be more complicated than predicted.

The purpose of this study is to determine the Economic Community of West African States (ECOWAS) countries reliance on tariff revenues in order to evaluate the EPA negotiations. An examination on whether the ECOWAS countries' present level of tariff revenues impacts their willingness to sign the EPAs and thus affecting the negotiations.

Observations show a significant reliance on tariff revenues for ECOWAS countries, with total revenues accounted for 53 percent on average. Tariff revenues from the EU play a significant role and are observed to contribute with 18 percent out of the total government revenue. The main concerns for ECOWAS countries are their lack of institutional capabilities to mitigate the loss in tariff revenues. This will most likely make the ECOWAS a bit reluctant to sign an EPA, since their significant reliance on tariff revenues can lead to a substantial decline in government revenues. Further, other characteristics are also likely to affect the ECOWAS willingness to sign the EPAs due to their concerns of losing tariff revenues. These concerns are the possible trade diversion effect, undiversified economical structure as well as the possibility to trade under the EBA. The significant reliance on tariff revenues is most likely to affect the members of ECOWAS' willingness to sign the EPA and thus also the negotiations.

Keywords: Economic Partnership Agreements (EPA), Economic Community of West African States (ECOWAS), EPA negotiations, Reliance on tariff revenue, Trade liberalisation.

ABBREVIATIONS

ACP	African Caribbean and Pacific
CARIFORUM	The Caribbean Forum of the ACP Countries
EBA	Everything But Arms
ECOWAS	Economic Community of West African States
EEC	European Economic Community
EPA	Economic Partnership Agreement
EU	European Union
ESA	Eastern and Southern Africa
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	General System of Preferences
HS	Harmonized System
IMF	International Monetary Fund
LDC	Least Developed Country
MFN	Most Favoured Nation
MNE	Multinational Enterprise
PTA	Preferential Trade Agreement
ROO	Rules of Origin
ROW	Rest of the World
SADC	Southern African Development Community
TRAINS	Trade Analysis and Information System
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union
WITS	World Integrated Trade Solution
WTO	World Trade Organisation

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

1. Introduction

The African, Caribbean and Pacific (ACP) countries have enjoyed a non-reciprocal preferential access to the European Union market since 1975. Due to its discriminatory element against other developing countries, the agreements were not compatible with the WTO regulations, which is why the EU began searching for new trading agreements. The ACP countries and the EU are currently negotiating reciprocal Economic Partnership Agreements (EPAs). For ACP countries implementing an EPA "substantially all trade" need to be liberalized over a "reasonable length of time", which is expected to be a challenge for numerous countries. (Karingi, Lang, Oulmane, Perez, Sadni Jallab & Hammouda, 2005). This requires gradually reducing or eliminating trade taxes levied on imports from the EU.

The main objectives with the EPAs are to provide the ACP countries with possibilities to enhance economic growth and development through increased trade, technological and investment progress opportunities. However, the gains are accompanied by fiscal challenges, in temrs of handling the loss of tariff revenues. On average, the ACP countries highly rely on the benefits received from the tariff revenues, in particular the ones received from EU imports that represent a substantial part of the total government revenue. For these countries, liberalising the trade with EU could lead to a large decline in government revenue. Some studies estimate that the revenue losses may exceed the gains from trade and thus reduce the overall welfare (Khatty & Rao, 2002).

The negotiations have proved to be more complicated to conclude than expected and they have not been friendly or easy (Bilal, 2008). The negotiations were due to be concluded at the end of 2007. However, at the time of writing, Caribbean are the only region that has yet signed a comprehensive EPA. In reaction to this, interim agreements were established. The interim EPAs are partial bilateral agreement covering trade in goods but not the additional issues covered in the comprehensive EPA. In the West African region – the Economic Community of West African States (ECOWAS), one of the six ACP regions negotiating EPAs with the EU, only two countries have concluded interim agreements; Cote d'Ivoire and Ghana. The rest of the fourteen countries in the region are still today negotiating.

The purpose of this study is to determine the ECOWAS countries reliance on tariff revenues in order to evaluate the EPA negotiations. An examination on whether the ECOWAS

countries' present level of tariff revenues impacts their willingness to sign the EPAs and thus affecting the negotiations.

To determine the level of reliance on tariff revenues the study will present observations on trade patterns, tariff levels as well as accounted shares of tariff revenues. The tariff revenues will be examined as a percentage of GDP as well as of the government revenue for the thirteen member countries of ECOWAS. The members are Benin, Burkina-Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Mali, Niger, Nigeria, Senegal and Togo. To get a more comprehensive picture of the countries' level of reliance on tariff revenues, seven sectors have been observed. The factors consist of; capital goods, consumer goods, intermediate goods, raw materials, agricultural, industrial and petroleum. Imports from EU, ECOWAS and rest of the world (ROW) are examined. However, the study does not attempt to quantitatively estimate the future impact of the fiscal transition on government revenue.

Previous research has been conducted regards to the ECOWAS countries' reliance on tariff revenue. They do, however, all differ in terms of values AS well as variables, e.g. some studies use custom duties and other use trade taxes which includes significantly more variables than solely tariffs. To coherent determine the reliance on tariff revenue for the ECOWAS countries, primary data was collected for this study. The West African region was chosen since it is one of the poorest regions in the world. Additionally, the majority of their imports originate from the EU hence they should expect to get greatly affected by potential negative fiscal impacts of the EPA.

Due to the purpose of this paper and the relatively large number of countries and variables to be examined, the choice of using a descriptive method was natural. A descriptive method deals with the acquisition of factual, accurate and systematic data from the selection that can be used in averages, frequencies and similar statistical calculations. The aim of a descriptive study is to describe the nature of situations of the time of the study and to explore the causes of particular incidents (Befring, 1992).

As with all methods, there are advantages and disadvantages with using descriptive methods. The main advantages regards to using a descriptive method are firstly, the fact that the data used in the study is validated and proves it reliability. Secondly, it is also a very useful way of

investigating and observing a large number of countries, which allows for a comparison and evaluation of them relative to a large number of observations. For most studies, one should not be too detailed nor should one cover every single detail of the sample, hence there is often a need to cluster variables or observations. By doing so there is always a risk of misinterpretation. That risk does not, however, exceed the advantages of using descriptive method.

The remainder of this paper is structured as follow. Chapter 2 reviews the ACP-EU partnership over the time, the design and the WTO compatibility of the EPAs as well as the progress in the negotiations. Chapter 3 presents theoretical aspects regarding tariffs in developing countries. Chapter 4 presents and discusses the fiscal effects of the EPAs, focusing on the liberalisation effect, as well as measures to avoid a fiscal shock. Chapter 5 present the collected data over the ECOWAS countries' trade patterns, tariff levels as well as their reliance on tariff revenues from the EU, ECOWAS as well as the ROW. The section is followed by a discussion whether the collected observations have any impact on the negotiation process for ECOWAS countries. Finally, chapter 6 concludes the paper.

2. EPA – Economic Partnership Agreement

This section will present the EPAs, what they entails, how they have been developed and why they have evolved. Further, the negotiation process will be presented as well as the state of play for the ECOWAS countries in the negotiations.

2.1 The Most Favoured Nation (MFN)

As a member of the WTO, one needs to follow The Most Favoured Nation (MFN) treatment, which is one of the major WTO principle. The treatment specifies that a trade concession granted by a member state to another should automatically be extended to all other WTO members. There are two exceptions for which the MFN principle can be disregarded; (i) the enabling clause (ii) the Article XXIV of the GATT (Karingi et al. 2005).

The *enabling clause* allows preferential treatment when based on development concerns. Preferences can be granted to developing countries as long as they are offered to *all* developing countries or strictly to least developed countries (LDC). Generalised System of Preferences (GSP) and Everything but Arms (EBA) are example of schemes utilized under the enabling clause. Under the GSP, the EU offers developing countries lower tariffs and duty-free access on certain products. The EBA provides LDC countries duty- and quota free access to the EU market with the exception for arms and ammunition (Karingi et al. 2005)

The *Article XXIV* of the GATT, allows for derogation of the MFN principle when engaged in a free trade agreement. Free trade agreements are thought to benefit, not only the members, but also the whole world through trade creation and its welfare engaging. This belief justifies the derogation. The free trade area needs to be reciprocal to be allowed for derogation (Karingi et al. 2005).

2.2 The Lomé Convention

In February 1975, the first Lomé Convetion was signed that proposed a non-reciprocal agreement between the European Economic Community (EEC) and ACP countries. The agreement granted the ACP countries a favourable access to the EU market without being committed to grant equivalent concessions to European exporters (Karingi et al. 2005). The primary objective of the Convention was " to promote economic and social development and

to establish close economic relationship with foremost former African colonies and the EU" (Treaty of Rome Article 131).

Initially the Convention was seen as an exemplary form of North-South partnership and hailed for its innovativeness. At the time, the unilateral preferential access that was granted for ACP countries to the EU market was recognised as a great possibility for developing countries. Their protected borders provided them with the opportunity to base industrial development whilst the preferential market access offered expansion for exporters (Karingi et al. 2005). However, the Lomé partnership had a very limited positive impact on Africa both in terms of its integration in world trade as well as in terms of poverty reduction and socio-economic development (Karingi et al. 2005). The ACP export showed few signs of diversification and the ACP exporters share of the EU market had diminished from 8 percent in 1975 to 2,8 percent in 2000. The Convention failed to meet its objective development, as it did not get the expected response from the ACP economies (Karingi et al. 2005).

2.3 The Cotonou Agreement

In addition to the unsuccessful achievements of the Lomé Convention, the preferential treatment was not compatible with one of the most basic GATT/WTO principles - The Most Favoured Nation (MFN) treatment, thus, following the pressure from the WTO, EU began the search for new trading agreements in the mid 90's leading to the signing of the Cotonou Agreement in 2000 (Karlsson, Tangnäs & Wolpher, 2009).

The main objective of the Cotonou agreements is to focus on poverty reduction as well as to strengthening the political development such as respect for human rights and good governance. Furthermore it aims to further integrate the ACP countries with the world market as well as promote a deeper regional integration. The Cotonou agreement is forecasted to run for twenty years (until year 2020) with the possibility to revision every fifth year (Fontagné, Laborde & Mitaritonna, 2010).

In 2001, EU was granted a waiver to its obligation under the GATT/WTO that allowed them to maintain the preferential treatment during a transitory period under the condition that new WTO-compatible agreements were being negotiated. The goal was to negotiate and reach an agreement on the Economic Partnership Agreements (EPA) by the end of 2007 that had to be

compatible with WTO (Kommerskollegium, 2004) The rationale behind the name, Economic Partnership Agreements, is to reflect the agreement's objectives of strong development concerns. The main objectives of the EPA are to provide the ACP countries with possibilities to enhance economic growth and development through increased trade, investment and technological progress opportunities (Bilal & Ramdoo, 2010).

2.4 The EPA

An EPA between the EU and the ACP countries would fall under the Article XXIV. For the EPAs to comply with Article XXIV, "substantially all trade" need to be liberalised (Art.XXIV, 8-b). The exact meaning of "substantially" is open for interpretation and has been strongly debated. According to the European Commission, at least 90 percent of all bilateral trade flows need to be liberalized. That is, eliminating trade barriers on at least 90 percent of the value of its imports from the EU. However, EU will provide duty- and quota-free access to all ACP exports which means that, most ACP countries need to liberalise at least 80 percent of their imports from the EU so that the total bilateral trade flow is liberalised with 90 percent (Hallaert, 2010). ACP regions experiencing a bilateral trade deficit with the EU will have to liberalise more than 80 percent of their imports, whereas other regions experiencing a trade surplus can liberalise less than 80 percent of imports (Bilal & Roza, 2007). Liberalising up to 90 percent allows ACP countries to protect sectors vulnerable to import competition by excluding so-called *sensitive products* from liberalisation. The importance of how to choose these products will be discussed in chapter 4.3.2.

Furthermore, Article XXIV also maintains some ambiguity on the given time frame to accomplish liberalisation. The article stipulates that the implementation should take place over a "reasonable length of time" (Art.XXIV, 5c). Here again it is open for interpreting the meaning of the term "reasonable", but it is conventionally thought to be no longer than 10 years (Karingi et al. 2005). However, most of the interims EPAs that has been signed up to date exceed the ten year time frame (Hallaert, 2010).

The only area that EPAs need to cover in order to be compatible with the WTO is the trade in goods section. In addition, EU wanted the EPAs to be more comprehensive as to why the agreements also cover trade in service and other trade related issues (such as custom issues and trade facilitation, competition, innovation, capital movements and public procurement and intellectual property) (Karlsson et al. 2005).

2.5 EPA negotiations

For negotiating the EPAs, the 78 ACP countries were divided into six regional configurations that were established just for negotiations.

Table 1 Regional groups negotiating EPA
Caribbean – The Caribbean Forum (CARIFORUM)
Central Africa
West Africa – Economic Community of West African States (ECOWAS)
Eastern and Southern Africa (ESA)
Pacific
Southern African Development Community (SADC)

The intention of dividing the countries into groups was to strengthen the regional integration, something that is seen as an important step towards further integrating the countries into the world economy (Hinkle, Hoppe & Newfarmer, 2006). Further the forming of larger groups was considered a potential way to enhance growth. Many of the countries are too small to produce competitive goods and services individually or to provide necessary government regulatory services compared to larger groups of countries. The purpose was to create a North-South-South agreement, linking EU with aspiring custom unions in the South (Hinkle et al, 2006). The six groups all consist of overlapping free trade areas, custom unions and non-associated countries, which further complicates the negotiation process. There are many voices to be heard and many voices to please.

The negotiations of the EPA have not been easy or friendly, but extremely challenging both in terms of process as well as substance (Bilal & Braun-Munzinger, 2008). As a result, only a limited substantive progress had been achieved by end 2007. The lack of progress were partly due to the European Commission and ACP countries difficulties to reach a common understanding and approach on the cornerstone of the EPAs –the regionalism and development component (Bilal & Braun-Munzinger, 2008). The two parties have a fundamental divergence between them in terms of their approaches towards development. The EU's approach is to focus on attracting investments, which is seen as a necessary condition for sustainable development (Bilal & Braun-Munzinger, 2008). The EPAs are thought to foster development through trade liberalisation and thus attract investment. By deeper ACP regional integration and establishment of effective regional markets, the EPAs

will attract and stimulate domestic as well as foreign investment. The ACP countries agrees on that trade liberalisation and regional integration is necessary, but consider it to be far from sufficient, to foster development and alleviate poverty (Bilal & Braun-Munzinger, 2008). Due to supply-side constraints and the need of measures to mitigate the adjustment costs, is the ACP's approach to include appropriately financial support with the EPAs. The support should be binding, predictable and made available in addition to the existing EDF (Bilal & Braun-Munzinger, 2008).

The EC was at first reluctant to ACP's demand but conceded on the inclusion of development chapters in the scope of the negotiated agreements in October 2007 when the EU Strategy on Aid for Trade was adopted. However, the financial commitments are not binding (Bilal & Braun-Munzinger, 2008).

Further explanations to why the negotiations have been difficult are the lack of institutional and technical capacity for the ACP countries (Bilal & Braun-Munzinger, 2008). There is a wide gap between the two groups of countries negotiating EPA, in terms of negotiating powers. This was formally recognised in the Cotonou Agreements, and the preparatory period was agreed on to be used to build ACP countries capacity. Capacities, thought to be helpful during the negotiations and future implementation of the EPAs. However, the ACP countries have repeatedly, since 2002, expressed their concerns about continuous capacity constraints, thus affecting their abilities to negotiate effectively and implement the EPAs (Bilal & Braun-Munzinger, 2008). The civil society in both ACP countries as well as in EU have been strongly reluctant to the agreements and their great resistance have been a major cause to why only a limited substantive progress had been achieved so far.

Moreover, the deadline, often regarded to work as a stimuli for negotiating parties to move ahead and put the issue higher up on the political agenda. However, for the EPA negotiations characterized by the asymmetric relationship between the EU and the ACP, it has showed that too much pressure can lead to a lot of suspicion and lack of ownership of the final result (Bilal & Braun-Munzinger, 2008). The pressure and the threat of EU imposing tariffs from 2008 have therefore left many ACP stakeholders with the feeling that the agreements have been externally imposed. This may lead to less willingness to bring forward the process and related reforms (Bilal & Braun-Munzinger, 2008). A final explanation to the failure of concluding regional EPAs is the weak regional cohesion clearly exposed in most ACP

regions. National interests still prevail over regional integration agendas in most regions (Bilal & Braun-Munzinger, 2008).

2.5.1 Interims

By the end of 2007 when the negotiating parties were suppose to have reached agreements about the EPAs, only the Caribbean group (CARIFORUM) had signed a comprehensive EPA. In reaction to this, interim agreements were established. The interim EPAs are partial bilateral agreements that cover trade in goods but not the additional issues covered in the comprehensive EPA (www.acp-eu.org). However, by signing an interim agreement the ACP countries commit to continue negotiations toward a comprehensive EPA. The liberalisation commitments of the interim agreements are compatible with the WTO agreements. The countries that signed an interim benefit from January 1st, 2008, benefits a fully duty- and quota- free access to the European market (with transition period for sugar and rice) by liberalising imports of goods from EU according to different liberalisation schedules (www.acp-eu.org). The fate of the countries not signing either of the agreements depends on whether or not they are a LDC. LDCs benefits from the EBA preferences and non-LDCs will export to EU under the GSP scheme. The GSP scheme offers lower tariffs or duty-free access but these preferences are less favourable than the EPA preferences. The EBA provides duty- and quota- free access and there are therefore no differences between the EPA and the EBA in terms of gaining access to the European market. However, the rules of origin (ROO) are stricter under both GSP and EBA compared to the EPA. Further, the EBA are only unilaterally granted and can be withdrawn at any moment. This means the countries that do not sign the interim or the EPA will experience less favourable treatment compared to the countries that sign them (Karlsson et al. 2009). Of the seventy-eight ACP countries negotiating EPAs, thirty-six have signed an interim or EPA with the EU whereby ten are LDCs and twenty-six non-LDCs.

2.5.2 Negotiation process for ECOWAS countries

The West African group, negotiating the EPAs with EU, consists of sixteen countries. Fifth teen of which are currently members of the ECOWAS; Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guina-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. Mauritania has, in addition to these countries, decided to join the group for the EPA negotiations, despite its withdrawn from the ECOWAS community in 2002. Twelve of the countries are LDCs, (in bold in table 2) and only four are non-LDCs.

The negotiations are being conducted by the Regional Negotiation Committee on the West African side and by the European Commission on behalf of the EU (ECDPM, 2006).

By the end of 2007, the negotiations of the EPA between the West African Region and the EU were still in progress and no agreements had been initialled nor signed. In December 2007 Ghana initialled an interim agreement and Cote d'Ivoire signed an interim agreement on 26 November 2008. Ghana has indicated they have intentions to sign the Interim EPA. Negotiations towards a comprehensive EPA, which will replace the interim agreements, will continue in 2011. The latest offer from the West African region is a 70 % liberalisation during a time period of 25 years (ACP-EU.ORG).

Table 2 ECOWAS countries concluded and not concluded interim agreement

Concluded interim agreement		Not concluded interim agreement	
Cote d'Ivoire	Ghana	Nigeria	Cape Verde
		Benin	**Mali**
		Gambia	**Mauritania**
		Guinea	**Niger**
		Guinea Bissau	**Senegal**
		Burkina Faso	**Sierra Leone**
		Liberia	**Togo**

Source: (ECDPM, 2006)

The two remaining non –LDCs, Nigeria and Cape Verde, did not initial an interim agreement. Nigeria applied to be included in the GSP + scheme offering additional preferences to developing countries. The application was refused since they had not ratified the United Nations Convention on Prevention and Punishment of the Crime of Genocide, which is one of the requirements to benefit from GSP+ preferences. Nigeria has, therefore, been exporting to the EU under the GSP scheme since 1 January 2008. Cape Verde is permitted to export to EU under the EBA regime for a transition period of at least three years, which has been extended until 1 of January 2012. The rest of the countries in the West African region[1] are all LDCs, hence they export under the EBA regime since 1 January 2008 (ECDPM, 2006).

3. Tariff revenues - in developing countries

This chapter will present theoretical aspects regarding tariffs in developing countries. The concluded section of this chapter discusses the reliance on tariff revenues in developing countries.

3.1 Tariffs

There are several different types of trade barriers that governments may use to restrict the country's level of trade. Taxes levied on imported goods are the most commonly used trade barrier, commonly referred to as *tariffs* – a form of commodity taxation. Tariffs can be levied in two basic ways - specific tariffs or ad valorem tariffs. A *specific tariff* is levied as a fixed charge per imported unit (Markusen, Melvin, Kaempfer & Maskus, 1995). A government could, for instance, levy a one dollar specific tariff on every imported hat. Thus, if 1000 hats are imported, the government collects 1000 dollars in tariff revenue. The collected revenue will stay the same regardless of the value of the imported hats. An *ad valorem tariff* is levied as a fixed percentage of the value of the imported good. In this case, a government levies a 10 percent ad valorem tariff on imported boats. Thus, imported boats worth of 100 000 dollar will result in 10 000 dollar in tariff revenue. The collected revenue is dependent of the value of the imported commodities. Tariffs can be levied on exports as well as on imports. There are also other forms of barriers to restrict trade, like quantitative restrictions and technical or administrative rules (Markusen et al., 1995). However this paper will focus on tariffs levied on imports.

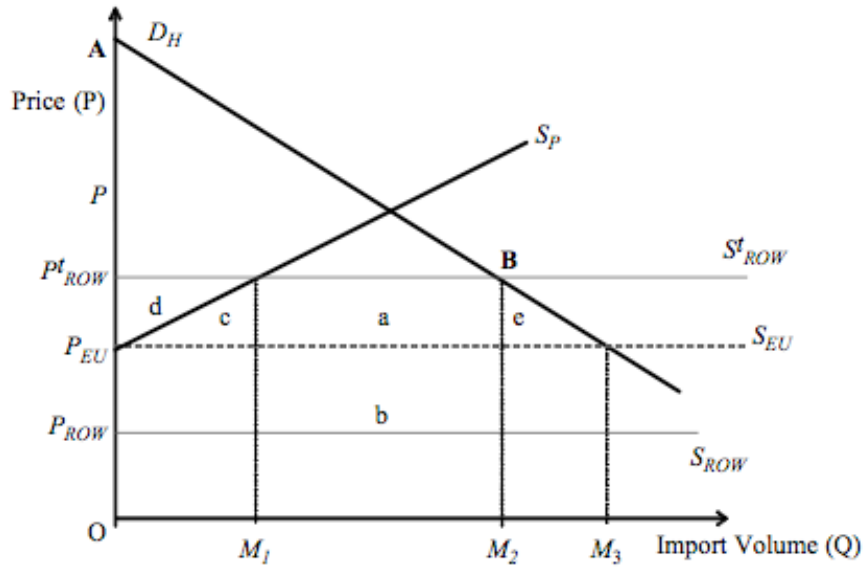
There are several essential reasons for why a government would choose to levy taxes on trade; (i) To provide protection for local industry and employment. Emerging national industries may need time to become competitive and thereby in need of temporary protection. (ii) To raise revenue for the government. (iii) To provide an instrument for correcting market distortion and (iv) to act as an instrument of macroeconomic stabilization (Blejer & Chu,1989).

3. 2 Trade theory

As for traditional trade theory, trade taxes are seen to be preventing efficient resource allocation. A tariff encourages domestic producers to produce more of a commodity in which the country lacks comparative advantages. Thus, tariffs divert resources away from the true pattern of comparative advantages, as to why gains from specialization are reduced. Increased domestic prices, for both consumers and producers, in combination with reduced quantity of imports reduce the gains of trade and welfare. Tariffs are simply seen to move the country back towards autarky (Markusen et al 1995). With the Heckscher –Ohlin framework, trade taxes are disrupting the free flow of commodities between countries. Furthermore, traditional trade theory argues that liberalisation enhances welfare and economic growth. As trade barriers are removed, domestic producers face increased competition from international suppliers. Only the producers with a comparative advantage survive the increased level of competitiveness through their ability to produce with lower costs compared to foreign producers to raise their productivity level. Production factors will be reallocated to other industries with domestic comparative advantages, the so-called structural adjustment (Busse, Borrmann & Großmann, 2004). Further, as trade is liberalised, domestic consumers face lower prices of both imported and domestically produced goods that create an increased consumer surplus. Hence, households benefit from increased real incomes. Purchasing cheap investment and intermediate goods increase firms and producers international competiveness and sales rise domestically as well as internationally (Busse et al, 2004). Increased competition, according to the theory, is predicted to lead to increased production, employment and consumer surplus and thereby raise countries' overall welfare.

Trade theory, initiated by Viner (1950) further predicts free trade agreements to lead to *trade creation* and/or *trade diversion*. Milner, Morrissey & McKay (2005) extend Pangariya's (1998) partial equilibrium model for examining the impact welfare has on a small country to initial a preferential trade agreement (PTA). Figure 1 illustrates the import demand curve of a small country, home (D_H), and the upward sloping supply curve of a partner country, (S_P). The supply of exports for two (initial) outside suppliers, the EU and the ROW, is assumed to be infinitely elastic, ($S_{EU,}$ S_{ROW}). Further assumptions of the model are (i) that the markets are perfectly competitive and (ii) that there is perfect substitutability between imports from alternative sources and imported and domestically produced import substitutes.

Figure 1 Trade and welfare effects of an EPA



Source: (Milner et al. 2005)

Let's start with a PTA, between H and P, and a non-discriminatory, ad valorem, tariff (t) on extra-regional imports, where $P^t_{ROW}=P_{ROW}$ (1+t). The home country imports OM_2 in total, at point B, with OM_1 from the partner country and the rest M_1M_2 coming from the ROW. If an EPA is concluded between the PTA and EU, the home country will continue to impose tariff *t* on imports from the ROW but allow imports from the EU in duty free. The relevant supply price is now P_{EU} and the total amount of imports expands to OM_3 where all imports come from the EU. M_2M_3 represents a *consumption expansion effect*, M_1M_2 a *trade diversion effect* and OM_1 a *trade creation effect* (Milner et al, 2005).

Trade diversion is usually related to as diverting trade from more efficient extra-regional suppliers to less efficient intra-regional suppliers. In this model, however, the EPAs are diverting imports from extra-regional suppliers where M_1M_2 is imported from the less efficient EU rather than the more efficient ROW. The resource cost of this is illustrated by the area *b.* Area *(a+b)* illustrates the total tariff revenue loss by the home country.

Trade creation is defined as the change in import from less efficient home or intra-regional production to more efficient extra-regional production, in this case, the replacement of intra-regional imports by more efficient (but not the most efficient) extra-regional imports from the

EU, (illustrated by area *c)*. The consumer surplus increases with area *(c+d)*. The welfare implications for the home country of shifting to the EPA from the PTA are ambiguous. The consumption and trade-creation effects increase welfare and the trade diverting effect as well as the reduced tariff revenues *(a+b)* reduce welfare. Thus, the more efficient the EU suppliers are the smaller the costs of trade diversion hence the greater chance of the EPAs to be welfare improving (Milner et al, 2005).

3.3 Reliance on tariff revenues in developing countries

The traditional trade theory is, however, based upon the condition of non-increasing returns to scale and perfect competition. In the absence of perfect competition and if imperfect competition is introduced, trade taxes can be justified as part of the "optimal tariff argument". The aim with an optimal taxation is to raise government revenue with minimum distortion. According to optimal taxation theory, trade taxes should not be included in an optimal taxation for small open economies (Blejer & Chu, 1989). Although, trade taxes have historically been, and still are, a major source of government revenue during the early stages of economic development. This is still the case as many developing countries rely heavily on revenue from import taxes to finance their budgets, in some cases for more than 50 percent (Hallaert, 2010).

Several features in low-income countries limit the countries possibilities to develop a sustainable domestic tax system as to why low-income countries tend to rely more heavily on trade taxes. The two main reasons for this are (i) a narrow domestic tax base and (ii) a rudimentary tax administration/ institutional constraints.

3.3.1 A narrow domestic tax base

Unlike urban activities, rural economic activities are more difficult to tax. Urbanization increases the need for tax revenues as well as the capacity to tax. Along with a greater urbanization arise a greater need for public services. At the same time as the urbanization leads to an increased taxable base, as economic activity tends to be high in urban areas (Khattry & Rao, 2002). In developing countries, the conditions are different as most of the population lives in rural areas where workers often are employed in agriculture or in small-scale, informal enterprises. Workers are seldom paid a regular fixed wage, their incomes

fluctuate and many are paid in cash, "off the books". The informal sector is often three or four times larger in developing countries compared to developed countries (Tanzi & Zee, 2001). These features make the income base very difficult to assess, which makes it very difficult to calculate an effective income tax. Moreover, rural economic activities are mostly conducted to subsistence consumption and workers most often spend their earnings in smaller stores. The stores do not tend to keep accurate records of sales and inventories, which makes it hard to calculate and administrate consumers' taxes (Tanzi & Zee, 2001). Finally, the high age-dependency ratio, common in developing countries, also decreases the income tax base. The active population working in the formal sector (the ones able to pay tax) is relatively small and narrow (Khattry & Rao, 2002). Due to this limited domestic tax base, modern means of raising revenue, such as income- and consumer taxes, only plays a diminished role for low-income's economies.

3.3.2 Institutional constraints

Another important factor in collecting tax revenues are the institutional constraints. Rudimentary tax administration, which is often the case in most developing countries, make the assessment of tax liabilities difficult to accomplish. It is difficult to establish an efficient tax administration without a well-educated and well-trained staff, especially when there is a lack of money to pay good wages to tax officials or to authorize the operation (Tanzi & Zee, 2001). This, together with, the trend of underpaid tax administrators to be corrupt and the tendency of tax payers not paying their taxes, makes domestic taxes a suboptimal way of collecting revenues. Trade taxes, however, normally requires only a small administration stationed at the boarder and, unless taxes are so high as to encourage smuggling, trade taxes are relatively easy to administer (Khattry & Rao, 2002). The administration of domestic taxation has proved to be more costly than the administration of customs and excise duties. The collection cost (i.e. the direct labour needed to administer and guarantee compliance) as well as the resource cost incurred by taxpayers in their efforts to minimize tax payments, are lower for trade taxation than for domestic taxation (Khattry & Rao, 2002). Trade taxes are thus a much more effective way for low-income countries to collect revenues. Due to these conditions, governments often choose less efficient tax systems that allow them to exploit whatever options available for collecting revenues rather than create sustainable tax systems (Tanzi & Zee, 2001).

A further implication of weak institutions is that it allows rich powerful taxpayers to prevent the establishment of an efficient tax system (Tanzi and Zee, 2001). A desirable feature of tax systems is to stress on redistribution of income and wealth. In developing countries where income tends to be unevenly distributed, an effective tax system would be a very effective way to achieve equity. Ideally, the rich would be taxed more heavily than the poor with high rates on luxuries and low rates on necessities. Mounting need for resources and weak institutions are two reasons to why that is not the case in most developing countries, where the poor face a disproportionate tax burden. Weak institutions allow rich taxpayers with political power to prevent such a system to avoid their tax burden to increase. This explains in part why most developing countries have not fully established personal income and property taxes with a satisfactory progressivity, where poor should pay proportionally less taxes (Tanzi and Zee, 2001).

4. Fiscal effects of the EPAs

This chapter will present the direct and indirect fiscal effects of implementing EPA. The effects of EPAs that are being examined are foremost the effects of the trade liberalisation; referred to as the reduction of taxes on trade, i.e. tariffs and other custom duties.

4.1. Tariff revenue loss

Implementing EPA and liberalizing at least 80 percent of the imports from EU will lead to a decrease in fiscal revenues for the ACP countries. The scale of the decrease will depend on two aspects. Firstly, the direct effect of eliminating taxation on "substantially all" the EU imports as they enter the ACP markets will lead to reduced tariff revenues. The severity of the revenue shortfalls depends on the initial trade value and tariff level as well as the size and mode of the tariff cut. The more liberal a trade regime is prior to an EPA, the lower the decrease in revenue as a result of an EPA (Bilal & Roza, 2007).

Secondly, the indirect effect of revenue losses relates to the effect of *trade diversion*. As discussed previous, the EPAs, can lead to trade diversion. As the gap between the MFN tariff and the tariff on EU imports will increase through the implementation of EPA, duty-free EU products will, to some extent, replace taxed imports from other suppliers. The trade diversion implies a loss in tariff revenues for the ACP countries. Each replaced commodity is a loss in tariff revenues (Bilal & Roza, 2007). The severity of the losses depends on the domestic consumers' elasticity of substitution. The elasticity determines how likely it is for the import to be substituted. The elasticity varies between countries and commodities. Homogenous products are more likely to be substituted, e.g. raw materials, compared to less homogenous products such as manufactured or agricultural goods (Busse et al. 2004). The exact level of elasticity is difficult to estimate hence the effect on tariff revenues due to trade diversion is hard to predict.

4. 2. Fiscal effects of the liberalisation of the EPAs

4.2.1 Economic growth

As discussed earlier in chapter 3.2, liberalisation is, according to the trade theory, predicted to enhance economic growth. This potential economic growth would broaden the domestic fiscal base as income rates and national income increase. A broader domestic fiscal base will generate fiscal revenues, notably in form of income and consumption tax or other domestic taxation. These revenues could compensate for the tariff revenue loss and thus, mitigate (or cover, depending on the scale of it) the possible negative effect of liberalisation (Bilal & Roza, 2007).

In addition to the direct effect of trade after a liberalisation, there are more effects of the EPAs that can boost the ECOWAS countries' growth rates. Firstly, due to the favourable access to the EU markets, the ECOWAS countries may attract higher inflows of foreign direct investment (FDI) that will increase the countries' capital stock. This creates incentives for multinational enterprises (MNEs) to use the ECOWAS countries as an export location to serve EU markets as well as other African markets (Busse et al. 2004). Secondly, as a consequence of increased trade volumes, the EPA as well as FDI has the potential to create technological spillovers between the EU and the ECOWAS countries. Specific policies to foster scientific interchange may also be in place to promote spillover-effects (Busse et.al. 2004). Finally, the increased competition and decreased protection levels may force domestic firms to become more innovative in order to increase their competitiveness. It creates incentives to innovate, which leads to a more efficient resource allocation regarding research and development activities (Busse et al. 2004). All these possible effects will increase growth rates in ECOWAS countries, that is, if the effects occur.

4.2.2 Increased volume of imports

Another possible positive fiscal effect that may arise as a result of trade liberalisation is the possible increased volume of imports. The EPA stipulates tariffs to be removed during a "reasonable length of time", meaning they do not have to be removed overnight but during a transition period. As tariffs are being phased down during the transition period, a temporary increase in imports and thus a temporary increase in tariff revenues may occur. Lower prices on import could increase the import demand. If the increase in imports (including the extra tariff revenues it gains) is greater than the tariff cut (and therefore also the loss on tariff

revenue) then the total sum of tariff revenues could be greater than before the cut. This possible temporary increase in revenues depends on the elasticity of substitution on the imports and will only be possible if consumers are willing to buy more of the imported commodity that is now offered at a lower price (Bilal & Roza, 2007). Moreover, the temporary increase also depends on the initial tariff rate level. Countries with relatively open markets will not experience such an increase in trade tax revenues (Karingi et al. 2005). However, there is a point at which lowering of tariffs will make revenues to fall. The temporary increase stagnates when the loss in tariff revenues (due to tariff cuts) exceeds the increased tariff revenues from the increased volumes of import. The temporary increase in revenues plays a significant role by financing the complementary domestic reforms, crucial for avoiding a fiscal shock. This shows the importance of a transition period during liberalisation in order to be able to obtain this temporary increase (Bilal & Roza, 2007).

Due to the possibility of attaining higher growth rate as an effect of EPAs, some of the increased tariff revenues are not temporary. Higher growth rates lead to increased volumes of imports from EU as well from the ROW. The long run positive effect on tariff revenues depends mostly on the size and growth rate on the latter, since "substantially all" European products will be duty free in the end on the transition period (Busse et al. 2004).

A final example of a possible positive fiscal effect of the EPAs, as discussed by Bilal and Roza (2007), the high pressure on fiscal revenues. Due to the reduction of tariffs may force ACP governments to undertake substantive administrative and fiscal reforms in order to improve the, often deficient, efficiency of the taxation and administration. These actions will, if successful, generate higher domestic tax revenues.

4.2.3 Possible negative effects

The EPA has also triggered many fears and concerns. Hallaert (2010) raises concerns related to the possible social and development repercussion. He argues that EPAs, due to the significant loss in tariff revenues, may lead to social repercussion and can have a negative impact on human rights and poverty. Moreover, development repercussion can arise if local farmers and producer will not be able to face the increased competition from EU and are therefore forced to reduce their output. If so happens, ACP countries risks to remain in old

patterns with farming as their main source of income since the EPAs will not give room for other infant industries to develop (Karlsson et al. 2009).

Further, a third type of concern regards the fiscal and macroeconomic stability for some ACP countries, which could be jeopardize by a sharp fall in government revenues due to the losses in tariff revenue (Hallaert, 2010). The effect will be most severe for countries whose government revenue is highly reliant on tariff revenue and with few means to compensate the loss with domestic taxation. A considerable decline could affect the ACP government's abilities to provide public goods and their abilities to meet the large development and social need (Busse et al, 2004). This could actually hinder them from achieving the millennium development goals.

The possible positive welfare effects, discussed above, that arise from lower prices on imports commodities in line with the elimination of trade taxes, will only occur if the EU exporters decide not to rise their export prices. If the EU exporters decide to increase their export prices, i.e. are "pricing to market", the market price would be left unchanged hence increasing their own profit (Busse et al, 2004). As a result, the gains from liberalisation will not be passed down to the ACP firms that import inputs nor to the ACP consumers and the competition impact will not be as extensive. Since competitiveness is one major source of potential economic growth from liberalisation, exporters price setting could limit the additional revenues associated with economic growth (Hallaert, 2010). This outcome is generally more likely to take place in less competitive markets where the degree of competition is less severe hence suppliers can set their prices regardless of others (Busse et al, 2004).

4.3 Measures to avoid a fiscal shock due to lost tariff revenues.

Even if economists have different opinions to which extent the EPAs will affect the ACP's economies, they all agree that the implementation of EPAS will lead to fiscal challenges for the ACP governments. To avoid a fiscal shock and for the trade reform to be successful it needs to be supported by complementary policies. Trade liberalisation should therefore be implemented in combination with other reforms (Busse et al, 2004).

4.3.1 The VAT

It is widely accepted that there is a need for a broader shift of taxation toward domestic taxes (Elborgh-Woytek, Hallaert, Lankes, Sadikov & Smith, 2006:21). The most effective and favourable way for developing countries to do this is by introducing a value-added tax (VAT). A VAT is commonly defined as "a broad-based tax levied at multiple stages of production (and distribution) with – crucially – taxes on inputs credited against taxes on output" (Bird & Gendron, 2007:10). The VAT requires sellers to charge the tax on all their sales and it lets them claim a credit for the taxes they paid on their inputs. This has made the VAT the most important single tax in many developing countries since it ensures tax collection throughout the production process without distorting production decisions (Bird et al, 2007).

Unlike custom duties which are only levied on imports, VAT is levied on both domestically produced and imported goods. In principle, this makes it possible to generate more income from VAT than the revenue lost as a result of the elimination of tariffs. If the VAT rate is set identical to the import duty rate, consumers will face the same price, hence, no decrease in the total welfare (Bilal & Roza, 2007). The potential higher revenues could be used by governments to ease the transition costs on those segments of the population that stand to lose the most from the elimination of tariffs (Bilal & Roza, 2007).

However, there are major concerns about the administrative challenges countries need to conquer if they are to implement a successful VAT system. As mentioned before, domestic VAT collection requires more administrative capacity than collection of trade taxes (Bilal & Roza, 2007). It has been shown that most developing countries do not manage to collect their VAT efficiently, leading to levels of VAT income beyond expectations (Karingi et al. 2005).

4.3.2 Complementary measures

Busse et al (2004) writes about further complementary measures required to ease the inter-sectoral adjustment process and elimination of trade barriers. One typical adjustment policy involves inter alia labour market reforms that improve the mobility of the labour force both within and between industries. Education- and training programmes are also implemented to provide qualified employees for export-oriented businesses. Moreover, there will probably be a need of establishing social safety nets to compensate displaced workers and to provide a minimal standard of living to the poor. Busse et al's (2004) final advise is that the ACP countries explicitly should ask the EU to provide grant-financing support for tax and fiscal

reforms until the reforms are completed. Nielsen et al (2007) argues that the length of the implementation periods give the countries time to introduce these complementary measures.

4.3.3 Opening up markets - Exclude products

The trade barriers will be eliminated gradually over approximately a 10-year period which will give the ACP countries time to establish a timetable for a progressive removal. The timetable helps the countries to adjust and introduce compensatory measures to handle increased competition from the EU to minimize the economic and social turbulence (Busse et al, 2004). The transition period could significantly mitigate the negative fiscal effect of an EPA (Nielsen et al, 2007).

A further method to limit the fiscal impact of an EPA is to select the products that generate the most revenues. The products that have been assigned as the ones generating most revenue are to be marked as so-called *sensitive* products. (Only 80 percent of the value of its import from EU needs to be liberalised under the EPA, leaving 20 percent to be excluded and marked as sensitive products). By excluding the top 20 percent of the imports with the highest tariff lines, ACP governments can continue to levy tariffs on these most sensitive products. In doing so, the governments will maximize the tariff revenues while complying with WTO and EPAs and limit the fiscal shock (Bilal & Roza, 2007).

However, the method entails severe shortcomings and weaknesses. Firstly, countries negotiate the EPAs in groups, they all need to agree what product to include and exclude on the list, which means that they cannot please everyone's wills. Secondly, the calculations are difficult to do and may prove to be incorrect and thus ineffective in minimizing the negative fiscal effects of an EPA. Finally, it leaves out trade and industrial policy consideration. There may be other considerations than safeguarding fiscal revenues when excluding products, such as keeping tariffs for sheltering infant industries and so on (Hallaert, 2010).

4.4 A fiscal shock or not?

Weather the possible positive effects on fiscal revenues will counterbalance the possible negative effects on fiscal revenues by implementing EPA and the liberalisation following it, have been heavily debated. There are those who are more optimistic and there are those who are not as optimistic. Elborgh-Woytek et al. (2006) belong to the first group, their study

simulate multilateral trade liberalization measures on a group of low-and middle-income countries. Their results show that most countries will face only minor fiscal pressure, likely to be mitigated by second-round effects. By second-round effects they mean positive effects of reducing tariffs, such as higher import volumes, shift of demand to products with higher tariff rates due to an income effect and increased revenues as a result of higher economic growth. A few countries may have to consider complementary reforms, such as a shift of taxation towards domestic taxes. Ebrill, Stotsky and Gropp (1999) study on the impact of trade liberalization on trade revenue using panel data also find that tariff reforms have not resulted in declining trade revenue, also belong to the more optimistic group. However they put more emphasize on the importance of strengthen the domestic tax system when liberalizing, to avoid "difficult fiscal issues".

Among the less optimistic studies, one finds Khatty and Rao's study from 2002. They use a panel of 80 developing and industrialized countries over 1970-98 and their results show that liberalization has imposed substantial fiscal costs for developing countries. They argue that the transition from trade taxes to domestic taxes is not always possible for many developing countries due to structural and institutional constraints that hinder them. They emphasize the need for internal structure policies rather than external integration policies for the development process in low-income countries. Baunsgaard and Keen's (2005) results strengthen Khatty and Rao's results. Baunsgaard and Keen uses panel data for 111 countries over 25 years to investigate if countries faced with revenue loss due to liberalization have recovered from other sources. The results show that revenue recovery for low-income countries has been extremely weak. There is no evidence that the presence of a VAT makes any significant difference to the degree of recovery in short-term.

5. An empirical assessment of the fiscal effects

This chapter presents and analyzes collected data of current trade patterns, tariff levels and tariff revenue figures specific to the EU, the ECOWAS and the ROW, with the purpose to determine the reliance on tariff revenues for ECOWAS countries. The concluded section of this chapter analyzes whether the present level of tariff revenues for ECOWAS countries is affecting their willingness to sign and thus the negotiations.

5.1 Data

The data on tariff levels and import values has been collected from the World Integrated Trade Solution (WITS) system which utilizes the Trade Analysis and Information System (TRAINS) database of the United Nations Conference on Trade and Development. Data on GDP and government revenues has been collected from the World Bank database.

In addition to current trade patterns, the study also presents tariff levels and tariff revenue figures specific to the EU, the ECOWAS and the ROW. The ROW group consists of the nations that are not members of the EU or the ECOWAS. It is a large group of countries but the purpose of the ROW group is having something to compare the EU group with. The size of the ROW group is not an issue considering that the focus of this paper is the ECOWAS countries' relation to the EU.

For a comprehensive picture of the level of reliance, seven sectors will be observed based on the HS-combined standard product groups; Capital goods, consumer goods, intermediate goods, raw materials, agricultural, industrial and petroleum. Due to lack of data on tariff levels and tariff revenues for Burkina Faso, Liberia and Mauritiania, these countries will not be observed.

5.2 ECOWAS

Regional economic integration is not easy even in the best of circumstances, and for countries in West Africa, integration has been pursued in extraordinarily difficult conditions. The West African countries have weak public institutions and are among the poorest countries in the world. Out of the fifteen members only four are non-LDCs – Cape Verde, Cote d'Ivoire,

Ghana and Nigeria. Moreover, the region has suffered from a disproportionate number of devastating civil conflicts, affecting Cote d'Ivoire, Guinea-Bissau, Liberia and Sierra Leone amongst others. These conflicts together with poor conditions made it very difficult to achieve economic integration in the region (Nielsen et al, 2007).

ECOWAS was established by the Treaty of Lagos in 1975, with the objective of promoting economic integration in all fields of economic activity (Busse et al, 2004). The community also serves as a peacekeeping force, assigned with the responsibility of preventing and solving regional conflicts. The ECOWAS has had greater results on the political field compared to that of economic integration, where results have been slower in coming. One example of this is that free trade has been very limited (Nielsen et al, 2007).

In 1994, a subgroup of seven member countries, Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal and Togo, established the West African Economic and Monetary Union (WAEMU). Guinea-Bissau later joined in 1997. Through sharing the same currency, the CFA franc, these countries were expected to obtain a faster and deeper sub-regional integration than the broader ECOWAS membership. In 2000, a customs union was established among the WAEMU countries. Tariffs on intra-WAEMU trade were eliminated and a common external tariff (CET) on imports from outside the WAEMU area was established (Nielsen et al, 2007).

5.3 Trade pattern

5.3.1 Export - Economical structure

The members of the ECOWAS form a diverse group in terms of political and economical characteristics. Most Western African countries have specialised and undiversified economies (see Appendix 1), which often is the case for ACPs. Almost all of the member countries are highly specialised in one of the three sectors presented in Appendix 1, agricultural products, fuels and mining products and manufactures. Senegal is the only country that has a somewhat diversified production, with manufactures as their most important export product. Most of the countries, except for Guinea, Niger, Nigeria and Togo, are specialised in agricultural products. Senegal and Togo are the only countries that have manufactures as their most important export product. A fairly large share of the exports of Cape Verde and Gambia's are manufactured products but it is neither country's main export goods. Only Guinea, Niger and Nigeria have fuels and mining products as their main export. The diversity of specialisation

among the member countries shows how diverse a group the ECOWAS countries form in terms of economical structure.

Because of undiversified economies, the region is highly dependent on exogenous factors such as price fluctuations, changes in importing countries' policies and climate changes (ECDPM, 2006). To be highly dependent on exogenous factors always involves a risk. Not being able to affect exogenous factors puts the government and the economy in a vulnerable position.

Imports from the EU play a significant role for the ECOWAS countries. The EU is the main exporter to all the ECOWAS countries. An average of 37 percent of the ECOWAS total import originates in the EU, Mali accounts for the lowest rate with 24 percent and Cape Verde has the highest with 79 percent.

5.3.2 Import

Looking at the breakdown of imports by sector for the ECOWAS countries, as illustrated in table 3, the largest share of imports is made up of industrial goods (36,9 percent), followed by consumer goods, intermediate goods and capital goods on second, third and fourth place respectively. Considering that most of the ECOWAS countries are specialised in agriculture, these figures come as no great surprise. The least important import sector, by size, of the ECOWAS is raw materials (3,8 percent). Moreover, the majority of the ECOWAS's imports (47,4 percent) originates in countries in the ROW, 37,7 percent originates in the EU and 15,5 percent is imported from other ECOWAS members. Looking at each sector, the ROW is the main exporter in all cases except for petroleum products where the EU is the main exporter. However, the EU's share of the ECOWAS total import is the largest in relation to size. The EU plays a significant role for ECOWAS as their main source of imports.

Table 3 Average ECOWAS import by sector in percent, 2010

	TOTAL import	Import from EU in % of total import	Import from ECOWAS in % of total import	Import from ROW in % of total import
Capital goods	9,7	4,4	0,1	5,1
Consumer goods	22,6	8,6	3,2	10,8
Intermediate good	10,0	2,8	1,2	5,9
Raw materials	3,8	1,0	1,5	1,3
Agricultural	9,2	2,9	0,8	5,5
Industrial	36,9	14,0	5,3	17,6
Petroleum	7,9	3,3	3,3	1,2
Total	100,00	37,1	15,5	47,4

Source: Own calculations based on data from WITS on import values

Considering the diversity of economical structure among the ECOWAS countries, average rates of import patterns can be somewhat misleading which makes it interesting to look at each country's individual import patterns as in appendix 3. However, the rates from appendix 3 shows that the import patterns between the ECOWAS countries are rather homogenous, in contrast to their diverse economical structures. All countries have industrialised goods as their main import goods. They all, except for three countries, Cote d'Ivoire, Ghana and Nigeria, also share consumer goods as the second largest import category. Differences between the countries are first starting to show at the third most important import, but they still stay quite homogenous.

The EU's share of imports originated in the ACP region, accounts only for 2,5 percent, with West Africa accounting for half of these imports (Fontagné, 2010). When examining the trade relations between the EU and the ECOWAS it is clear that, in these negotiations, the stakes are far higher for the ACP than for the EU.

5.4 Tariffs

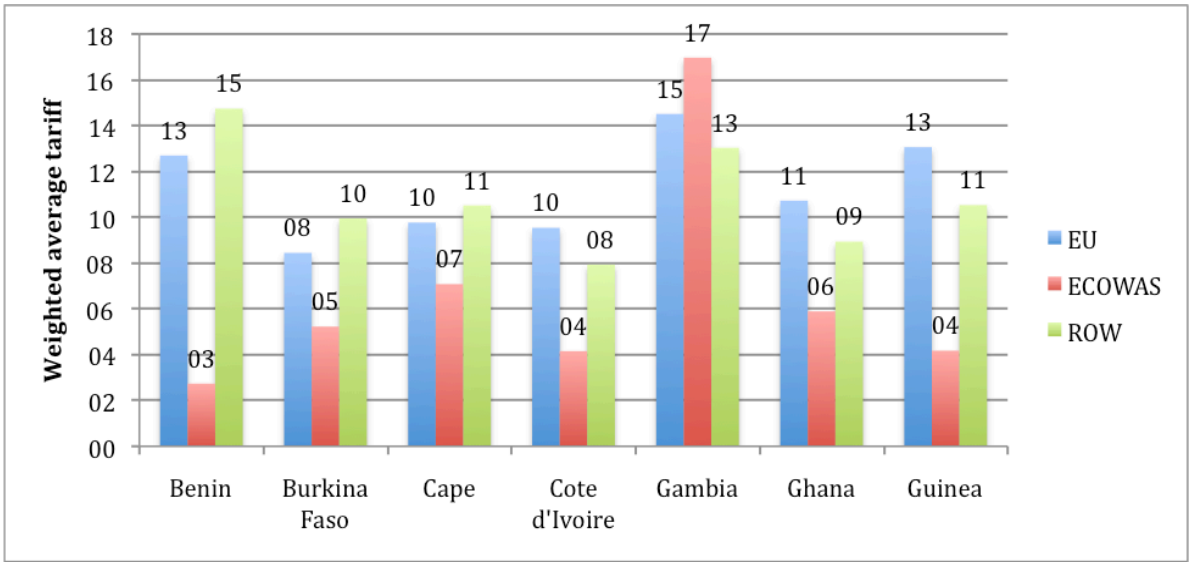
For determining the present tariff levels in ECOWAS countries, trade-weighted average tariffs have been used. The definition of a trade-weighted average tariff is the average of a country's tariffs, weighted by the value of imports. This is calculated as the ratio of the total tariff revenue to total value of imports (Suranovic, 2010).

To measure a country's level of protection, trade-weighted average tariffs are thought to be more effective than a simple average tariff. Simple average tariffs are calculated as the sum of all the tariff rates divided by the number of import categories. The problem with using simple average tariffs arises when a country has most of its trade in a few categories with low tariffs and a high level of tariffs in many categories were the level of trade is low or non existing. In this scenario, the average tariff would overestimate the level of protection in the country, since it does not take into account the level of imports in each category. By using a trade-weighted average tariff this problem can be avoided, since it weights each tariff by the import value. Thus, in the scenario described above, the trade-weighted average tariff would indicate a low degree of protection. However, this rate may be too low, as trade-weighted tariff is neither a faultless method but rather one with a tendency to underestimate high tariffs since high tariffs lead to lower import values (Suranovic, 2010). However, for calculations on tariff revenues, carried out later on in this chapter, trade-weighted average tariff is the ideal tariff to use. To get the levels of tariff revenues, simply multiply the weighted average tariff with the import value.

5.4.1 Tariff levels

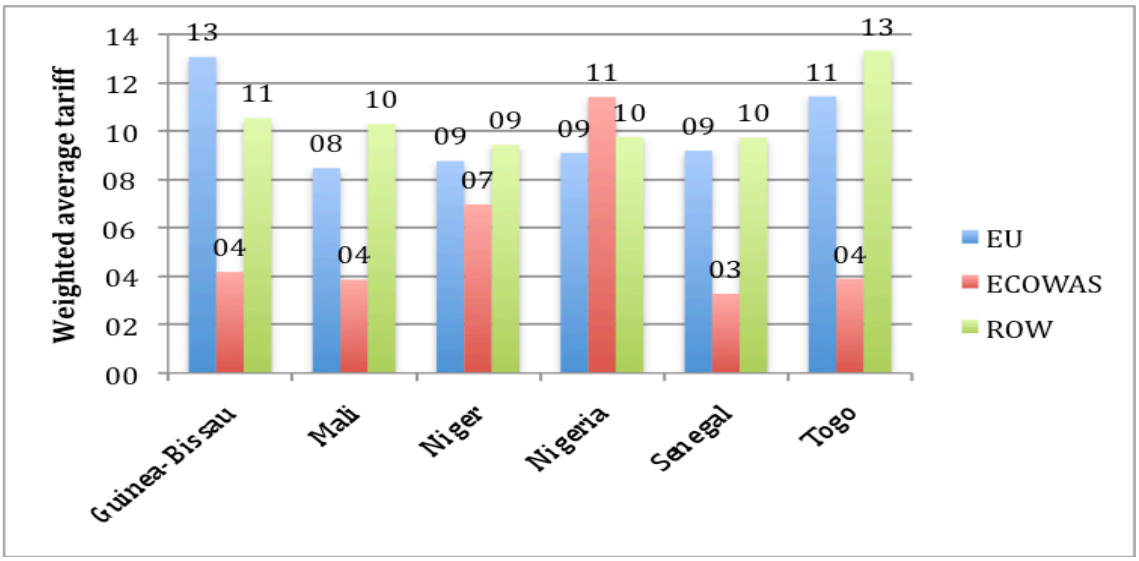
The tariff levels towards the EU and the ROW are fairly even for all of the ECOWAS members; there is no gap greater than two percentage units between the two tariff levels. For seven of the countries, the tariff level towards the ROW is higher than the level towards the EU. For the rest of the members, the tariffs toward the EU are greater then those toward the ROW. The rates on tariffs towards other ECOWAS members accounts for the lowest tariff rates in all ECOWAS countries except for in the Gambia and Nigeria, where they constitute the highest rates. This means that in average, the tariffs in ECOWAS countries facing the ROW are higher than the ones facing the EU.

Figure 2 Weighted average tariff levels in percent, 2010[2]



Source: WITS

Figure 3 Weighted average tariff levels in percent, 2010



Source: WITS

In appendix 3 with the breakdown of tariff levels by sectors, looking at the average tariffs in bold one can see that the ECOWAS countries' highest tariff rates targets consumer and intermediate goods and the agricultural and industrial sectors. This is true for the tariff settings towards all three entities. However, there are some differences between the entities

[2] Tariffs for Gambia, Ghana and Guinea presented in this chapter, are from 2009 due to lack of data.

regarding the tariff settings on other sectors. Tariffs on capital and petroleum goods tend to be higher towards other ECOWAS members than towards the EU and the ROW. Further, tariffs on raw material are significantly higher towards the EU and the ROW than between the ECOWAS countries.

Considering that the three most important import industries for ECOWAS countries in average is industrial, consumer and intermediate goods, illustrated in appendix 3, the high tariffs targeting these sectors are most likely be set with the purpose of raising revenue.

For all members of the ECOWAS, except for the Gambia and Nigeria, the agricultural sector accounts for the highest tariff levels facing the EU (second highest for Cote d'Ivoire and Mali). Considering the economic structure of most ECOWAS countries, with a high reliance on agricultural production and the primary import being manufacturing goods, one could argue that the high tariff levels most likely are set with the purpose of providing protection for the domestic markets from cheaper imports from the EU. As illustrated in table 3, agricultural imports originating in the EU does not account for a large share of the total import of most ECOWAS countries. Most likely, the high tariffs on agricultural products are keeping the agricultural import from the EU down.

Regarding the development of the tariff levels for ECOWAS countries, illustrated in appendix 5 and 6, the tariff levels towards the EU and the ROW have been constant on a 10 to 15 percentage level and have not changed much over the last decade. Ghana and Nigeria are the only two countries that have made any significant changes by decreasing their tariff levels towards both the EU and the ROW. The development of the tariffs between the ECOWAS members themselves has been more varied. In 2005, there was a significant decline in tariff levels in almost all of the ECOWAS countries. In average, the countries' tariff levels decreased with 5 percentage units and landed on approximately a 2 to 7 percentage level.

Considering the steady level of tariffs facing the EU and the ROW for the last decade, the ECOWAS countries seem to have found a tariff level that pleases them and if it wasn't for the EPAs one can see no sign of the ECOWAS countries thinking of liberalising the trade towards the EU and the ROW. The liberalisation towards the EU, following the EPA, will therefore be a new experience for the ECOWAS countries.

5.4.2 Tariff revenues

The reliance on tariff revenue is significant for ECOWAS countries, in average tariff revenues accounts for 53 percent of total government revenue (see table 8). Tariff revenues from EU represent an important source of government revenue; the average rate of tariff revenues generated from EU imports is 3,76 percent of GDP and 18,13 of total government revenue is (see table 5). The most significant levels of reliance can be observed for Togo (with the highest rate on 40,9 percent) Benin (28,4 percent), Cape Verde (28,0 percent) and Guinea-Bissau (25,7 percent). The midlevel, regarding the level of reliance, constitutes of Cote d'Ivoire (17,8 percent) and Senegal (17,5 percent). Countries with the lowest rates, but still with a significant reliance on tariff revenues are Ghana (10,9 percent) Mali (9,7 percent), Burkina Faso (7,3 percent), Nigeria (7,1 percent) and Niger (6,3 percent).

Table 4 Tariff revenue indicators - EU import in percent, 2009[3]

	Tariff revenues in % of GDP	*Tariff revenues in % of total government revenue*
Benin	5,0	28,4
Burkina Faso	1,4	7,3
Cape Verde	7,5	28,0
Cote d'Ivoire	3,4	17,8
Gambia	6,3	-
Ghana	1,7	10,9
Guinea	7,5	-
Guinea-Bissau	3,3	25,7
Mali	1,7	9,7
Niger	1,4	6,3
Nigeria	0,8	7,1
Senegal	3,3	17,5
Togo	5,8	40,9
Average	3,8	18,1

Source: Own calculations based on data from WITS and World Bank database

[3] Due to lack of data are following country values not from year 2009. Guinea-Bissau 2005, Niger 2007, Nigeria 2008, Senegal 2003.

As can be seen in table 4, the top three most significant sectors, in terms of generating the most tariff revenues from EU imports, are consumer goods (5,77 percent), the industrial sector (4, 67 percent) and the agricultural sector (2,13 percent). These figures are average rates and are therefore not true for all of the West African countries. However, all countries generate most tariff revenues from the same sectors; consumer and industrial goods. As their third most important sector in terms of generating tariff revenues, two sectors are observed (i) the agricultural sector for Benin, Cape Verde, Cote d'Iovire, Guinea-Bissau, Senegal and Togo, and (ii) capital goods for Burkina, Faso, Ghana, Mali and Niger. Nigeria is the only country that has intermediate goods as part of their top three most important sectors, in terms of generating revenues. Regarding the rest of the sectors, capital, intermediate, petroleum and raw materials, their average rates are ranging between 1,20 percent and 0,59 percent.

The industrial sector and consumer goods have been observed, earlier in chapter 6.3.2, to be two of the main import categories from the EU and they also account for the two highest levels of tariffs facing the EU. The fact that these sectors generate the most tariff revenues is therefore no great surprise, and it strengthens the earlier argument that the high tariff rates on industrial and consumer goods facing the EU are set with the purpose of raising government revenue.

Furthermore, observing the low levels of revenues generated from the raw material sector. These figures are, just like the high reliance on industrial and consumer goods, also logical, due to the small share of the total import that raw materials constitute (see table 3) combined with its low tariff rates (see appendix 4).

Table 5 Tariff revenues in % of government revenue, from EU imports 2009

Good	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Ghana	Total average
Capital	1,62	1,15	1,58	1,21	1,41	1,20
Consumer	8,15	1,77	**10,36**	2,85	2,24	4,67
Intermediate	1,48	0,55	1,02	1,96	1,41	1,18
Raw materials	2,41	0,12	0,67	1,44	0,33	0,59
Agricultural	3,92	1,00	5,02	2,57	1,06	2,13
Industrial	***9,76***	**2,60**	8,60	**7,66**	**4,35**	5,77
Petroleum	1,09	0,04	0,73	0,07	0,10	1,02
SUM	28,42	7,25	27,98	17,76	10,90	16,56
Average	4,06	1,04	4,00	2,54	1,56	2,37

Source: Own calculations based on data from WITS and World Bank database

Table 6 Tariff revenue in % of government revenue from EU imports 2009

Good	Guinea-Bissau	Mali	Niger	Nigeria	Senegal	Togo	Total average
Capital	0,83	1,49	0,97	0,79	1,71	2,12	1,20
Consumer	**8,72**	2,11	1,33	1,16	4,41	12,61	4,67
Intermediate	1,08	1,13	0,76	1,34	1,41	2,24	1,18
Raw materials	0,29	0,11	0,07	0,22	0,98	0,81	0,59
Agricultural	4,07	0,73	0,83	0,70	2,37	3,47	2,13
Industrial	6,86	**4,14**	**2,31**	**2,81**	**6,17**	**14,30**	5,77
Petroleum	3,81	0,02	0,00	0,11	0,45	5,30	1,02
SUM	25,66	9,74	6,27	7,13	17,51	40,85	16,56
Average	3,67	1,39	0,90	1,02	2,50	5,84	2,37

Source: Own calculations based on data from WITS and World Bank database

Comparing tariff revenues generated from the EU, the ROW and the ECOWAS, in table 7, industrial and consumer goods are observed to be the most important sectors in terms of generating the most tariff revenues from all three entities. Regarding the other sectors, the relevance of the sectors is depending on the origin of the imports. E.g. looking at the tariff revenues from ECOWAS imports, petroleum contributes the third most important sector whereas in relation to imports from the EU and the ROW it contributes the second least and least important sector, in terms of generating tariff revenues.

Observing the ratios in the end of table 7, one can see that from the total amount of revenues generated from tariffs, revenues generated from trade with the EU accounts for 34 percent, whereas revenues from the EU and the ECOWAS accounts for 60 percent respectively 7 percent. Looking at table 8 and 9 one can see that for four countries; Burkina Faso, Cape Verde, Guinea-Bissau and Senegal, is it revenues from EU imports that account for the largest share.

Considering the great difference in terms of number of countries in the EU compared to the ROW, 34 percent is a significant share of the total amount of tariff revenue, hence tariff revenues from the EU play a significant role for the ECOWAS countries.

Table 7 Average tariff revenue in % of government revenues for all ECOWAS countries, 2009

	EU	ROW	ECOWAS
Capital goods	1,35 (4)	1,78 (5)	0,05 (7)
Consumer goods	5,07 (2)	7,23 (2)	1,23 (2)
Intermediate good	1,31 (5)	5,60 (3)	0,22 (4)
Raw materials	0,68 (7)	0,53 (6)	0,08 (6)
Agricultural	2,34 (3)	2,63 (4)	0,25 (5)
Industrial	6,32 (1)	12,86 (1)	1,34 (1)
Petroleum	1,06 (6)	0,40 (7)	0,63 (3)
Sum	18,13	31,02	3,80
Sum in percent	0,34	0,60	0,07

Source: Own calculations based on data from WITS and World Bank database

Table 8 Breakdown of tariff revenues in percent of government revenues by sector and import origin

	Capital goods	Consumer goods	Intermediate good	Raw materials	Agricultural	Industrial	Petroleum	Sum
BENIN								
EU	1,62	8,15	1,48	2,41	3,92	9,76	1,09	28,42
ECOWAS	0,00	0,51	0,02	0,00	0,00	0,53	0,44	1,50
ROW	4,19	27,57	26,10	0,83	7,15	51,63	2,69	120,17
total	**5,82**	**36,23**	**27,60**	**3,24**	**11,07**	**61,92**	**4,21**	
BURKINA-FASO								
EU	1,15	1,77	0,55	0,12	1,00	2,60	0,04	7,25
ECOWAS	0,02	1,47	0,05	0,01	0,00	1,55	1,14	4,25
ROW	0,73	0,84	0,26	0,03	0,28	1,57	0,00	3,71
total	**1,91**	**4,08**	**0,87**	**0,16**	**1,28**	**5,73**	**1,19**	
CAPE VERDE								
EU	1,58	10,36	1,02	0,67	5,02	8,60	0,73	27,98
ECOWAS	0,01	0,22	0,01	0,00	0,12	0,12	0,01	0,50
ROW	0,55	2,44	0,08	0,64	1,48	2,24	0,01	7,45
total	**2,14**	**13,02**	**1,11**	**1,31**	**6,63**	**10,97**	**0,74**	
COTE D'IVOIRE								
EU	1,21	2,85	1,96	1,44	2,57	7,66	0,07	17,76
ECOWAS	0,00	0,12	0,06	0,36	0,05	0,55	0,04	1,18
ROW	1,18	4,61	2,70	1,91	3,56	10,59	0,11	24,65
total	**2,39**	**7,58**	**4,71**	**3,71**	**6,18**	**18,80**	**0,22**	
GHANA								
EU	1,41	2,24	1,41	0,33	1,06	4,35	0,10	10,90
ECOWAS	0,02	0,17	0,29	0,02	0,07	0,41	0,05	1,02
ROW	1,59	6,55	4,07	1,28	4,07	9,43	0,04	27,02
total	**3,02**	**8,95**	**5,76**	**1,64**	**5,20**	**14,19**	**0,18**	

Source: Own calculations based on data from WITS and World Bank database

Table 9 Breakdown of tariff revenue in percent of government revenue by sector and import origin

	Capital goods	Consumer goods	Intermediate good	Raw materials	Agricultural	Industrial	Petroleum	Average
GUNIEA-BISSAU								
EU	0,83	8,72	1,08	0,29	4,07	6,86	3,81	25,66
ECOWAS	0,13	5,33	1,11	0,14	2,05	4,66	1,12	14,54
ROW	0,29	2,19	0,55	0,07	1,28	1,83	0,42	6,63
Total	**1,25**	**16,25**	**2,73**	**0,51**	**7,40**	**13,35**	**5,35**	
MALI								
EU	1,49	2,11	1,13	0,11	0,73	4,14	0,02	9,74
ECOWAS	0,04	3,40	0,15	0,03	0,02	3,59	3,08	10,30
ROW	2,32	5,43	2,09	0,05	1,81	8,11	0,03	19,85
Total	**3,85**	**10,94**	**3,38**	**0,19**	**2,56**	**15,84**	**3,13**	
NIGER								
EU	0,97	1,33	0,76	0,07	0,83	2,31	0,00	6,27
ECOWAS	0,25	0,85	0,61	0,16	0,29	1,57	0,00	3,73
ROW	1,17	4,90	0,82	0,06	3,31	3,66	0,00	13,92
Total	**2,40**	**7,08**	**2,19**	**0,30**	**4,43**	**7,53**	**0,00**	
NIGERIA								
EU	0,79	1,16	1,34	0,22	0,70	2,81	0,11	7,13
ECOWAS	0,00	0,10	0,06	0,01	0,03	0,15	0,02	0,38
ROW	1,52	2,21	2,31	0,52	0,94	5,48	0,10	13,09
Total	**2,32**	**3,47**	**3,72**	**0,76**	**1,68**	**8,44**	**0,23**	
SENEGAL								
EU	1,72	4,41	1,41	0,98	2,37	6,17	0,45	17,51
ECOWAS	0,01	0,68	0,36	0,15	0,57	0,63	0,08	2,48
ROW	0,65	3,97	1,55	0,56	3,09	3,64	0,18	13,64
Total	**2,38**	**9,07**	**3,32**	**1,69**	**6,03**	**10,44**	**0,70**	
TOGO								
EU	2,12	12,61	2,24	0,81	3,47	14,30	5,30	40,85
ECOWAS	0,09	1,43	0,03	0,11	0,11	1,56	1,07	4,40
ROW	5,97	22,77	22,58	0,37	5,04	46,88	1,03	104,63
Total	**8,18**	**36,80**	**24,85**	**1,29**	**8,62**	**62,75**	**7,40**	

Source: Own calculations based on data from WITS and World Bank database

Possibility of trade diversion

It is relevant to discuss the possibility of a trade diversion effect once EPA is implemented. Just by looking at observed values, without doing an estimation, a few sectors and countries are observed to face a higher risk of reduced tariff revenues, due to trade diversion.

Starting by looking at the tariff levels in appendix 4, one find that for each country there are a few sectors where the tariff level toward the EU is higher than the tariff level toward the ROW. Once an EPA is implemented, liberalising "substantially all trade", EU tariffs will no longer be higher than the ROW tariffs, as long as the tariffs toward the ROW stays unchanged. Due to this, some commodities previously imported from the ROW will be replaced with cheaper imports from the EU, how many is depending on the domestic consumers elasticity of substitution. The greater the gap is between the tariff rates facing the EU and the ROW when trade is being liberalised, the harder the effects are to predict. The liberalisation toward the EU will not happen over a night, the tariff levels will in most cases be phased down during *a transformation period.* This means that sectors where the gap between the EU and the ROW tariff rates are large will not be faced with trade diversion in a nearby future, since it might take time for the EU tariffs to be reduced to the ROW level. At the time when the EU tariffs have reached the level of current ROW tariffs, the conditions may have changed and the ROW tariffs may no longer be at the same level and trade diversion may occur. Or the tariffs towards the EU might be drastically decreased to below the ROW tariff, thereby creating trade diversion. A great gap between the tariff rates facing the EU and the ROW, makes it therefore harder to predict the effects of a possible trade diversion. However, if the tariff rates facing EU and ROW are on the same level today, the possibility of trade diversion effects are much more likely to occur. Products earlier imported from the ROW are likely to be substituted when facing lower tariffs toward imports originating in the EU, leading to a loss in tariff revenue from the substituted ROW import.

To be able to say which countries and sectors that will face the highest risk of having their tariff revenues reduced due to trade diversion effects, one must also look at the import sectors' relevance regarding the level of tariff revenues generated from trade. After looking at appendix 4 and comparing the observations with the observations from table 8 and 9, some sectors and countries stand out by facing the highest risk of loosing tariff revenues due to trade diversion.

The sector facing the highest risk in most of the countries is the agricultural sector. The tariffs toward the EU exceeds the tariffs toward the ROW in eight of the ECOWAS countries, hence a trade diversion effect is possible. Cote d'Ivoire, Ghana, Niger, Senegal and Togo all observe high rates on agricultural imports from both the EU and the ROW, in terms of tariff revenue in percent of government revenue (see Table 8 and 9). In addition these five countries also observe equal tariffs rates towards the EU and the ROW (see Appendix 4). Losses in tariff revenue from the agricultural sector, due to trade diversion effect are therefore likely to be quite extensive in these five countries. Regarding the elasticity of substitution, homogenous products like agricultural products are less likely to be substituted (Busse et al, 2004). This could hamper the possible loss in tariff revenues. However, the elasticity of substitution is thought to be increased when it comes to substituting between imported goods. Domestically produced goods and imports from other countries are less likely to be substituted compared to imports from the EU and the ROW.

Country wise, Cote d'Ivoire is the West African country exposed to the highest risk of losing severe amounts of tariff revenue due to a possible trade diversion effect. First off, the tariff rates for the EU imports are higher than the ones facing the ROW in six out of seven sectors (see appendix 4). Second, four of these tariffs, facing consumer, intermediate, agricultural and industrial goods hardly differ at all towards the EU and the ROW (see appendix 4). Third, the tariff reliance on these four sectors is high both regarding imports from the EU and from the ROW (see table 8). These three features make Cote d'Ivoire highly exposed to trade diversion and thus to possibly losing a fairly high share of tariff revenues.

Guinea-Bissau has, similarly to Cote d'Ivoire, also set their tariffs towards the EU with the highest tariff rates in six of seven import sectors (see appendix 4). But Guinea-Bissau is different from Cote d'Ivoire regarding the gap between the tariffs facing the EU and the ROW, the greatest gaps are to be found in the sectors generating the most revenue (see table 9). Due to these great gaps, a possible trade diversion is harder to predict, hence the risk of loosing tariff revenues is not as high for Guinea-Bissau as for Cote d'Ivoire.

Also worth mentioning is the petroleum sector. Facing almost perfectly even tariffs towards the EU and the ROW (see appendix 4). It could have been a sector with a significant effect on the possible tariff revenue loss, if it wasn't for the sectors low level of significance regarding

tariff revenues (see table 8 and 9). Hence, the petroleum sector is not in the risk zone in terms of losing high rates of tariff revenues.

These observations means that for ECOWAS countries, implementing EPAs can lead to that the losses in tariff revenues can be more comprehensive than the ones predicted to be lost from EU if the trade diversion effect occur.

5.4 Impact on negotiations

Our results show a significant reliance on tariff revenues for ECOWAS countries, with total revenues accounted for 53 percent on average. Tariff revenues from the EU plays a significant role and are observed to contribute with 18 percent out of the total government revenue (see table 8). It is, however, questionable whether these results could have any impact on the ECOWAS membership countries willingness to sign the EPAs and thus, affect the negotiation process.

To mitigate the loss of tariff revenues that will occur by implementing EPA, the liberalisation needs to be supported by complementary policies. There is a lot on stake for the ECOWAS countries, their significant reliance on tariff revenues puts them in a vulnerable position The complementary measures are, therefore, of greatest significance in order to avoid the revenue losses to exceed the gains of EPA.

A certain level of institutional capacity is essential for the ECOWAS countries in the process of implementing the complementary policies. High levels of reliance on tariff revenues are often explained by weak and rudimentary institutions, which are characteristics common in most developing countries. The easiest way for governments to raise revenue is therefore through trade taxes since other domestic tax instruments have higher collection costs (Adam, 2009). Assuming that this is also true for ECOWAS countries, weak institutions will hamper the ECOWAS countries possibilities' to mitigate the fiscal negative effects that arise when implementing an EPA. This is seen as the ECOWAS countries' main concern regarding their willingness to sign, since not being able to mitigate the loss of tariff revenues can lead to a substantial decline in government revenue. Hence the ECOWAS countries must be concerned and perhaps even feel a bit reluctant to sign an EPA. These concerns have been repeatedly expressed by ACP countries, as mentioned in section 2.5, both regarding their lack of

institutional capacities as well as their need of financial support for adjustment costs (Bilal et al, 2008).

The ECOWAS countries also possess other characteristics that would most likely affect their willingness to sign the EPAs due their concerns of losing tariff revenues. Firstly, undiversified economical structure (a characteristic for most ECOWAS countries) gives little room for governments to control their economies and makes them highly dependent on exogenous factor. Hence, they are very protective about the resources available in the country, and the risk of experience decreases in revenues should make the ECOWAS countries more reluctant to EPAs. A second impact on the ECOWAS countries' willingness to sign the EPAs relates to the possibility of the trade diversion effect and thus the risk of making the tariff revenue loss more comprehensive than the one risked to be lost from EU imports. Thirdly, as an alternative to signing the EPAs, the LDC countries of the ECOWAS can choose to continue to trade under the EBA preferences, which offer them virtually the same access to the EU market as under an EPA. However, the EBA are only unilaterally granted and can be withdrawn at any moment. Further, the EBAs is currently an alternative that does not includes any risk of reducing tariffs revenues, hence the ECOWAS countries tend to prefer these agreements before signing an EPA. Finally, the asymmetric relationship between the EU and the ECOWAS, in terms of the share of imports, originated from each other. Imports from EU play a much more significant role for the ECOWAS countries than vice versa. There is a lot more on stake for the ECOWAS countries than there is for the EU, which is most likely to affect the members of the ECOWAS countries' willingness to sign, especially compared to the EU.

There are of course many reasons to why only a limited substantive negotiation progress has been achieved so far in the EPA negotiations, e.g. various political reasons and issues regarding the comprehensive EPAs not regarding the elimination of tariffs etc. It is therefore a need for further research to be conducted in the area before one can give a definite answer. The significant reliance on tariff revenues is, however, most likely to affect the members of ECOWAS' willingness to sign the EPA and thus also the negotiations.

6. Conclusion

The negotiations of the EPAs have proved to be more difficult than expected. The negotiations, planned to be concluded at the end of 2007, are still being negotiated for five out of six regions negotiating the EPAs with EU. The purpose with this study was to determine the level of reliance on tariff revenues for member countries of ECOWAS to analyse if the present levels of tariff revenues in ECOWAS countries are affecting their willingness to sign the EPAs and thus affecting the negotiations.

The observations show the significant role EU imports plays for ECOWAS countries, on average 37 percent of ECOWAS total import originates from EU, were goods imported from the industrial sector accounts for the largest share. Further, observation shows that tariffs represent a significant source of government revenue for all the ECOWAS countries. In average tariff revenues are observed to contribute with 53 percent of the total government revenue, were tariff revenues from EU are accounted for 18 percent. In 2009 the highest rate on imports from EU was observed for Togo on 41 percent and the lowest rate was observed for Niger on 6,3 percent. Tariffs on consumer goods contribute with the highest amount of revenues for/in all ECOWAS countries.

Considering the analysis on the significant reliance on tariff revenues potential affect on ECOWAS countries' willingness to sign the EPAs, a few issues are discussed. There is a lot on stake for the ECOWAS countries, their significant reliance on tariff revenues puts them in a vulnerable position. To mitigate the loss of tariff revenues, liberalisation needs to be supported by complementary policies. The main concern regards to the ECOWAS countries are their assumed lack of institutional capacities which will hamper their possibilities' to mitigate the losses in revenues by not being able to implement crucial complementary policies. This is seen as the ECOWAS countries' main concern regarding their willingness to sign, since not being able to mitigate the tariff revenues loss can lead to a substantial decline in government revenue. Further, other characteristics are likely to affect the ECOWAS willingness to sign the EPAs due to their concerns of losing tariff revenues. These concerns are the possible trade diversion effect, undiversified economical structure as well as the possibility to trade under the EBA.

There are of course many reasons to why only a limited substantive negotiation progress has been achieved so far in the EPA negotiations. More research is therefore needed to be conducted before one can give a definite answer (to why only a few countries have signed the contracts?). The significant reliance on tariff revenues is, however, most likely to affect the members of ECOWAS' willingness to sign the EPA and thus also the negotiations.

REFERENCES

Adam, A. (2009), Fiscal Reliance on Tariff Revenues: In Search of a Political Economy Explanation? *Review of Development Economics*, 13(4), pp. 610-625.

Baunsgaard, T. and Keen, M. (2005), *Tax Revenue and (or?) Trade Liberalization*, WP/05/112, IMF, Washington, D.C, Retrieved 2011-08-18, http://www.imf.org/external/pubs/ft/wp/2005/wp05112.pdf

Befring, E. (1992), Forskningsmetodik och statistik. Studentlitteratur.

Bilal, S. and Braun-Munzinger, C. (2008), *EPA negotiations and regional integration in Africa*: *Building or stumbling blocs*, European Centre for Development Policy Management, Retrieved 2011-08-18, http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/1E716849203844ABC12574FF005657AD/$FILE/Bilal%2020-11-08%20EPA%20negotiations%20and%20RI%20in%20Africa_final.pdf

Bilal, S. and Ramdoo, S. (2010*), Which way forward in EPA Negotiations? Seeking Political Leadership to Address Bottlenecks.* European Centre for Development Policy Management, Discussion Paper, No.100, Retrieved 2011-08-18, http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/A7C0619293070ECEC12577D5005A40D8/$FILE/DP100_Which%20way%20forward_final_15.11.10_incl.cover.pdf

Bilal, S. and Roza, V. (2007), *Addressing the fiscal effects of an EPA*, European Centre for Development Policy Management. Retrieved 2011-08-18, http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/F3937B124FC36B09C125731B0032AC6E/$FILE/Bilal_Roza_ECDPM_08_05_07_Addressing_fiscal_effects_of_EPAs.pdf

Bird, R.M. Gendron, P.P. (2007), *The VAT in Development and Transitional Countries*. Cambridge University Press, New York.

Blejer, M.I and Chu, K. (Eds) (1989). *Fiscal Policy, Stabilisation and Growth in Developing Countries*, International Monetary Fund, Washinton, DC

Busse, M. Borrmann, A. Großmann, H. (2004), *The Impact of ACP/EU Economic Partnership Agreements on ECOWAS Countries: An Empirical Analysis of the Trade and Budget Effects.* HWWA - Hamburg Institute of International Economics, Hamburg.

Ebrill, L. Stotsky, J. & Gropp, R. (1999). Revenue implications of trade liberalization. Occasional Paper No. 180. Washington, DC: International Monetary Fund.

ECDPM. (2006), *Overview of the regional EPA negotiations: West Africa-EU Economic Partnership Agreement*, ECDPM InBrief 14B, Maastricht.
Retrieved 2011-08-18, www.ecdpm.org/inbrief14b

Elborgh-Woytek, K., Hallaert, J.J., Lankes, H.P., Sadikov, A. and Smith, D. (2006). *Fiscal Implications of Multilateral Tariff Cuts,* WP/06/203: IMF. Washington, D.C, Retrieved 2011-08-18, http://www.imf.org/external/pubs/ft/wp/2006/wp06203.pdf

Fontagné, L., Laborde, D., and Mitaritonna, C. (2010), An Impact Study of the Economic Partnership Agreements in the Six ACP Regions, *Journal of African Economies,* 20(2), pp.179-216.

Friedrich Ebert Stiftung. (2009), *The cotonou scenarios: Negotiations on the economic partnership agreement (EPA) between the European union and West Africa.* Edition June 2009, Friedrich Ebert Stiftung, Benin, Retrieved 2011-08-18, http://library.fes.de/pdf-files/bueros/benin/06493.pdf

Greenway, D. and Milner, C. (1991), Fiscal dependence on trade taxes and trade policy reform, *Journal of development studies,* 27(3), 95-132

Hallaert, J.J. (2010), Economic Partnership Agreements: Tariff Cuts, Revenue Losses and Trade Diversion in Sub-Saharan Africa. *Journal of World Trade, 44(1),* 223-250.

Hinkle, L., Hoppe, M. and Newfarmer, R. (2006), *Beyond Cotonou: Economic*

Partnership Agreements in Africa, in Trade, Doha, and Development - A Window into the Issues, Chapter 22,: World Bank, Trade Department, Washington D.C

IMF (2008), *Senegal: Selected Issues*, IMF Country Report No. 08/221, IMF, Washington, D.C, Retrieved 2011-08-18, http://www.imf.org/external/pubs/ft/scr/2008/cr08221.pdf

Karingi, S., Lang, R., Oulmane, N., Perez, R., Sadni Jallab, M. and Ben Hammouda, H. (2005), *Economic and Welfare Impacts of the EU-Africa Economic Partnership Agreements*, ATPC Work in Progress No. 10, United Nations Development Program, New York. Retrieved 2011-08-18, http://www.uneca.org/atpc/Work%20in%20progress/10.pdf

Karlsson, L.O., Tangnäs, J. and Wolpher, M. (2009), *EPA Ekonomiska Partneravtal, en rapport om EU:s handelsavtal med lander I Afrika, Västindien och Stilla havet*, Afrikagrupperna, Stockholm

Khattry, B. and Rao, J.M. (2002), Fiscal Faux Pas?: An Analysis of the Revenue Implications of Trade Liberalization, *World Development* 30(8)*,* pp.1431-1444.

Kommerskollegium (2004), *WTO-avtalens konsekvenser för u-länder,* Kommerskollegium, Stockholm, Retrieved 2011-08-18, http://www.kommers.se/upload/Analysarkiv/Publikationer/Rapport%20WTO%20avtalens%20konsekvenser.pdf

Kowalski, P. (2005), *Impact of Changes in Tariffs on Developing Countries' Government Revenue*, OECD Trade Policy Working Papers, No. 18, OECD Publishing, Retrieved 2011-08-18, http://www.acp-eu-trade.org/library/files/Kowalski_EN_0405_OECD_Impact-of-Changes-in-Tariffs-on-Developing-Countries-Government-Revenue.pdf

Machemedze, R. and Chizarura, L. (2011), *Impact of Economic Partnership Agreements on livelihoods in Southern Africa,* Africa Groups of Sweden, Stockholm, Retrieved 2011-08-18, http://www.seatini.org/publications/Research%20papers/2011/impact_of_epas_on_livelihood.pdf

Markusen, J.R., Melvin, J.R., Kaempfer, W.H. and Maskus, K.E. (1995) *International trade: theory and evidence.* McGraw-Hill, New York

Milner, C., Morrissey, O. and McKay, A. (2005), Some Simple Analytics of the Trade and Welfare Effects of Economic partnership Agreements, *Journal of African Economies*, 14(3): 327-358.

Nielsen, L. and Zouhon-Bi, S. G. (2007), *ECOWAS – Fiscal Revenue Implications of the Prospective Economic Partnership*, Africa Regional Working Paper Series No. 103, Retrieved 2011-08-18, http://www.worldbank.org/afr/wps/wp103.pdf

Suranovic, S. (2010) *International Trade : Theory and Policy*. Retrieved 2011-08, http://www.flatworldknowledge.com/pub/international-trade-theory-and/200062

Tanzi, V. and Zee, H. (2001) *Tax Policy for Developing Countries*. IMF, Washington D.C. Preface available at: http://www.imf.org/external/pubs/ft/issues/issues27/index.htm

United Nations. (2004), *Fiscal Implications of Trade Liberalization*, in Economic Report on Africa, unlocking Africa's trade potential, Chapter. 6, Economic Commission for Africa, Addis Ababa.

www.acp-eu-trade.org The ACP-EU Trade Website, Retrieved 2011-08-25, http://www.acp-eu-trade.org/index.php?loc=epa/background.php

WITS - World Integrated Trade Solution: http://wits.worldbank.org/wits/

The World Bank database : http://data.worldbank.org/

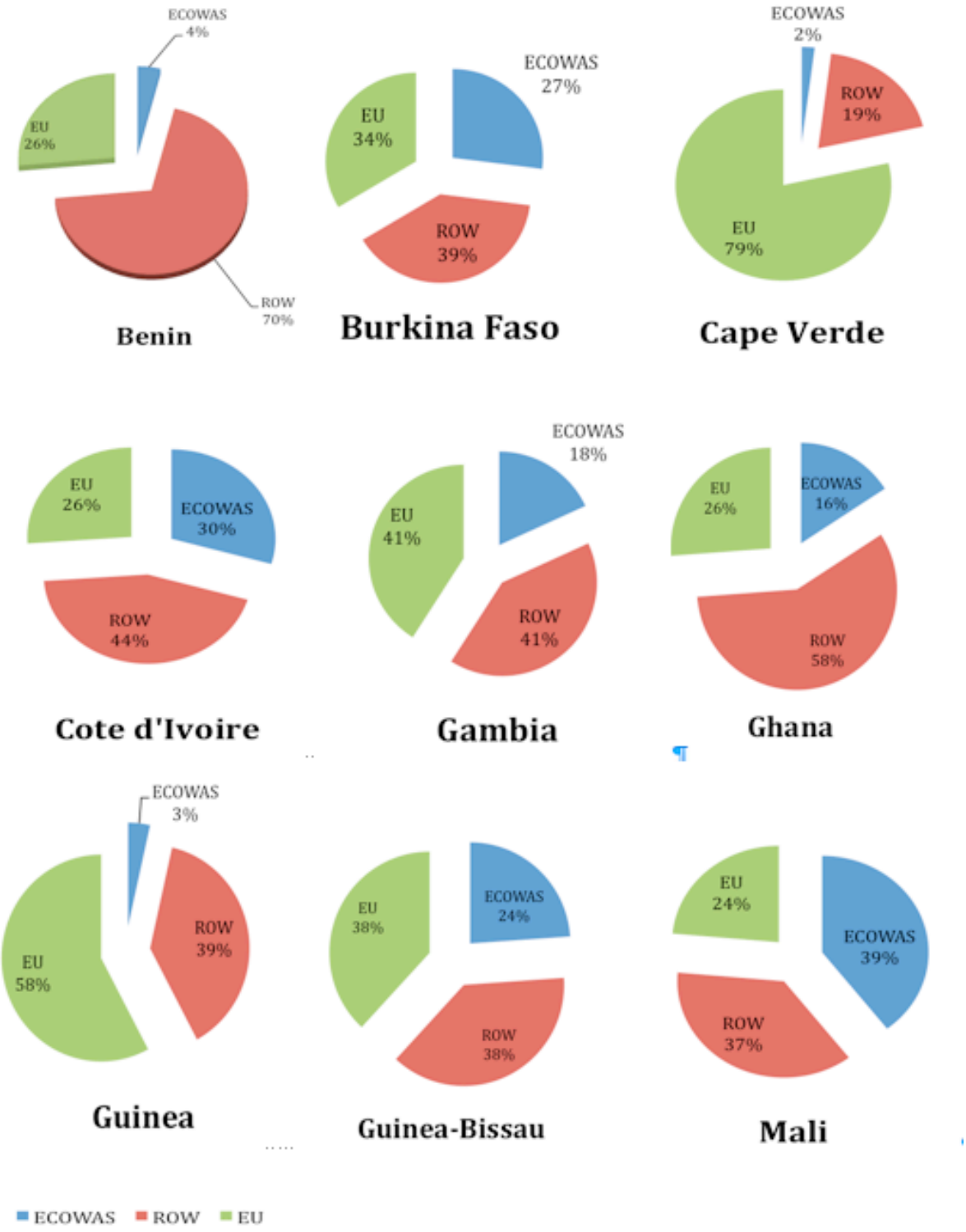
WTO - World Trade Organization. (2009). *Statistics Database - Trade profiles ECOWAS and the EU.* Available online: http://stat.wto.org/CountryProfile/WSDBCountryPFHome.aspx?Language=E 2009-07-26.

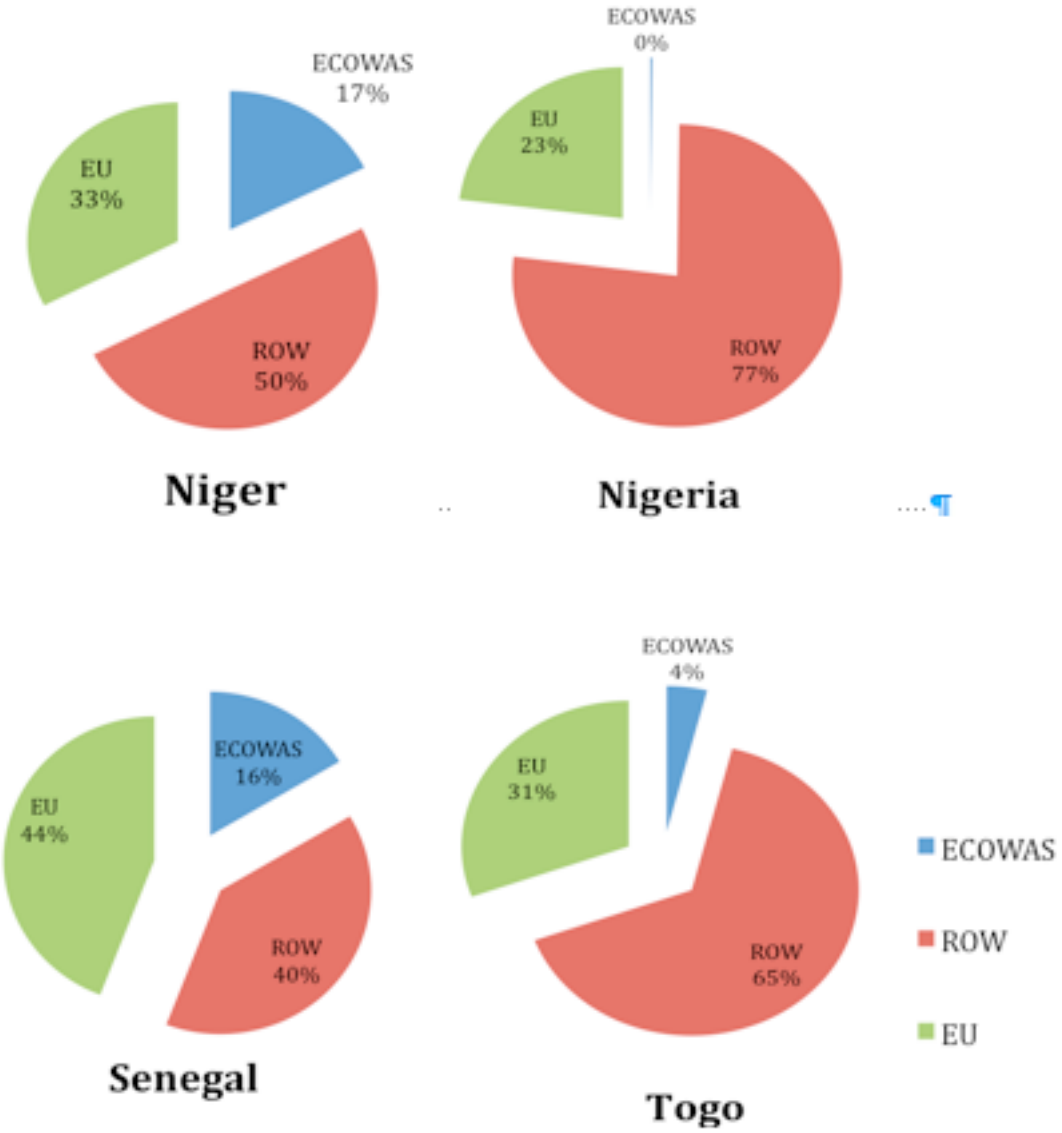
APPENDIX 1 Breakdown of total export in percent, 2009

	Agricultural products	Fuels & mining products	Manufactures
Benin	41,7	0,6	6,2
Burkina Faso	72,4	2,7	6,5
Cape Verde	72,6	0,7	26,6
Cote d'Ivoire	52,8	34,4	12,6
Gambia	57,8	10,2	25,4
Ghana	42,1	6,4	6,5
Guinea	4,1	65,4	3,5
Guinea-Bissau	-	-	-
Mali	20,8	0,7	3,2
Niger	18,4	47,4	8,1
Nigeria	5,4	86,1	3,4
Senegal	25,8	23,1	34,8
Togo	10,2	5,2	25,5

By main commodity group (ITS) Source: WTO (2009) Statistics database.

APPENDIX 2 Breakdown of total import by main origin, 2010





Source: WITS, value of imports

APPENDIX 3 Breakdown of imports by sector in percent, 2010

	Capital goods	Consumer goods	Intermediate good	Raw materials	Agricultural	Industrial	Petroleum	TOTAL
BENIN								
ECOWAS	0,0	0,8	0,2	0,5	0,3	1,3	0,8	3,9
ROW	3,0	18,0	12,7	0,7	8,6	25,8	0,8	69,6
EU	2,2	6,8	1,3	1,3	2,0	9,6	3,2	26,5
total	**5,2**	**25,6**	**14,2**	**2,5**	**10,9**	**36,7**	**4,8**	
BURKINA-FASO								
ECOWAS	0,1	7,6	3,6	0,3	2,0	9,4	4,0	27,0
ROW	4,9	9,1	4,3	0,4	3,2	15,6	1,9	39,4
EU	4,0	8,2	1,9	0,6	1,7	12,9	4,2	33,6
total	**9,0**	**24,9**	**9,8**	**1,2**	**6,9**	**38,0**	**10,2**	
CAPE VERDE								
ECOWAS	0,1	0,7	0,0	0,0	0,3	0,7	0,0	1,9
ROW	2,4	5,4	0,9	1,1	4,4	5,3	0,0	19,4
EU	7,3	19,9	7,3	2,5	9,2	27,7	4,8	78,7
total	**9,8**	**25,9**	**8,2**	**3,6**	**13,9**	**33,7**	**4,9**	
COTE D'IVOIRE								
ECOWAS	0,1	0,5	0,1	9,5	0,1	10,1	9,1	29,6
ROW	4,4	7,9	5,3	3,7	5,2	16,1	1,6	44,3
EU	3,7	3,8	3,3	2,1	2,8	10,2	0,2	26,2
total	**8,3**	**12,2**	**8,7**	**15,3**	**8,2**	**36,4**	**10,9**	
GAMBIA								
ECOWAS	0,1	5,9	0,4	0,0	0,3	6,1	5,3	18,1
ROW	1,2	12,6	4,7	1,3	8,3	11,9	1,0	40,9
EU	3,3	12,1	2,5	1,2	5,1	14,2	2,6	41,0
total	**4,5**	**30,6**	**7,6**	**2,6**	**13,6**	**32,2**	**9,0**	
GHANA								
ECOWAS	0,1	0,3	0,6	4,6	0,1	5,5	4,7	15,8
ROW	7,5	9,5	7,5	3,7	5,1	23,2	1,5	58,0
EU	6,0	3,7	2,7	0,6	1,3	11,7	0,2	26,2
total	**13,7**	**13,5**	**10,8**	**8,8**	**6,5**	**40,3**	**6,3**	

Source: WITS (2011)

	Capital goods	Consumer goods	Intermediate good	Raw materials	Agricultural	Industrial	Petroleum	TOTAL
GUINEA								
ECOWAS	0,1	1,1	0,1	0,1	0,4	1,0	0,7	3,6
ROW	5,4	8,4	4,6	0,2	4,0	14,7	1,3	38,6
EU	5,5	14,5	2,5	0,3	1,4	21,4	12,2	57,8
Total	**11,0**	**24,1**	**7,1**	**0,7**	**5,7**	**37,2**	**14,2**	
GUNIEA-BISSAU								
ECOWAS	0,7	6,8	3,0	0,0	2,4	8,2	2,8	23,9
ROW	3,3	12,0	0,8	0,2	5,9	10,5	5,3	38,0

EU	4,3	10,0	2,2	0,6	4,2	12,9	4,0	38,1
Total	**8,3**	**28,8**	**6,0**	**0,8**	**12,4**	**31,5**	**12,1**	
MALI								
ECOWAS	0,1	11,5	3,2	0,2	1,5	13,6	9,3	39,6
ROW	5,8	7,4	5,0	0,2	2,6	15,8	0,1	36,9
EU	4,2	3,8	3,4	0,3	1,5	10,3	0,0	23,6
Total	**10,1**	**22,8**	**11,6**	**0,7**	**5,6**	**39,7**	**9,5**	
NIGER								
ECOWAS	0,1	3,7	4,1	0,2	2,0	6,1	1,4	17,6
ROW	4,9	14,8	3,4	0,8	8,2	15,7	1,9	49,8
EU	3,5	8,7	1,7	0,6	1,4	13,1	3,6	32,6
Total	**8,5**	**27,2**	**9,1**	**1,6**	**11,6**	**35,0**	**7,0**	
NIGERIA								
ECOWAS	0,0	0,0	0,0	0,0	0,0	0,1	0,0	0,2
ROW	13,7	12,2	10,1	2,2	3,7	34,6	0,2	76,8
EU	4,8	3,3	2,3	1,0	1,4	10,0	0,2	23,0
Total	**18,5**	**15,6**	**12,5**	**3,2**	**5,1**	**44,8**	**0,4**	
SENEGAL								
ECOWAS	0,1	1,6	0,4	3,9	0,7	5,3	4,4	16,4
ROW	3,9	8,8	5,1	1,7	6,7	12,8	0,5	39,4
EU	5,1	9,7	3,4	1,7	3,6	16,3	4,3	44,2
Total	**9,1**	**20,1**	**8,9**	**7,2**	**11,1**	**34,3**	**9,2**	
TOGO								
ECOWAS	0,0	1,3	0,2	0,1	0,4	1,3	0,5	3,9
ROW	6,0	13,5	12,6	0,4	5,6	27,1	0,2	65,5
EU	4,0	7,5	1,9	0,5	1,8	11,9	3,1	30,6
Total	**10,0**	**22,3**	**14,7**	**1,0**	**7,8**	**40,3**	**3,8**	

Source: WITS (2011)

APPENDIX 4 Breakdown of weighted average tariff by sector in percent

	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Gambia	Ghana	Guinea
CAPITAL GOODS							
ECOWAS	4,9	9,7	2,4	5,7	10,9	3,3	6,5
ROW	14,5	9,7	7,2	9,6	17,9	4,4	7,8
EU	7,6	8,1	5,9	8,0	16,5	4,9	7,3
average	**9,0**	**9,2**	**5,2**	**7,7**	**15,1**	**4,2**	**7,2**
CONSUMER GOODS							
ECOWAS	5,8	5,9	9,6	5,9	19,7	13,1	15,1
ROW	15,6	11,8	14,6	11,7	13,6	14,2	15,5
EU	12,3	9,6	16,4	13,1	16,0	12,7	13,3
average	**11,2**	**9,1**	**13,5**	**10,2**	**16,4**	**13,3**	**14,6**
INTERMEDIATE GOODS							
ECOWAS	0,9	5,0	6,4	10,1	16,4	10,1	11,7
ROW	19,1	9,6	3,1	7,8	11,5	11,2	11,0
EU	12,2	8,4	4,7	8,2	13,4	10,7	11,7
average	**10,7**	**7,6**	**4,8**	**8,7**	**13,8**	**10,7**	**11,5**
RAW MATERIAL							
ECOWAS	0,0	1,5	6,7	0,3	17,4	0,1	6,4
ROW	14,7	7,7	19,5	6,1	4,5	7,3	9,7
EU	19,1	5,7	9,1	9,0	8,7	12,5	13,8
average	**11,3**	**5,0**	**11,8**	**5,1**	**10,2**	**6,6**	**10,0**
AGRICULTURAL							
ECOWAS	0,0	0,8	13,9	6,3	14,7	12,9	14,8
ROW	13,3	12,6	10,9	10,7	6,9	16,5	15,1
EU	18,7	10,8	17,9	11,2	9,7	16,7	16,8
average	**10,7**	**8,0**	**14,2**	**9,4**	**10,4**	**15,4**	**15,6**
INDUSTRIAL							
ECOWAS	3,9	6,6	5,9	0,7	19,6	1,6	13,0
ROW	17,9	10,3	13,4	8,9	16,8	8,4	11,3
EU	10,8	8,6	9,4	9,3	17,3	7,7	11,4
average	**10,9**	**8,5**	**9,6**	**6,3**	**17,9**	**5,9**	**11,9**
PETROLEUM							
ECOWAS	3,8	7,0	4,6	0,1	20,0	0,2	13,3
ROW	8,1	8,0	4,8	0,7	20,0	0,5	13,3
EU	8,1	8,0	4,9	8,1	20,0	10,0	13,2
average	**6,6**	**7,7**	**4,8**	**3,0**	**20,0**	**3,6**	**13,3**
AVERAGE							
ECOWAS	2,7	5,2	7,1	4,2	17,0	5,9	11,6
ROW	14,7	10,0	10,5	7,9	13,0	8,9	11,9
EU	12,7	8,4	9,8	9,5	14,5	10,7	12,5

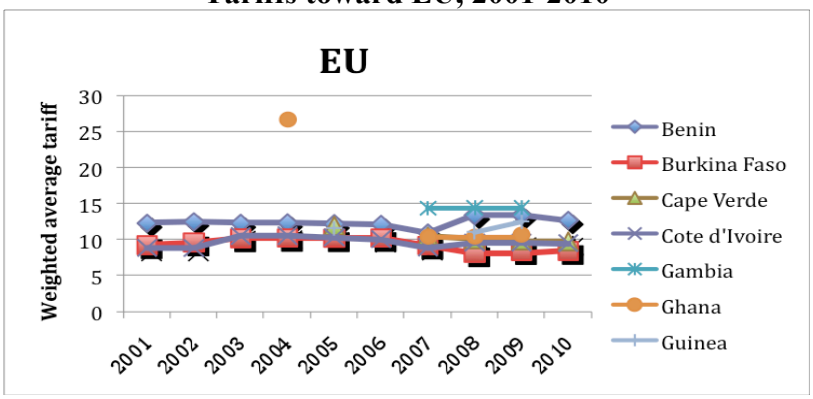
Source: WITS

	Guinea-Bissau	Mali	Niger	Nigeria	Senegal	Togo	
CAPITAL GOODS							
ECOWAS	8,2	5,2	8,1	5,4	4,7	6,6	6,4
ROW	6,3	8,3	8,0	7,9	8,5	12,6	8,6
EU	7,7	7,5	7,5	7,6	7,8	7,6	7,6
average	**7,4**	**7,0**	**7,9**	**7,0**	**7,0**	**8,9**	**7,5**
CONSUMER GOODS							
ECOWAS	4,9	6,1	8,3	17,7	3,9	4,0	7,5
ROW	10,9	15,3	11,6	16,0	13,5	17,1	14,1
EU	14,1	11,4	9,3	15,2	10,8	11,3	12,0
average	**10,0**	**10,9**	**9,7**	**16,3**	**9,4**	**10,8**	**11,2**
INTERMEDIATE GOODS							
ECOWAS	2,5	1,0	3,4	13,6	9,5	2,7	5,4
ROW	12,4	8,6	9,6	9,0	8,7	16,6	10,8
EU	16,0	6,9	9,5	8,2	8,6	13,3	10,4
average	**10,3**	**5,5**	**7,5**	**10,2**	**8,9**	**10,8**	**8,9**
RAW MATERIAL							
ECOWAS	1,0	2,2	8,4	8,9	0,0	1,8	3,7
ROW	14,6	7,0	7,1	7,2	7,8	7,9	8,6
EU	16,5	6,6	5,9	6,1	8,7	13,9	9,6
average	**10,7**	**5,3**	**7,2**	**7,4**	**5,5**	**7,9**	**7,3**
AGRICULTURAL							
ECOWAS	0,0	0,3	7,7	15,8	2,1	0,3	4,4
ROW	12,9	14,2	12,1	9,1	10,7	15,0	12,3
EU	18,1	10,4	12,8	7,8	11,4	16,3	12,8
average	**10,3**	**8,3**	**10,9**	**10,9**	**8,1**	**10,5**	**9,8**
INDUSTRIAL							
ECOWAS	5,7	5,5	5,2	10,5	1,8	4,9	5,6
ROW	8,5	10,7	9,5	10,9	10,8	16,2	11,1
EU	11,1	8,3	8,3	10,1	9,0	9,7	9,4
average	**8,4**	**8,2**	**7,7**	**10,5**	**7,2**	**10,3**	**8,7**
PETROLEUM							
ECOWAS	7,0	6,9	7,7	7,9	0,9	6,9	6,2
ROW	8,1	8,0	8,0	8,3	8,1	7,9	8,1
EU	7,9	8,1	8,0	8,8	8,1	7,9	8,1
average	**7,7**	**7,7**	**7,9**	**8,3**	**5,7**	**7,6**	**7,5**
AVERAGE							
ECOWAS	4,2	3,9	7,0	11,4	3,3	3,9	
ROW	10,5	10,3	9,4	9,8	9,7	13,3	
EU	13,1	8,5	8,8	9,1	9,2	11,4	

Source: WITS

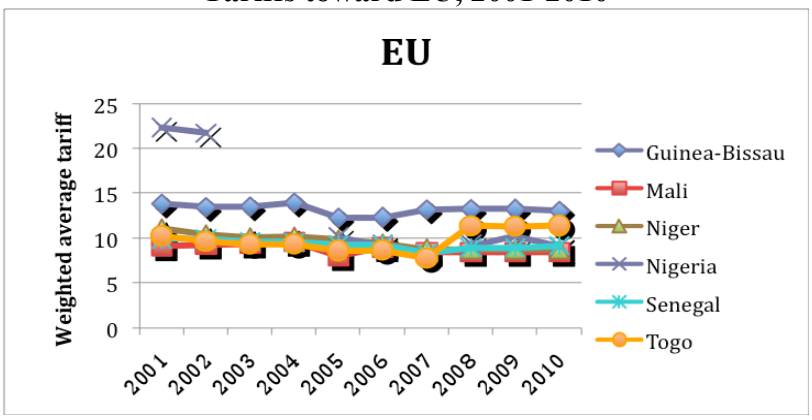
APPENDIX 5 Development of weighted average tariffs in percent, 2001-2010

Tariffs toward EU, 2001-2010



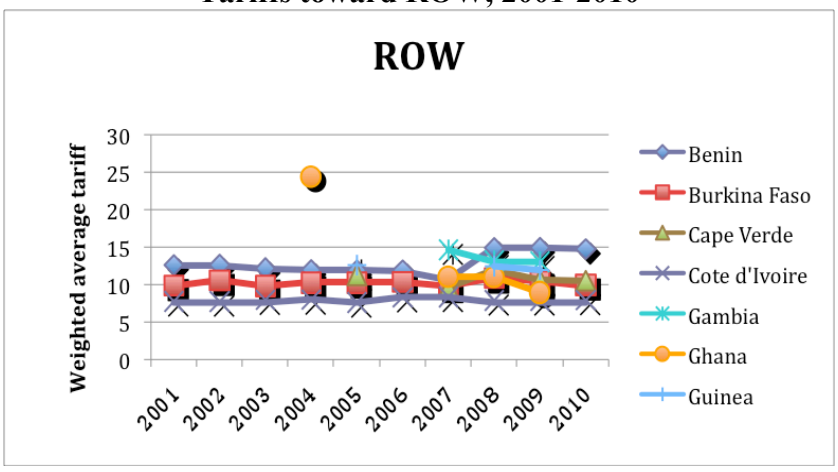
Source: Own calculations on data from WITS

Tariffs toward EU, 2001-2010



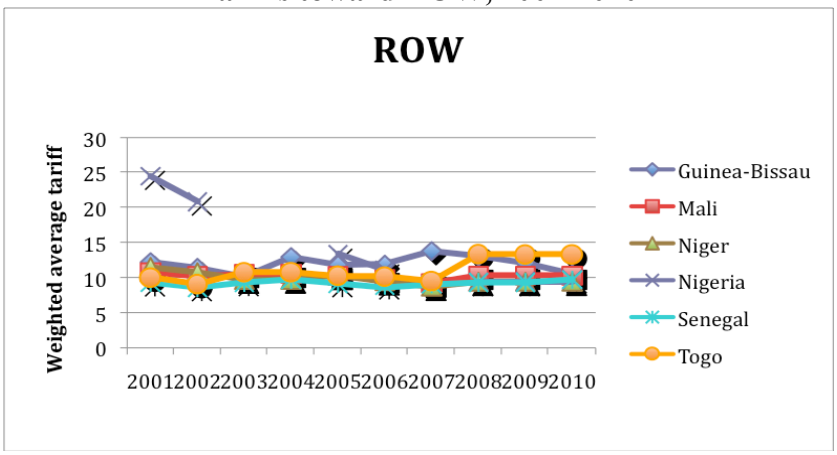
Source: Own calculations on data from WITS

Tariffs toward ROW, 2001-2010



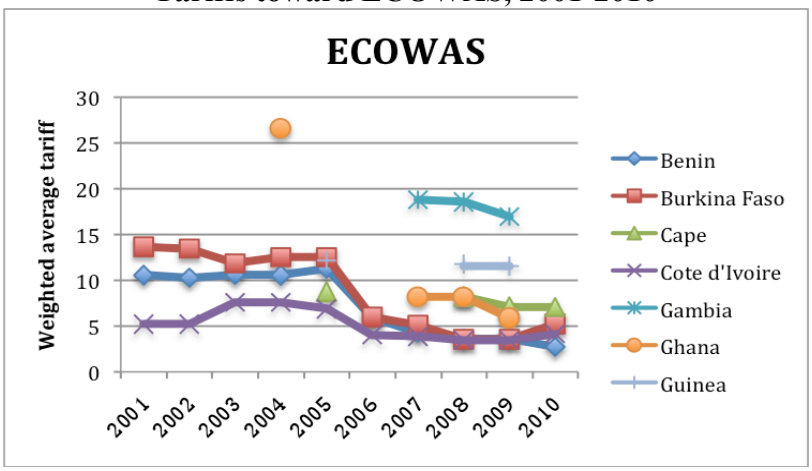
Source: Own calculations on data from WITS

Tariffs toward ROW, 2001-2010



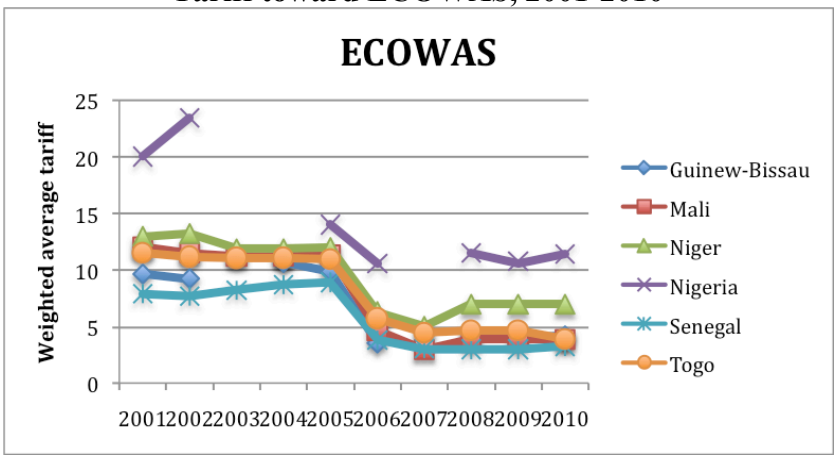
Source: Own calculations on data from WITS

Tariffs toward ECOWAS, 2001-2010



Source: Own calculations on data from WITS

Tariff toward ECOWAS, 2001-2010



Source: Own calculations on data from WITS

APPENDIX 6 Weighted average tariffs in percent, 2001-2010

EU	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Gambia	Ghana	Guinea
2001	12,30	9,25		8,87			
2002	12,50	9,63		8,86			
2003	12,30	10,20		10,53			
2004	12,36	10,25		10,57		26,65	
2005	12,19	10,21	11,93	10,34			11,53
2006	12,14	10,25		10,10			
2007	10,95	9,20	10,51	8,98	14,39	10,37	
2008	13,40	8,12	10,06	9,61	14,50	10,35	11,03
2009	13,44	8,43	9,90	9,61	14,51	10,72	12,49
2010	12,69	8,44	9,77	9,54			

Source:WITS

EU	Guinea-Bissau	Mali	Niger	Nigeria	Senegal	Togo
2001	13,86	9,10	11,11	22,36	9,93	10,32
2002	13,47	9,29	10,43	21,73	9,96	9,67
2003	13,55	9,40	10,10		9,64	9,37
2004	13,98	9,60	10,19		9,56	9,38
2005	12,30	8,00	9,86	10,20	9,32	8,65
2006	12,36	9,00	9,36	9,38	9,30	8,70
2007	13,21	8,47	8,87		8,36	7,80
2008	13,25	8,47	8,76	9,35	8,96	11,39
2009	13,26	8,47	8,76	10,21	8,96	11,36
2010	13,06	8,47	8,76	9,10	9,19	11,43

Source:WITS

ROW	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Gambia	Ghana	Guinea
2001	12,61	9,87		7,75			
2002	12,60	10,56		7,73			
2003	12,16	9,80		7,96			
2004	11,95	10,24		7,99		24,40	
2005	11,91	10,24	11,28	7,60			12,60
2006	11,91	10,36		8,29			
2007	10,62	9,81	9,61	8,34	14,64	11,05	
2008	14,90	10,88	11,97	7,88	13,17	11,02	12,45
2009	14,92	10,44	10,59	7,88	13,03	8,94	11,94
2010	14,74	9,95	10,52	7,93			

Source:WITS

ROW	Guinea-Bissau	Mali	Niger	Nigeria	Senegal	Togo
2001	12,23	10,79	11,50	24,49	9,28	10,02
2002	11,43	10,27	10,81	20,83	8,61	9,10

2003	10,14	10,57	9,75		9,33	10,79
2004	12,96	10,57	9,76		9,77	10,79
2005	11,84	10,27	10,36	13,37	9,18	10,29
2006	11,88	9,83	9,50	11,13	8,86	10,16
2007	13,81	9,23	8,72		9,06	9,53
2008	13,02	10,29	9,43	9,42	9,32	13,38
2009	12,12	10,29	9,43	9,48	9,32	13,32
2010	10,53	10,29	9,43	9,76	9,73	13,33

Source:WITS

ECOWAS	Benin	Burkina Faso	Cape Verde	Cote d'Ivoire	Gambia	Ghana	Guinea
2001	10,56	13,66		5,21			
2002	10,29	13,47		5,21			
2003	10,60	11,84		7,59			
2004	10,55	12,52		7,59		26,61	
2005	11,27	12,52	8,77	6,88			12,16
2006	5,96	5,98		4,04			
2007	4,29	5,10		3,88	18,80	8,20	
2008	3,55	3,56	8,23	3,45	18,55	8,19	11,78
2009	3,55	3,56	7,16	3,45	16,97	5,89	11,56
2010	2,74	5,23	7,08	4,15			

Source:WITS

ECOWAS	Guinea-Bissau	Mali	Niger	Nigeria	Senegal	Togo
2001	9,64	12,04	12,98	20,02	7,90	11,52
2002	9,24	11,52	13,22	23,45	7,68	11,18
2003		11,21	11,86		8,21	11,07
2004	10,70	11,22	11,87		8,70	11,08
2005	9,87	11,34	11,99	14,01	8,91	10,96
2006	3,54	4,63	6,28	10,57	3,80	5,73
2007		2,96	5,02		3,05	4,46
2008	4,05	3,86	6,97	11,50	2,99	4,67
2009	4,05	3,86	6,97	10,78	2,99	4,67
2010	4,17	3,86	6,97	11,41	3,27	3,90

Source:WITS