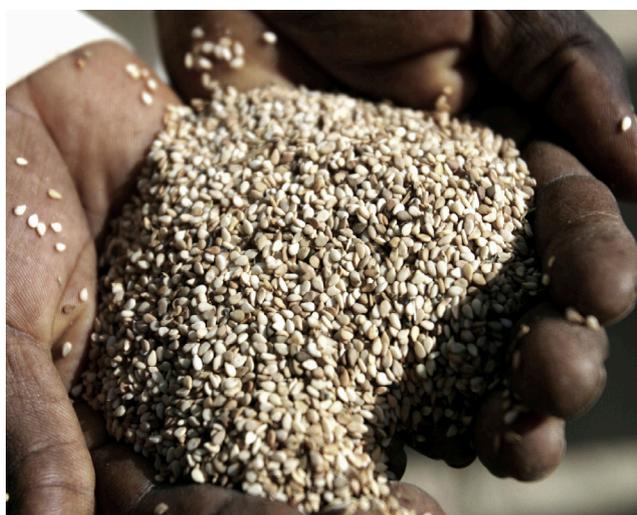


FACILITATING TRADE IN ECOWAS

INSIGHTS FROM THE ITC BUSINESS SURVEYS ON NON-TARIFF MEASURES

DISCUSSION PAPER FOR THE HIGH-LEVEL REGIONAL ROUND TABLE ON NTMs
IN ABIDJAN, CÔTE D'IVOIRE, ON 14-15 JUNE 2016



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Foreword

The present paper takes a closer look at regional integration in the Economic Community of West Africa States (ECOWAS). With the aim to inform the ongoing discussion on further integration potential, insights from comprehensive surveys on exporters' and importers' perspectives on non-tariff measures (NTMs), carried out in Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali and Senegal under the International Trade Centre's (ITC) NTM programme, are used to highlight remaining trade obstacles in the region and possibilities to overcome these. More specifically, the paper serves as background document for the high-level regional round table on NTMs, held in Abidjan on 14-15 June 2016. The paper was prepared in a collaboration between ITC and the African Development Bank (AfDB).

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Acronyms

The following abbreviations are used:

ACP	African, Caribbean and Pacific
AfDB	African Development Bank
CILSS	Permanent Interstate Committee for Drought Control in the Sahel
ECOWAS	Economic Community of West Africa States
EU	European Union
EPA	Economic Partnership Agreement
ETLS	ECOWAS Trade Liberalization Scheme
FTA	Free trade agreement
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
ITC	International Trade Centre
LDC	Least developed country
NTM	Non-tariff measure
PO	Procedural obstacles
PTA	Preferential trade agreement
REC	Regional economic community
REIs	Regional economic initiative
RoW	Rest of the world
SME	Small and medium-sized enterprises
SPS	Sanitary and phytosanitary
TBT	Technical barriers to trade
UNCTAD	United Nations' Conference on Trade and Development
UNECA	United Nations' Economic Commission for Africa
UNECE	United Nations' Economic Commission for Europe
VAT	Value Added Tax
WAEMU	West Africa Economic and Monetary Union
WAMZ	West Africa Monetary Zone
WBES	World Bank Enterprise Surveys
WTO	World Trade Organization

Introduction

Regional integration of African economies has been a long-lasting goal in the agenda of their leaders since it has been considered to offer a fairer distribution of the benefits of trade liberalization and therefore to ensure a more equilibrated economic development between countries. In the search for higher prosperity, African countries undertook several initiatives, which overlap each other in some cases to create an enabling environment for their own development. However, regional integration is not a straightforward process. It demands sustained willingness for cooperation and action within groupings in order to overcome “de jure” regional integration¹. Indeed, only a few initiatives have been able to show a measurable impact on trade relationships between its member countries.

Among initiatives, whose implementation became effective, the Economic Community of West African States (ECOWAS) is a prominent example of continuous and sustained efforts towards regional integration in the African continent. This regional economic community (REC) was established more than four decades ago. It has also given birth to a number of affiliated institutions and agencies that not only promote economic integration but enlarge the scope of cooperation to other areas such as justice and security. The ECOWAS consists of 15 member countries, it represents more than 30 percent of the African population and one quarter of the African production is originated in the region.

Similarly to the several rounds of multilateral negotiations, regional agreements have mainly focused on tariff reductions and have contributed to a large improvement of market access conditions over time. However, it is now of common wisdom that market access is not only related to tariff levels, that trading operations undergo a number of procedures and that traded goods need to comply with rules issued by several jurisdictions. Procedures and rules applied to and related to trade are known as non-tariff measures (NTMs). The majority of these measures are implemented for legitimate reasons, e.g. ensuring sanitary conditions and health safety, protecting the environment and preventing custom tax evasion. Still, they are perceived as the largest challenges for regional integration, given the nature of their implementation. This perception has led to recent surge of interest on NTMs. Conversely to tariff levels, the implementation of NTMs is a less “smooth” process and usually several agencies or institutions are involved in each of these measures. These entwined actions for a single export operation might be a source of complexity and could eventually thwart the efforts for regional integration.

In order to avoid intrinsic complexity of NTMs that prevents the realization of benefits negotiated in regional and international arenas, the International Trade Centre (ITC) has developed a Programme to enhance the transparency on NTMs. ITC’s Programme on NTMs seeks to effectively contribute in this sense through the collection of official NTM data, by providing businesses the opportunity to share their NTM-related experiences, and by a continuous monitoring of NTMs and awareness-raising. Business surveys on NTMs are one of the pillars for the NTM programme. These surveys highlight the considerable scope for reducing trade cost caused by NTMs and allow identifying ways to address the trade obstacles these measures imply without harming legitimate objectives they may serve. As such, they enable the creation of a better and more trade-friendly environment and actively contribute to the trade integration of countries into the world economy.

¹ Yang and Gupta (2005).

To date, the ITC surveys have documented and share with decision-makers the experiences of over 22,500 exporters and importers, which are representative for traders in 63 countries, capturing obstacles to trade with 185 destination countries.

As of mid-2016, six out of the 15 countries in the ECOWAS region have benefited from a national and independent business survey on NTMs. Given the feedback received in each survey and the coverage achieved in the region, it has become clear that there is a need to assess regional integration within ECOWAS. The objective of this analysis is to raise awareness on the business perspectives and experiences on NTM-related issues in order to provide a snapshot of bottlenecks that might hinder trade integration. This analysis is meant to bring informative insights in order to contribute to deeper integration within ECOWAS and, at the same time, enable the implementation of relevant trade facilitation policies in the region.

The remainder of the paper consists of four main sections. The first section presents an overview of ECOWAS by revisiting its inception as well as its trade performance over last four decades. The second section details the methodology used by ITC business surveys on NTMs and discusses general findings of the surveys in ECOWAS by sector – agricultural and manufacturing – for intra-regional trade. In section 3, further evidence on burdensome measures enhances the understanding of difficulties faced by exporters in each sector-specific and cross-cutting obstacle to trade. Finally, the conclusion summarizes the findings of the study providing an overview of the key challenges of intra-regional trade.

1. Regional overview of ECOWAS

1.1. ECOWAS as a regional bloc

The Economic Community of West African States (ECOWAS) was formed by the Treaty of Lagos on 28th May 1975 and gathered fifteen West African countries. According to the Treaty, the main objective was to foster and promote cooperation and development of the member states. The main channels for the realization of this objective was the harmonization and coordination of national policies in areas of economic, social, cultural and political activities. The country composition of the Community has only marginally changed over time, i.e. Cape Verde joined in 1977 and Mauritania withdrew from it in 2002².

Given a slow pace of ECOWAS in fully achieving its ultimate aim of an economic integration as stated in the Treaty of Lagos, the treaty was revised in July 1993 in Cotonou towards a looser collaboration. The main aim of the revised treaty was to accelerate economic integration process in line with the model implemented by the European Union (EU). The need for revision of the treaty was mainly motivated by the need of the Community to adapt to changes on the international landscape, in order to maximize the potential benefits from the economic integration.

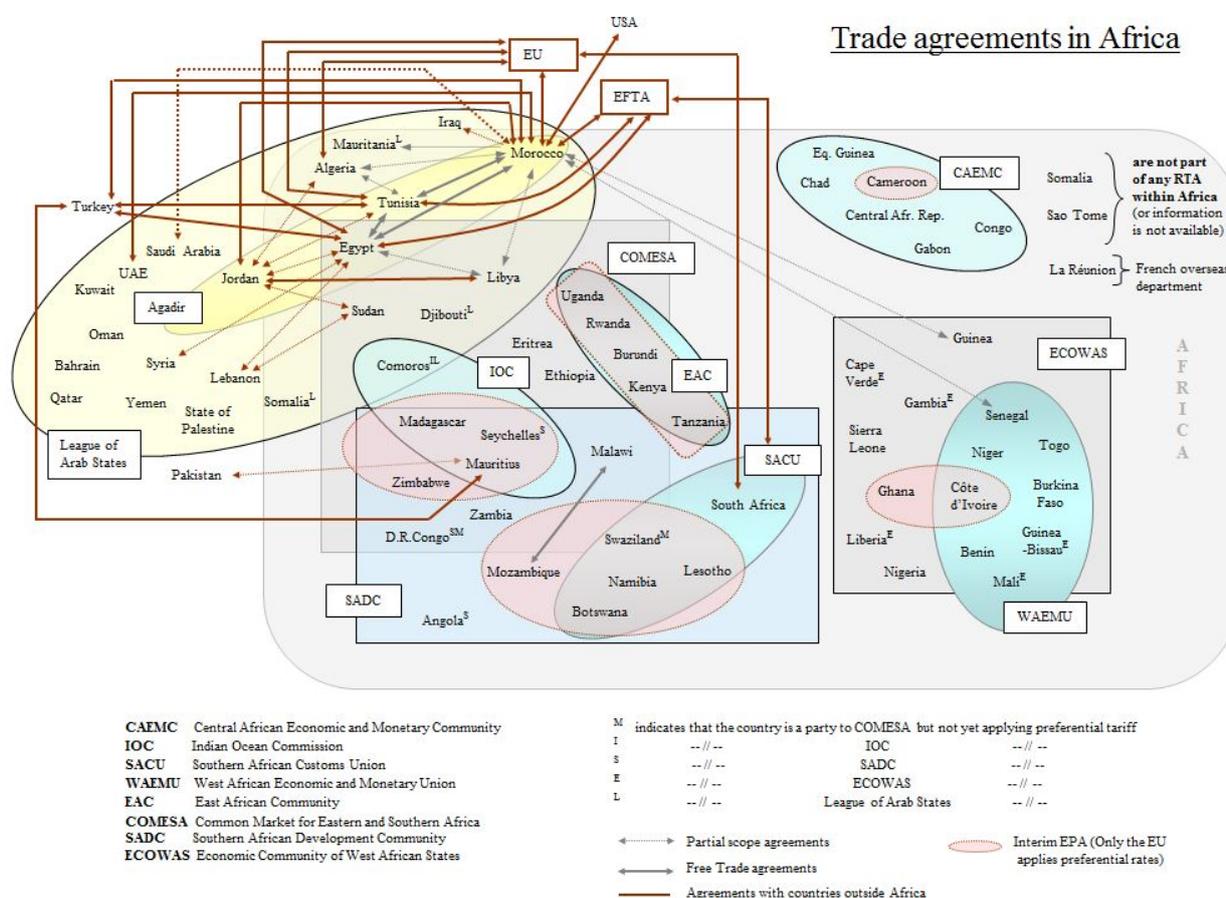
Another trade- and economic-related initiative in the region is the *Union Économique et Monétaire Ouest-Africaine* (WAEMU for its acronym in English) which involves eight French-speaking countries, all members of ECOWAS. The West African Monetary Zone (WAMZ) comprising six member states, out of which five English-speaking countries, aims for the establishment of a more stable and common currency in the region but in contrast to ECOWAS and WAEMU, its focus is not centered on trade integration. WAEMU and WAMZ are both working under the aegis of ECOWAS and are facilitators for a large and smooth integration across the ECOWAS sub-region. There is growing cooperation between (sub) groupings; hence

² Pazzanita, Anthony (2008) « Historical Dictionary of Mauritania », Scarecrow Press; 3 edition.

the expected adverse effect of multi-membership has been minimized.³ ECOWAS serves as umbrella organization under which other regional integration initiatives operate .

Several ECOWAS member states are or were involved in other integration initiatives within the region, most of them of a smaller scope than ECOWAS. For instance, the Mano River Union⁴ or the “*Conseil de l’Entente*” preceded the establishment of ECOWAS and were precursors for regional integration in West Africa. However, most of these initial agreements did not attain the implementation progress done by ECOWAS and are neither partially implemented nor notified to the World Trade Organization (WTO). Other economic-related initiatives for cooperation such as Permanent Interstate Committee for Drought Control in the Sahel (CILSS) are active in the region but their scope of action is not focused on trade.

Figure 1: Overlapping of notified trade agreements in Africa



Source: International Trade Centre (2015)

Note: This Figure shows the extent of overlapping membership for African countries. The West Africa region is less affected by multi-membership and therefore, the scope of inconsistencies between agreements and implementation complexities are limited in the region.

Figure 1 provides evidence on the extent of multi-membership in the African continent which does not significantly affect West Africa. Theoretically, multi-membership is expected to generate

³ Afesorgbor and Bergeijk (2014) show that impact of overlapping membership critically depends on the characteristics of the overlapping regional trade agreements. In particular, they find a positive impact if additional membership complements the integration process of the original regional economic initiative.

⁴ The Mano River Union is an Intergovernmental Institution comprising of Sierra Leone, Liberia, Guinea and Cote d'Ivoire

complexities and unnecessary duplications especially with regard to issues related to rules of origin (RoO). It is frequently argued that multi-membership undermines the commitment of participating countries thereby negatively affecting intra-regional trade with these trading blocs.⁵ Individually, ECOWAS member states enjoy non-reciprocal preferential market access to developed and developing economies through Generalized System of Preferences and similar schemes. Guinea and Senegal benefit from specific preferential market access, of partial scope, granted by Morocco which also applies a preferential treatment for least developed countries (LDC) to all other ECOWAS countries except Nigeria. Similarly, Benin, Ghana and Guinea are granted an individualized preferential treatment from Egypt.⁶

Besides this, ECOWAS actively participated in the negotiations of Economic Partnership Agreement between the African, Caribbean and Pacific (ACP) group of states and the EU. This agreement was initiated and the signatory process is currently ongoing. Thus, the ECOWAS region continues to enjoy non-reciprocal preferential market access in European countries⁷, but might start implementing the reciprocal terms of the ACP-EU agreement in coming years.⁸

1.2. Trade performance of the ECOWAS region

Despite a coherent and consolidated approach for trade integration within ECOWAS, the stylized fact of limited impact on trade volumes for (regional) trade agreements between developing countries is valid, to some extent, for the region.

Table 1 shows that intra-regional trade, both exports and imports, remains relatively low and it counts for less than 10% of total exports emanating from the region in 2014. Although ECOWAS realized some positive gains in its shares of intra-regional trade since its inception in 1975, intra-regional exports stagnated in relative terms for last three decades. Some factors contribute to the explanation of such low performance in intra-regional trade.

The importance of Nigeria and its wealth in mineral fuels biased trade statistics for the region as a whole. Nigerian exports, which are concentrated by more than 90% in petroleum-related products, account for nearly 70% of exports from the whole region in 2014.⁹ It becomes evident that such an oil windfall would not find a market in neighboring economies but rather countries eager to import such resources. In a much lesser extent, a similar pattern is witnessed for exports of unwrought gold, diamonds and mineral ores. In aggregate, ECOWAS exports are concentrated to resource-consuming countries such as India, European countries, the United States, China and other emerging economies such as Brazil, South Africa and Indonesia. Furthermore, regional exports for each of these commodities tend to be heavily concentrated in few of above destinations. At the same time, it is worth noting that more than half of intra-regional exports¹⁰ are driven by mineral fuels from resource-rich countries like Nigeria and Côte d'Ivoire to resource-consuming countries like Burkina Faso, Sierra Leone, Ghana, Senegal and Mali.

⁵ Yang and Gupta (2005).

⁶ Market Access Map, International Trade Centre (2015)

⁷ Ghana and Côte d'Ivoire have negotiated interim trade agreements with the EU while ACP-EU negotiations are concluded.

⁸ The framework negotiated between ACP and the EU foresees a timeframe, up to 15 years, for ACP countries for the implementation of their agreement. Exceptions of 25 years for the implementation and sensitive products are also part of the arrangement.

⁹ TradeMap, ITC.

¹⁰ In fact, exports of mineral fuels, unwrought gold and other minerals account for 60 percent of intra-regional trade in ECOWAS.

Table 1: Intra-ECOWAS trade as share of total exports

Years	1970	1980	1990	2000	2010	2014 ^a
Exports	3.0%	10.7%	8.7%	8.3%	9.3%	8.4%
Imports	2.8%	12.8%	12.0%	11.7%	9.5%	9.8%

Source: Direction of Trade Statistics (IMF) and TradeMap (ITC).

Note: This table shows the share of intra-regional trade flow before and after the inception of ECOWAS as a regional bloc. The table indicates that although the share of intra-regional trade is still low, there is an intensification of trade relationships within the region with respect to levels in the early 70s.

(a) Shares calculated for 2014 are based on TradeMap data.

Excluding these products, the share of intra-regional exports rises from 8.4 to 15 percent of all ECOWAS exports in 2014. On the other hand, the intra-regional imports only represent 4.3 percent (instead of 9.8) which indicates that the region spends only one dollar in regional imports while disbursing 19 dollars for extra-regional imports. The export structure of non-mineral products shows some interesting facts to be considered for the development of the region. Extra-regional partners remain major destinations for some traditional exports such as cocoa, cotton, nuts, and rubber are still absorbed by large or emerging economies and their heavy reliance on raw materials as inputs for their industries. Despite favorable conditions to export a large bundle of products given the Generalized System of Preferences and preferential treatments granted to almost all countries in the ECOWAS region, the export structure shows that export diversification into these markets is not yet fully realized.

Concerning intra-regional trade, an interesting and promising avenue for development is depicted. Among others, cement, beauty products, soups and broths, refined palm oil, plastics, metal derivatives, fertilizers, essences and soaps are top traded products within the region.¹¹ This demonstrates that the region can effectively trade more than just raw materials with low value-added. Top 30 products exported within the region represent half of intra-regional exports and three quarters of exports of top 30 products are shipped to partners within the region. Another salient fact is that despite the high degree of absorption for top 30 products produced within the region, there is a large demand for these goods. On average, ECOWAS imports account for only 40 percent of all imported value by the region.

All this suggests that there exists untapped opportunities in non-mineral sectors within the ECOWAS region. It is necessary to encourage intra-regional trade in non-traditional products in both the agricultural and manufacturing sectors in order to gain competitiveness, to learn by exporting and to increase production capacities of the region. Exports to the region is the natural avenue for diversification given preferential market access as well as limited trade costs in geographical and cultural distances.

The ECOWAS Trade Liberalization Scheme (ETLS) governs the free trade area (FTA). The main objective of this ETLS is to liberalize trade by abolition among member states of custom duties and non-tariff measures imposed on intra-regional trade. Although the ETLS has been extended from agricultural, artisanal handicraft and unprocessed goods to cover industrial goods, the latter need to comply with rules of origin negotiated in the ECOWAS agreement.

Source: ECOWAS web site

¹¹ Tobacco derivatives are also intensively traded products in the region.

The criteria applied by the ETLs for rules of origin are three: wholly produced goods, change in tariff heading, and value added content.

Wholly produced goods cannot have less than 60% of raw materials from the region. Finished products requiring exclusively inputs under a different tariff heading (HS4) from the final product (exceptions apply) are eligible. Finished goods whose input materials receive a value addition of at least 30% of the ex-factory price are considered as originated in the region.

Source: ECOWAS web site

In terms of tariffs, the initial ECOWAS treaty aimed for the trade liberalization of agricultural and livestock products, traditional handicrafts and unprocessed goods. Initially, the processed goods were not covered by the ECOWAS Trade Liberalization Scheme (ETLS). Nonetheless in 1990 it was agreed that industrial goods could be part in the scheme if they receive countries' approval. The rules of origin (RoO) that define if a manufactured good is "originated" in the region were finally agreed in January 2003. Industrial goods that satisfy RoO criteria are eligible to benefit from the ETLs and could benefit from duty-free access after a verification process¹². A company whose product is eligible can initiate a request through the National Approvals Committee of the concerned country, which evaluates all requests concerning its jurisdiction and submits successful applications to

the ECOWAS Commission for Reassessment. The latter will communicate the final decisions after its examination and companies are subsequently notified of the originating condition of its product.

In theory, all goods produced regionally and satisfying the RoO in the ETLs benefit from a duty-free access in the region. This translates into a significant preferential margin for ECOWAS producers given the insularity of the region with respect to other trade agreements.¹³

Nevertheless, despite attractive conditions for regional exporters, a large share of top 30 products is imported from extra-regional partners. This mismatch between regional demand and supply might be due to several factors preventing ECOWAS companies of fully serving the regional market. Among others, limited production capacities, inadequate infrastructure, lack of information/knowledge sharing across borders, burdensome export procedures and rules, and inadequate business environment for traders could be underlying factors for this observation.

With a general trend of reducing tariffs unilateral, bilateral or multilaterally, non-tariff regulations are becoming more visible and are often pointed out as current trade obstacles irrespective of supply capacities by exporters. In fact, non-tariff measures are a major challenge for any trade integration initiative and ECOWAS is as equally exposed to them as other RECs. Globally, NTMs are receiving major attention. For instance, the World Trade Report 2012 highlights the relevance of NTMs in modern trade and how they can be inimical to world trade if not managed and regulated properly. However, it is worth noting that most of consideration received by NTMs is not necessarily linked to discriminatory and protective application by countries since measures are mainly imposed for legitimate purposes such as health and human protection, environmental goals, or food security concerns. What makes NTMs complex to seize and understand is their diversity in regards to implementation and concerns addressed by measures. Formally, NTMs include a wide range of trade policies other than ordinary customs tariffs which could potentially affect international trade. In an effort for transparency, ITC and other international agencies put together an international classification to NTMs applied to merchandise trade which distinguishes between technical and non-technical trade-related measures.

¹² Goods manufactured in free zones or special economic schemes are not eligible.

¹³ Even though, this attractiveness for ECOWAS producers due to "insularity" might be reduced by unilateral preferential market access granted extra-regional partners.

Complying with NTMs, especially the technical requirements on products, may guarantee consumer protection, increase consumer satisfaction and eventually lead to stimulate demand for products. However, NTMs and the procedures related to them can also increase trade costs. For instance, their implementation may not be straightforward and may require several agencies or institutions to coordinate on a single procedure; they may rely on laboratory tests with no immediate results, may be subject to verification procedures, may stipulate a sequence of administrative steps, seek to be recognized in other countries, and necessitate that product quality and characteristics are preserved during procedures. As a matter of fact, an NTM can be perceived as burdensome because of the related procedures and not necessarily because of the requirements applied by the measure.

Through large-scale business surveys implemented by the ITC Programme on NTMs in more than 60 countries, ITC aimed at collecting information on the kind of obstacles to trade related to NTMs by compiling experiences faced by business themselves in their daily operations. Aggregate results¹⁴ show that NTMs are a major challenge especially for small and medium-sized enterprises (SMEs) in developing countries since they are less prepared to face financially and practically overcome these obstacles given their business fragility, have little experience as exporters, and limited production capacity. However, SMEs are crucial for economic growth and export diversification, and a major source of employment. The success and survival of SMEs will play a major role in the enhancement of trade competitiveness of West African economies and their development will enable countries to be less dependent on commodity exports and their inherent business cycles. In this sense, adequate support from national governments is needed to ensure that SMEs evolve in a conducive business environment and that their success and survival is not hampered by unnecessary burdensome obstacles.

For ECOWAS member states and taking into consideration intra- and extra-regional trade patterns described above, it is important to understand if NTMs and the practical aspects related to them might explain some of the observed facts, notably related to the unrealized potential for intra-regional trade. Clearly, there is a lack of competitiveness in extra-regional markets for West African products besides basic or raw materials derived from cocoa, cotton, nuts, natural rubber, and sesame. NTMs might also contribute to the explanation of extra-regional exports as developed countries and other destinations impose non-tariff regulations whose implementation is often complex, outweighing favourable market access conditions in terms of tariffs. Other factors such as distance, transport infrastructure and logistics are also drivers of global competitiveness and for instance, the best performer in ECOWAS, Nigeria, only ranks 75th in the Logistics Performance Indicator of the World Bank¹⁵ and the region has the lowest score in 2014.

Technical measures are product-specific and production process-focused measures such as product identity, quality and performance, tolerance limits, labelling and marking requirements, sanitary and hygienic conditions, environmental standards, and their corresponding conformity assessment. They aim to ensure healthy and safety products, or to protect the environment through characteristics closely related to products themselves or their production processes.

The non-technical measures are other trade requirements beyond the product and production process. They cover issues such as entry formalities and border controls, quantity controls, taxation and price-controlling policies, finance measures, rules of origin, and any other requirement applied to traded goods.

Source: ECOWAS web site

¹⁴ Invisible barriers to trade, ITC (2015)

¹⁵ Logistics Performance Index, World Bank (2014), <http://lpi.worldbank.org/>

Given production capacities observed within the region, it is likely that the limited export bundle overseas is due to connectivity considerations.

On the other hand, we observe that regional trade shows a promising diversification into more manufactured products even though extra-regional imports continue to satisfy the majority of the regional demand for those products. Some questions arise from these observations. Which factors prevent regional producers from exporting higher volumes to the region? How could West African countries do better use of their regional market as a nursery for global competitiveness? Can the ECOWAS sub-region successfully benefit from its long-lasting integration initiative as a natural market for export diversification and a source for macroeconomic stability and sustained development? Understanding the role played by NTMs in intra-regional trade flows is therefore important, in particular, to foster the creation, survival and growth of SMEs. Do NTMs translate into regulatory or procedural obstacles in the ECOWAS region? Non-tariff regulations are not trade-protective per se and trade agreements provide channels to challenge those which might be discriminatory or unfaithfully used. However, there is no better way to fully understand possible hurdles than listening to those facing them in their daily activities. Again, procedures are not meant to become a bottleneck but might turn into one. Therefore, perceptions are valuable information and informative for policy makers as well as implementers of initiatives seeking to facilitate trade.

ITC business surveys show that despite clear and well-intended regulations, most bottlenecks are related to their application procedures. In fact, administrative red-tape and bureaucracy, inefficiencies and corruption at ports, custom delays, poor transportation networks and other constraints might turn a simple non-tariff regulation into an insurmountable trade obstacle. By translating into higher trade costs for the region, the measures and related procedures hamper directly regional competitiveness and might be a major obstacle to regional integration and development in West Africa. Moreover, substantial untapped opportunities might be unveiled by the removal and the streamlining of non-tariff measures in the ECOWAS region. The latter implies lower trade costs within the region and is a powerful tool to thrive regional trade and integration.

Thus, analyzing the impact of NTMs in ECOWAS using surveys that capture experiences and perceptions of small and medium-sized enterprises (SMEs) both in agricultural and manufacturing sectors provides insightful lessons on how to tackle the challenges posed by such measures and practices. In this study, the main objectives are to document how businesses engaged in exporting and importing activities perceive certain NTMs and to analyze how these perceived trade obstacles hinder intra-regional trade flows within ECOWAS. The ITC business surveys on NTMs cover currently six countries in West Africa, i.e. Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali and Senegal. Additional countries are planned to be covered in future.

2. The NTM Surveys in ECOWAS

2.1. Methodology and implementation of the Surveys

NTM business surveys conducted by ITC collect information at the firm-level on private sector experiences with non-tariff measures. Apart from providing a better understanding of how NTMs affect trade flows at a very detailed level (HS 6-digit level), the surveys also capture information on procedural obstacles making the implementation of the NTM burdensome.

In the conduct of the survey, a lean, rigorous and systematic two-stage methodology is followed.¹⁶ This approach has been used in more than 35 developing countries. Initial samples are drawn from business registers and compendiums of each country and a pre-screening through a telephone interview identifies companies which perceive that NTM-related issues are affecting their operations. The surveys are representative at the stage of phone interviews, they cover all relevant sectors¹⁷ of surveyed economies representing at least 2 percent of exports and in aggregate, and all sectors together concentrate at least 90 percent of exports (excluding minerals and arms¹⁸). Companies declaring to face difficulties related to NTMs are invited to face-to-face interviews where they provide detailed information on their own experiences for each product-partner relationship in exports and imports.¹⁹

Each burdensome regulation is subsequently classified according to the international taxonomy of NTMs with minor adaptations.²⁰ Each complaint reported during face-to-face interviews is NTM-company-product-destination specific and this is known as an NTM case. One unique exporter can report several NTM cases if one of his products is affected by burdensome regulations in several destinations or if several burdensome regulations affects a single product-destination relationship. The NTM case is one of the basic units for the following analysis and differs from the affectedness ratio calculated at the firm-level. Additionally, each NTM case can be related to one or several procedure obstacles (PO) - for example lack of information, delays or unofficial payments - in case the burdensome measure reveals some practical difficulties or challenges. In case more than one PO is recorded by each NTM²¹, this would imply a larger number of PO cases, another basic unit for the analysis.

This detailed information allows to disentangle issues related to NTMs by sector, e.g. agriculture and manufacturing, and by trading partners, e.g. intra-ECOWAS and extra-ECOWAS. Thus, the surveys enable to identify and distinguish the perceptions and business experiences with regards to the NTMs in specific sectors of each economy. This in turn makes it possible to assess whether there is any differential impact of NTMs on different product categories. Additionally, it provides information on the differential impact of NTMs across trading partners. Hence, the NTM surveys provide answers to the following questions:

- Who is affected by the burdensome NTMs and by how much?
- Why are the NTMs perceived as burdensome?
- Which NTMs are perceived as burdensome?
- Which procedural obstacles are related to burdensome NTMs?
- What procedural obstacles do exporters/importers face?
- Where does the problem occur?

Fieldwork details for surveys in the six ECOWAS states are provided in Table 2 which summarizes the survey coverage, the number of interviews and the percentage of business affected by burdensome NTMs. All national surveys were conducted in conjunction with statutory state agencies under the supervision of ITC. Surveys in the ECOWAS region were conducted between 2010 and 2016, with the financial support from the United Kingdom's Department for

¹⁶ For more details on the survey methodology, please refer to ITC (2015), The Invisible barriers to trade – how businesses experience non-tariff measures. Available from www.intracen.org/publications/ntm.

¹⁷ Thirteen sectors have been defined by ITC in order to ensure cross-country comparability of results.

¹⁸ Exports of minerals and arms are excluded from all subsequent tables and graphics related to trade.

¹⁹ Companies might decline to participate in the face-to-face interview and therefore, the number of face-to-face interviews reported corresponds to interviews conducted.

²⁰ This classification used for the ITC surveys on NTMs consists of 120 specific measures grouped into 16 categories.

²¹ In case no practical difficulty is reported with respect to a NTM case, the case is not considered while analyzing PO cases.

International Development (DFID). The standard ITC questionnaire was translated into French and interviews were conducted in French.

Table 2: NTM surveys in ECOWAS member states

ECOWAS NTM Studies	Interview period	Total number of companies in the sample frame	Number of interviews		Percentage of businesses affected by burdensome NTMs
			Phone-screens	Face-to-face	
Benin	Dec 2014 - Sep 2015	3'777	360	237	66%
Burkina Faso	Mar - Aug 2010	442	172	69	60%
Côte d'Ivoire	May - Oct 2012	800	587	215	72%
Guinea	Jun - Oct 2012	1'129	331	165	95%
Mali	May - Oct 2015	413	209	115	54%
Senegal	Oct 2011 - Jun 2012	3'253	260	162	63%

Source: ITC Programme on Non-Tariff Measures (NTMs).

Note: This table summarizes information on the time period for the data collection and also the percentage of businesses affected by the burdensome NTMs in the six surveyed states. For example, the level of affectedness is 95% in Guinea compared to 60% in Burkina Faso, 63% in Senegal or 72% in Côte d'Ivoire. The average level of affectedness among the six surveyed states is 73%. Guinea has the highest rate of affectedness among the surveyed ECOWAS states.

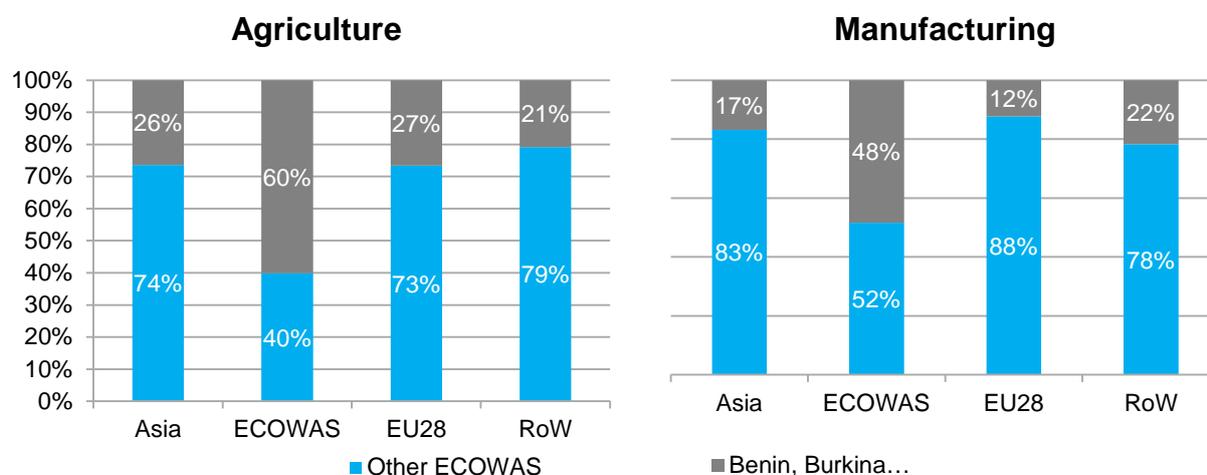
For the analysis of the aggregate results for the ECOWAS region and given the different sample sizes by surveyed country (172 interviews in Burkina Faso while 360 interviews in Benin), a two-step adjustment is made to attribute equal representation to each country in the ECOWAS sample. The number of companies participating in the telephone interviews in each country is adjusted to a standard size (arbitrarily chosen at 1,000 companies). The share of companies affected by NTMs (as revealed by the phone interviews) remains unchanged. Next, the participation rate in the face-to-face interview stage is also adjusted to a standard value (arbitrarily chosen at 100%).

We rely on the first weight to obtain statistics for the phone interview stage, i.e. affectedness rates, while statistics for the face-to-face interview stage, i.e. NTM and PO cases, are compiled by combining the two weights. The weighting procedure removes the differences between surveyed countries arising from different sample sizes in phone interview stages as well as the differences stemming from different participation rates to the face-to-face interview stage.

Given the coverage of intra-regional trade, the results based on these six ECOWAS countries will serve as a basis to provide the necessary regional insights for regional public-private roundtables in order to derive a better understanding of existing NTMs, and to explore possible changes in regulations and practices that may be hampering the intra-regional trade.

2.2. Surveyed ECOWAS countries

Considering sector and destination of regional exports, the six surveyed countries, namely Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali and Senegal, account for a significant share of agricultural and manufacturing exports within the ECOWAS region. Figure 2 shows the share of the surveyed ECOWAS states in ECOWAS exports of agricultural (left panel) and manufacturing products (right panel) to four groupings of destinations: ECOWAS, Asia, European Union (EU) and the rest of the world (RoW).

Figure 2: Share of surveyed countries' exports in ECOWAS exports


Source: Trade data for 2014 from TradeMap, ITC. Export values excluding minerals and arms export.

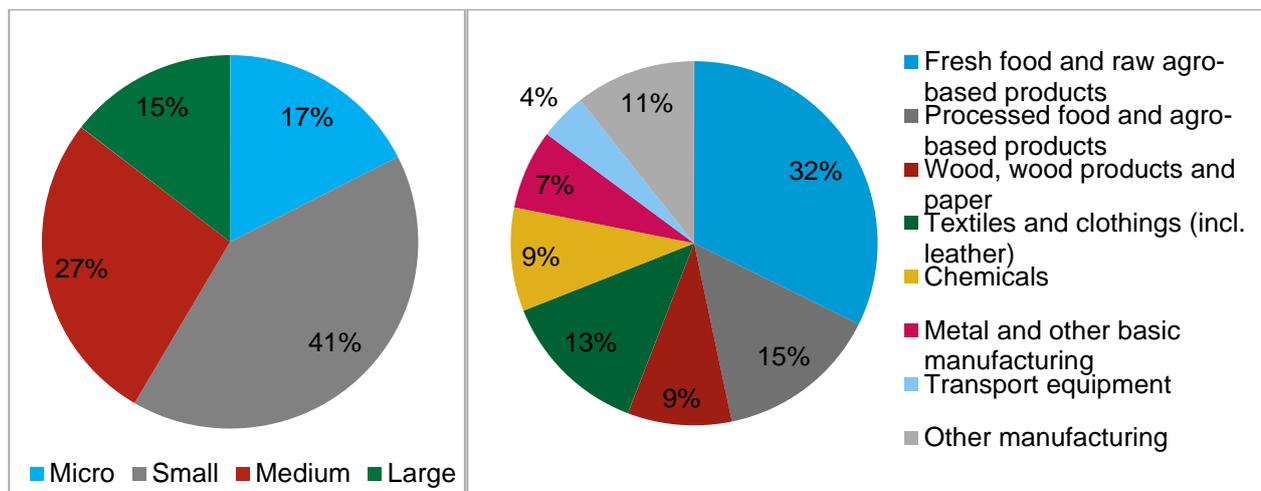
Note: The two panels represent the share of the six surveyed countries exports as a percentage of the total ECOWAS states exports in agricultural (left panel) and manufacturing (right panel) products to four different groups of countries: Asia, ECOWAS, the EU and the RoW.

Although the survey is limited to only six countries out of total fifteen ECOWAS member states, Figure 2 indicates that as far as intra-ECOWAS trade is concerned, these six countries contribute at least half of the exports in agriculture and manufacture traded within the ECOWAS region.²² In agricultural products, the share of ECOWAS exports covered by the six surveyed countries represents 60 percent of all intra-regional exports while they account for 27 percent of ECOWAS exports to the EU. Similarly, for manufacturing products, the surveyed countries account for 48 and 12 percent of intra-ECOWAS exports and exports to EU respectively. This indicates that the surveyed countries are relatively more intensive in agricultural products than in manufacturing products. Nevertheless, the coverage of intra-regional trade is large enough to ensure that conclusions and results drawn for the ITC business surveys in the region are representative for the region.

In the same line, the six surveyed countries allow for a good representation of the regional private sector structure where small exporters of agro-food prevail. Figure 3 shows the distribution of the surveyed exporting companies by size and sector. The majority (85%) of surveyed companies are SMEs, more than half have less than 20 employees. Interviewed exporting companies are concentrated in few agricultural sectors namely fresh and processed food. Exporters of manufacturing goods were also interviewed notably in the industries of wood, chemical, metal and textiles.

²² Minerals and arms are excluded from these graphs.

Figure 3: Distribution of exporting companies surveyed in ECOWAS, by size and sector



Source: ITC NTM Surveys in Burkina Faso, Benin, Côte d'Ivoire, Guinea, Mali and Senegal, 2010-2015.

Note: The two panels represent the share of the exporting companies interviewed in the six surveyed countries by company size (micro = 1-4 employees, small = 5-20 employees, medium = 21-100 employees, large > 100 employees) and sectors (as per the survey 13 sectors' definition).

The next section provides a general overview of ITC business surveys on NTMs conducted in the six ECOWAS countries. This will allow identifying main obstacles to trade reported for each specific sector – agricultural and manufacturing – as well as cross-cutting trade obstacles. The analysis focuses on exporters. This said, in all countries, also importing companies were interviewed.²³

3. Challenges related to non-tariff measures in ECOWAS

This section presents aggregate results the NTM-related challenges as reported by exporters in the region. It correlates cases of burdensome NTMs with exports across sector and destination, in particular to the ECOWAS region. Finally, it provides an overview on different types of NTMs and procedural obstacles frequently perceived as burdensome by intra-regional exporters.

3.1. Company perspectives on NTMs in ECOWAS

In the six surveyed ECOWAS countries, an average of 73% of the firms contacted during the phone interviews indicated facing burdensome NTMs (on exports and imports) both within and outside the ECOWAS region. Comparatively, the proportion of businesses affected by NTMs is higher for the ECOWAS region than in other regions in the developing world, including Northern Africa (44%) and East Africa (64%).

NTMs represent generally a higher impediment for exporters of agro-based products especially fresh foods which are often more regulated and controlled than manufacturing goods. Interestingly, large companies complained more about NTMs than small ones as they often have to comply with many different requirements due to the multiplicity of products and partners they deal with. Small companies tend to be specialized in a specific product and/or market.

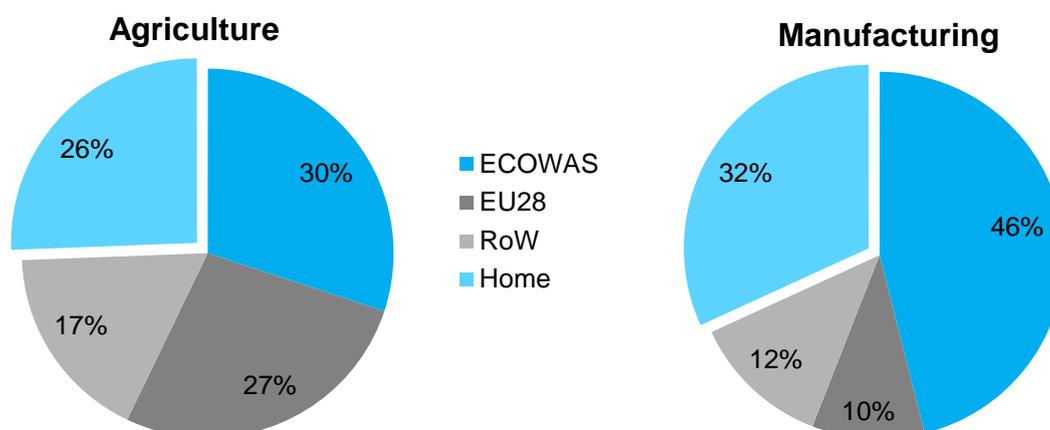
²³ For results regarding importers, please refer to the national survey reports (available at www.intracen.org/publications/ntm) or the www.ntmsurvey.org.

The proportion of companies "affected" by NTMs reveals little about the difficulty of intra-regional trade though. One will have to look at the type of NTM-related obstacles faced within the region to understand better the impediment to the economic integration.

The breakdown of NTM cases by country applying the regulation²⁴ and sector is shown in Figure 4. The distribution of burdensome NTMs faced by firms varies across countries applying the regulation for each sector, however it should be highlighted that the share of burdensome NTMs applied by ECOWAS partners is the highest compared to other groupings. Burdensome NTMs do not only emanate from legislation applied by foreign partners but also from domestic regulation in exporting countries. For instance, 26 percent of exporters in agriculture reported facing burdensome NTMs in their respective home countries. 32 percent of NTM cases recorded in manufacturing are related to home regulations. Domestically applied NTMs take the form of different requirements imposed by government-mandated institutions. They include rules and regulations that exporters have to meet in their home countries before shipping their product abroad. These include technical inspections and certifications, export licences, export taxes, price control measures to exported goods, or export procedures.

Figure 4 demonstrates that the majority of burdensome NTMs faced in agriculture and manufacturing exports are applied by ECOWAS partner and home countries, rather than overseas partners such as the EU. However, this does not necessarily imply that exporters to extra-regional markets face a reduced number of burdensome NTMs. In fact, this result could partially be due to a relatively small number of firms exporting this kind of products to the EU.

Figure 4: Breakdown of burdensome NTM cases reported by exporters in ECOWAS



Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Note: The pie charts represent the weighted average of burdensome NTMs reported by the businesses in the six surveyed states by country applying the regulation (Home, ECOWAS states, EU, and RoW) and sector (agriculture and manufacturing). The charts reveal that burdensome NTMs vary by sector and destination.

The share of burdensome NTMs applied by ECOWAS partners is particularly high for manufacturing products: 46 percent of NTM cases concern measures applied by regional trading partners, which might explain why the intra-regional industrial goods are not able to satisfy the regional demand. If manufactured products face difficulties to circulate within ECOWAS, their exports will suffer and probably be lower than their potential despite high demand at destinations. For agricultural products, the share of NTM cases which are imposed by partner countries in the

²⁴ In the case of exports, regulations are not solely applied by destination partners but can also be applied the exporting country (Home).

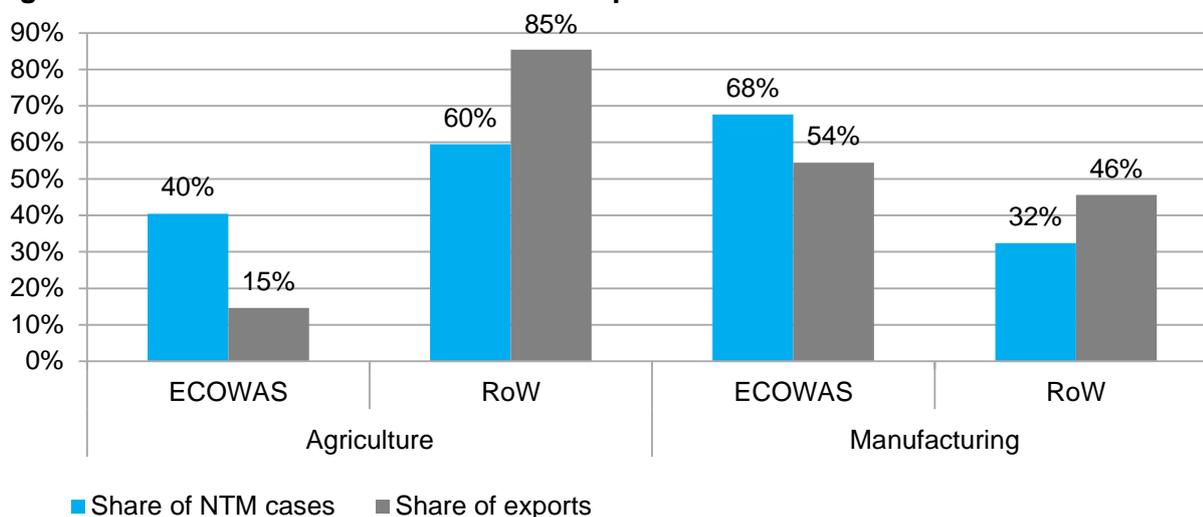
ECOWAS region is lower and it represents 30 percent. Nevertheless, the ECOWAS region remains as the major source for NTM cases collected by the six surveys.

Comparing these affectedness rates to other regions, one finds that firms in the West Africa region encounter more burdensome NTMs when regionally exporting manufacturing products than in other regions. For instance, surveys in Arab States point out that 37% of the NTM cases applied on manufacturing exports are due to legislation from partner countries within the region. In comparison with Arab States, West Africa still also shows a slightly higher share of regional partners as source of NTM cases concerning agriculture products.

In order to put NTM cases applied by destination markets in perspective with the export orientation of surveyed countries, Figure 5 shows the export shares in agriculture and manufacture goods within and out of the ECOWAS region. For comparability coherence, the share of NTM cases here is calculated with respect to all burdensome NTMs and related procedures applied by destination markets (i.e. excluding measures applied by the home country), i.e. 40 percent in agriculture for ECOWAS is the ratio between 30 and 74 percent in the previous Figure.

As expected, agriculture exports are not oriented towards the region and the major market for these products is the 28 countries of the European Union which concentrates 45 percent of agriculture exports from the six surveyed countries. Manufacturing exports are not as important as agriculture exports and they represent only one third of agriculture exports originated in the region. However, it is encouraging to see that ECOWAS partner countries are the major destination for these exports and the rest of supply is almost identically distributed between the EU, Asia and the rest of the world.²⁵

Figure 5: Burdensome NTM cases versus export shares



Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Note: The bar chart compares the share of burdensome NTM cases (excluding cases due to home regulations) with the export share by sector and destination for the six surveyed ECOWAS member states. Shares of NTM cases are weighted averages of the survey results. The result shows that the share of agricultural export to ECOWAS is very low compared to manufacturing exports to ECOWAS. However, the number of burdensome NTM cases applied on agricultural exports by ECOWAS states is lower when compared to manufacturing exports to ECOWAS states.

²⁵ In value terms, manufacture exports within ECOWAS exceed by 30 percent agriculture exports within the same region.

Figure 5 provides anecdotal evidence on how burdensome NTMs can hinder trade flows in case the share of NTM cases exceeds the export share to the same destination. In those cases, it is expected that markets will be relatively more difficult or complex for firms to penetrate. A pattern for exports to ECOWAS appears and shows that export relationships with other ECOWAS countries are proportionally more affected by burdensome NTM cases. The more frequent occurrence of NTM cases reported by exporters suggests that NTMs and related procedures could be part of the explanation for limited intra-regional flows within the ECOWAS region as well as for limited export diversification. This observation is not only particular to ECOWAS but it is also a tendency observed across regional partners in all surveyed countries by ITC, nevertheless it shows that there is still significant potential to be exploited by enhancing trade integration.

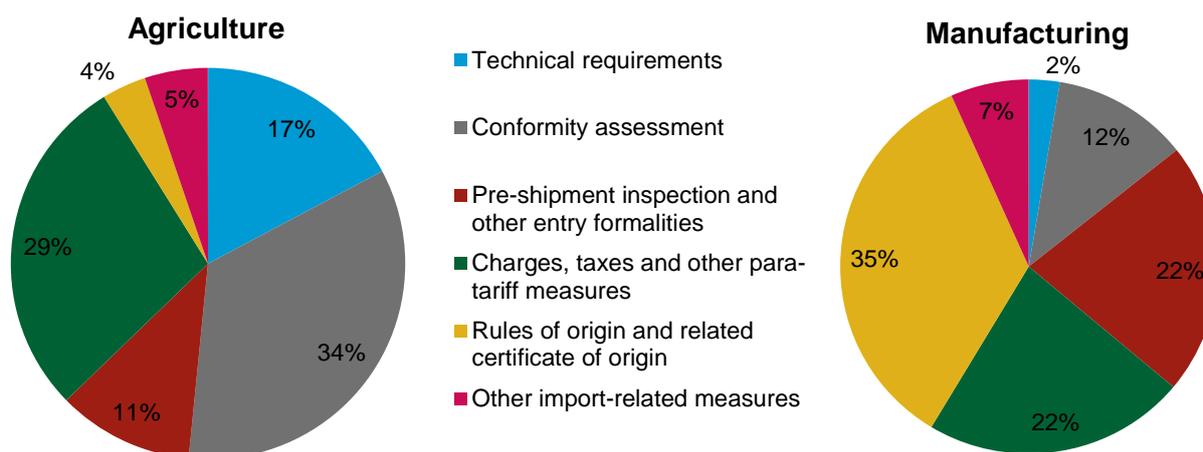
Extra-regional NTM cases for agricultural products in the RoW are mainly driven by regulations applied by the EU while for manufactured goods, the EU and other countries account for a similar share of NTM cases reported, respectively 14.5 percent of all NTM cases.

Hereafter, we will mainly refer to NTM cases reported with respect to ECOWAS partner countries since surveyed countries are highly representative for exports within the region. Results presented here below will unveil substantive information concerning possible bottlenecks to trade integration in the region as well as possible avenues for strengthening the collaboration between member states. While reported NTM cases for extra-regional relationships are also important, particularly for products that are intensively exported out of the region, their analysis is beyond the scope of this report and are only used for comparative purposes where feasible.

3.2. Burdensome NTMs in intra-regional trade

The type of burdensome NTMs that businesses face depends to a large extent on the product categories but also on specific countries they are exporting to. Among the surveyed ECOWAS countries, we will analyze in detail the main types of NTMs reported by businesses as burdensome in agricultural products (left panel) and manufacturing products (right panel) plotted in Figure 6.

Figure 6: Burdensome NTMs applied by ECOWAS partners, by sector



Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Note: These charts show the types of NTM categories that businesses faced when exporting agricultural and manufacturing products to ECOWAS partner countries. It reveals that conformity assessment is the most frequently cited category as burdensome in agricultural products while rules of origin concentrates the highest frequency in manufacturing exports. In addition, charges, taxes and other para-tariff measures also account for significant shares of burdensome NTMs businesses faced in both sectors.

By differentiating between agriculture and manufacturing products affected by NTMs, conformity assessments appear to be the most burdensome NTM category for agriculture exporters. This type of measures accounts for 34 percent of all NTM cases. Conformity assessments involve all procedures aimed at validating and verifying the technical requirements required by importing countries on imports to protect human and animal health as well as the environment. This means that one third of difficulties are related to the validation of product-specific requirements such as sanitary and phyto-sanitary (SPS) standards. NTMs classified among charges, taxes and other para-tariff measures also account for a significant share (28%) of the total of burdensome NTMs reported to be applied on agricultural products within the region. Technical requirements on products is the third most important source of complaints when exporting within ECOWAS but in a lesser proportion than the two previous categories, accounting for 17 percent of cases reported. Pre-shipments inspections and other entry formalities are non-technical checks and controls applied to goods and they represent one tenth of all cases reported as burdensome for agricultural goods.

Turning to manufacturing products, the NTM category referring to rules of origin and related certificate of origin account for one third of NTM cases applied on products exported within ECOWAS. Two other non-technical categories concentrate a similar proportion of burdensome cases reported, each of them accounting for 22 percent of cases. Thus, three categories of non-technical measures, i.e. pre-shipment inspections and other entry formalities and charges, taxes and other para-tariff measures, and rules of origin, concentrate 80 percent of burdensome NTMs perceived by exporters of manufacturing products from the six surveyed ECOWAS states. Technical requirements and conformity assessments seem to be much less problematic for intra-regional trade of manufacturing products in comparison to agricultural products. These measures only represented 15 percent of reported NTM cases.

Amongst charges, taxes and other para-tariff measures, custom surcharges are the most frequently reported type and are perceived as burdensome by exporters of both agricultural and manufacturing goods. Pre-shipment inspections and other entry formalities also affect both sectors but to a lesser extent.

Domestic regulations and requirements may also have a negative impact on export flows of goods by imposing restrictive, repetitive or intricate rules, procedures and costs to national exporters. Such measures are aimed to ensure export quality, to monitor the supply of domestic markets or even to be a source of revenue for national government. However, when these measures become burdensome and exporters are negatively affected in their activities, they may act as a deterrent for formal export activity as well as for the ultimate objectives.

Among others, trade-related burdensome NTMs applied by home country include: export inspections, certification requirements, export taxes and charges, export licensing and export restricting registration. Figure 7 shows the distribution of home-imposed burdensome NTM cases across different export-related NTMs.

Burdensome domestic measures can be a major hurdle for exports and they concentrate between one quarter and one third of NTM cases observed in the region.²⁶ It is also worth recalling that home-imposed measures tend to have a higher incidence or impact on export flows since they are aimed to be applied to all exports regardless of the destination of shipments.

²⁶ An NTM case related to a home-imposed measure is product-measure-company and does not consider the partner dimension since such a measure is expected to be applied on all export flows, irrespectively of the trading partner. The comparison with the count of NTM cases applied by destination countries is not straightforward and might tend to underrepresent the importance and incidence of home-imposed NTM cases.

Figure 7: Burdensome NTMs applied by ECOWAS countries on their own exports



Source: ITC NTM Surveys in Burkina Faso, Benin, Côte d'Ivoire, Guinea, Mali and Senegal, 2010-2015.

Note: The charts show the breakdown the burdensome NTMs applied by origin countries on agricultural and manufacturing exports. Technical NTMs are the most frequently perceived as burdensome in agriculture, i.e. export inspection and product certification, while in manufacture non-technical NTMs account for the largest share of NTM cases reported.

For agricultural exports, four NTMs applied by home countries are frequently perceived as burdensome. One third of complaints related to home-imposed measures concern export inspections; export taxes and charges account for 22 percent; export/product certification are the third most cited measures with 17 percent of cases; export licensing and permits represent 13 percent. For manufacturing exports, the same four NTMs are identified as problematic even though their occurrence is more equally distributed with shares ranging from 15 to 21 percent. Export certification accounts for 15 percent of cases reported in manufacture and all other measures have an identical incidence at 21 percentage points.

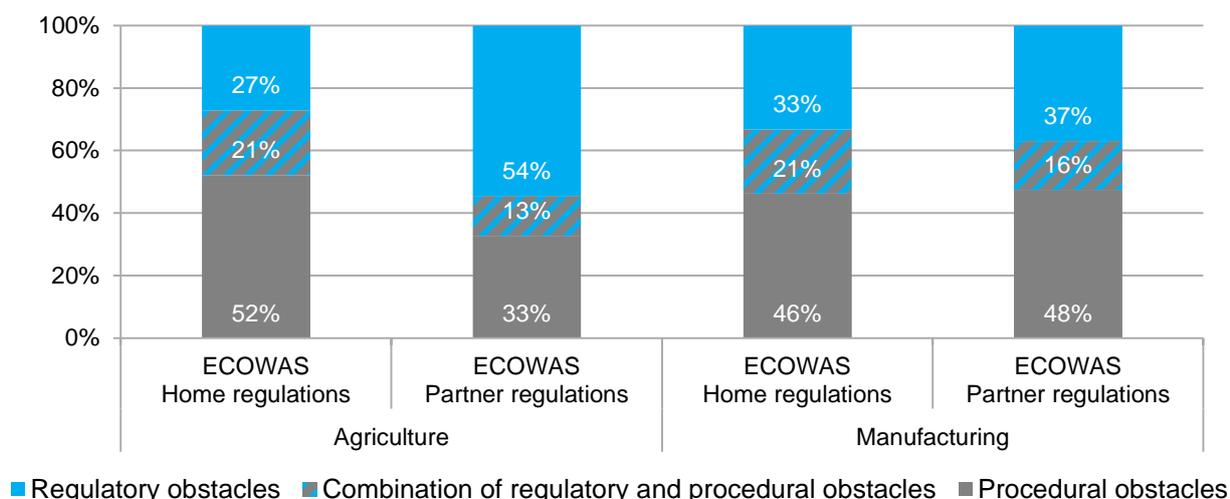
Similarly to the destination-applied NTM cases, technical measures are at the core of home-imposed NTM cases for agriculture products while non-technical ones are the most relevant for manufacture goods. Technical inspections and product certifications remain at the core of burdensome home-imposed measures perceived as burdensome in agriculture while export licensing and export taxes replace rules of origin and custom surcharges as non-technical bottlenecks for manufacture exports.

3.3. Reasons for NTMs being perceived as burdensome within ECOWAS

Until now, our analysis focuses on the NTM categories which are more frequently perceived as burdensome, however NTMs may become burdensome not only because measures are too strict or difficult to comply with, but rather of related practicalities that make compliance with NTMs difficult. Thus, in quest to identify the reasons for NTMs being perceived as burdensome, ITC surveys directly ask businesses to state what makes a particular NTM burdensome.

From a business perspective, a NTM can become burdensome because the regulation itself is too strict or difficult, the practical aspects named procedural obstacles that make complying difficult, or simply a mix of both. Figure 8 shows the underlying reasons for NTM cases captured through the six surveys in ECOWAS by sector and regulatory country.

Figure 8: Reasons making NTMs burdensome within ECOWAS



Source: ITC NTM Surveys in Burkina Faso, Benin, Côte d'Ivoire, Guinea, Mali and Senegal, 2010-2015.

Note: The charts represent the regulations applied by ECOWAS countries, either like home or partner country. It indicates why destination- and home-imposed NTMs are considered burdensome for each sector. For instance, the strictness of NTMs applied by partner countries explains more than half of cases when destination-imposed NTMs are perceived as burdensome in agriculture. In manufacturing, destination-imposed regulations are less perceived as too strict to become burdensome.

For agricultural exports, procedural obstacles related to NTMs are part of the underlying reasons making NTMs to be perceived as burdensome in three out of every four cases reported for home-imposed measures. In fact, more than half of cases for home-imposed regulations are negatively perceived by exporters uniquely because of related procedural obstacles. In regards to cases due to regulation in destination markets within ECOWAS, norms and standards set or fixed by those regulations are considered to be too strict in two thirds of cases reported. According to the origin of the regulation, there is therefore a different rationale for making NTMs burdensome in agriculture: practicalities make exporters struggle with home-imposed regulations while regulations themselves are too strict at destinations.

Concerning manufacture products, the reason making NTMs burdensome are almost identically distributed for home- and destination-imposed NTM cases. Related procedural obstacles are the unique reason behind almost half of burdensome NTMs reported while in one third of cases, exporters find that the regulation itself is too strict. In comparison to cases recorded in agriculture, it seems that bottlenecks related to NTMs for manufacture goods are mainly related to practical difficulties and hurdles that make the whole exporting process look as complex.

Cases of burdensome NTMs and related procedures disproportionately affect exports of agricultural goods within ECOWAS and exporters cite stringent requirements of regional destination markets as underlying reasons for this observation. Regulations could be perceived as stringent especially because most of the agricultural exports are highly perishable. This strictness could partially explain why intra-regional trade of agricultural goods is still very low. For manufacturing goods, improving procedures at home and at destination markets are key for untangling regional opportunities.

3.4. Procedural obstacles within ECOWAS

In order to further analyze specific procedural obstacles that made compliance with regulations difficult, surveys ask interviewees to provide precise details on the procedural obstacles they experienced. Respondents are also requested to cite the place, i.e home or destination, where

the procedural obstacle occurs since this might differ from where the NTM is adopted in several cases.

Four main procedural obstacles — time constraints, informal or unusually high payment, administrative burdens related to the regulations, and discriminatory behavior of officials — are the most cited. Figure 9 shows that time constraints and informal or unusually high payments concentrate around three quarters of all complaints reported regarding procedural hurdles to comply with regulation while exporting from the surveyed countries to the ECOWAS region. These two main procedural obstacles remain the most salient irrespective of the place where the practical difficulty occurs. Therefore, it seems that improving trade relationships within ECOWAS countries requires a coordinated and determined action seeking to reduce delays of procedures and to limit arbitrariness in payments throughout the region. Given previous results, the potential development and the competitiveness of manufacture exports will be shaped by such changes in the region.

“During our visit to the border, our customs authority carries out thorough searches, not only of goods but also of all luggage transported. This causes us to be very late, so we have to pay bribes between USD 30 and 80 to the authorities again.”

A fruits exporter

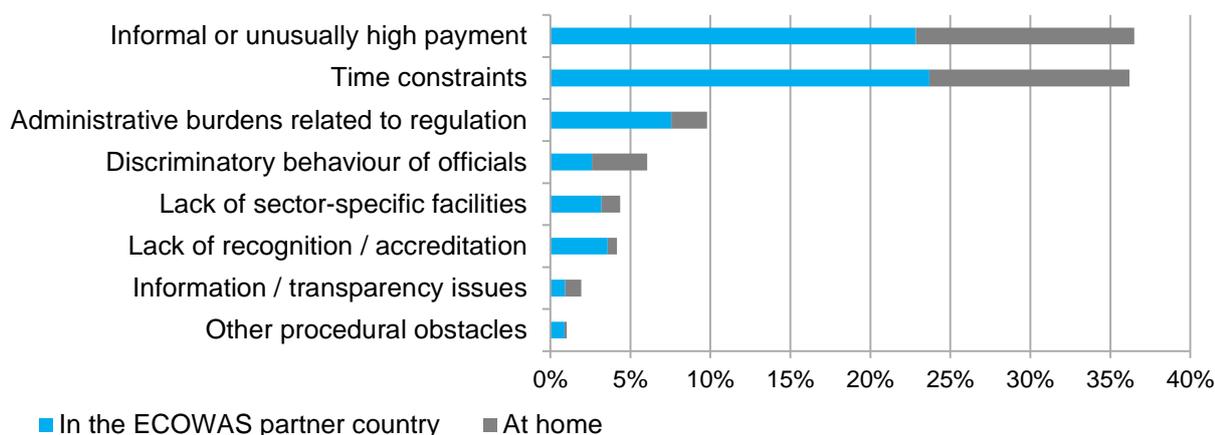
Regarding the place where procedural obstacles occur, two thirds of these problematic cases occur in destination markets. This is another reason to call for coordinated action in the region since my neighbor’s improvements of trade-related practicalities have a significant impact on my exports as my practical efficiency will promote my neighbor’s opportunities. The distribution of procedural obstacles occurring at home does not significantly differ from procedural obstacles occurring in destination markets.

Informal or unusually high payments reported by the NTM business surveys occur for diverse reasons. They might be related to inappropriate or inaccurate application of established fees, but also made possible by high costs of compliance with regulations, low remuneration of custom and other officials, and improper business practices. In this regard, the WBES reveal endemic scope of bribery and corruption in West Africa. For example, the percentage of firms expected to give bribe to obtain an import license is 22.2 in the ECOWAS region. This incidence is much higher than average values across all countries and in the Sub-Saharan region which is estimated at 14.1 and 4.3 percent respectively. High occurrence of bribery and corruption might create an unfriendly business environment and even become a disincentive for new entrants trying disincentive to export.

It is not the first time that time constraint is identified as a major issue in ECOWAS states. NTM business surveys seize difficulties related to waiting times to receive permits, certificates or any other regulation as well as difficulties due to limited time to meet requirements set by regulations. Similarly, the World Bank Enterprise Surveys (WBES)²⁷ confirm long delays in import licensing and clearance in the region. For instance, it indicates that obtaining an import license is five times longer in the ECOWAS region than in the rest of Sub-Saharan Africa, i.e. 17 days instead of 3.5. Import clearance seems also to be an issue for the region and in average it takes 15.3 days to clear customs for imports of manufacturing goods. This average is 40 percent above the world average and is twice the time required in Sub-Saharan Africa.

²⁷ <http://www.enterprisesurveys.org/>

Figure 9: Procedural obstacles related to NTMs applied in ECOWAS



Source: ITC NTM Surveys in Burkina Faso, Benin, Côte d’Ivoire, Guinea, Mali and Senegal, 2010-2015.

Note: The charts display the different types of procedural obstacles faced by exporters in intra-ECOWAS trade. Time constraints and informal payment are two main obstacles the exporters faced both in their home country and other ECOWAS states.

Procedural obstacles could occur at different stages given the numerous procedures necessary for compliance with regulations and it is therefore important to understand where exactly they take place. To this end, Table 3 shows in a heat map all procedural obstacles reported in the ECOWAS region (in columns) and all agencies at home and destinations that were cited by exporters (in rows). Cell colors illustrate the incidence of some precise combinations between procedural obstacles and agencies. It is worth noting that delays and informal payments as well as administrative burdens, the third most frequent procedural obstacles, are present in the vast majority of agencies and institutions related to trade in both the home and destination countries. The heatmap highlights again how informal payments and delays are a core element preventing a more effective trade integration in the region.

In more detail, we notice that the procedural obstacle of time constraints occur mostly at the custom agencies both at home for intra-regional exports. At destinations, customs as well as other official agencies and public institutions such as ministries (trade, industry agriculture, health) and certifying organizations tend to be deeply involved in time delays reported by regional exporters. Concerning informal or unusually high payments, the heat map in Table 3 shows that these procedural obstacles mainly occur at customs of both home and other ECOWAS member states. Payments done by businesses might be excessive with respect to fees established by official regulations but also corruption could have reached these institutions as a mean to ease trade operations.

Identification of agencies and institutions involved in procedural bottlenecks reported in the surveys is necessary to devise appropriate solutions to tackle them. Procedural obstacles occurring at home are heavily concentrated at custom agencies and all efforts aiming to improve competitiveness of agricultural and manufacture exporters, both significantly affected by procedural obstacles at home, require that difficulties in such practical aspects are addressed and improved at home.

“We must have a license to export our goods. It is issued by the Ministry of Agriculture. The problem is that the fee for this authorization is too high and costs more than what is announced in the texts. We have to pay USD 400 while it should cost USD 35.”

A shea butter exporter

Table 3: Incidence of procedural obstacles by institutions and agencies involved at home and destination

Agency		Type of procedural obstacle								
		Informal or unusually high payment	Time constraints	Administrative burdens related to regulation	Discriminatory behaviour of officials	Lack of sector-specific facilities	Lack of recognition / accreditation	Information / transparency issues	Other procedural obstacles	
At home	Customs authority	Red	Red	Green	Yellow	Green	Yellow	Green	Green	
	Ministry of trade and industry	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Ministry of environmental affairs	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Ministry of agriculture	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Org. for products certification and conf. assessment	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Port authority	Green	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	National agency for export/import inspection/control	Green	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Ministry of health	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Organization for sector and industry development	Green	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	National security agency	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Chamber of commerce and industry	Green	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Other public institutions	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Other private institutions	Green	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Not specified	Green	Yellow	Green	Yellow	Green	Yellow	Green	Green	
In ECOWAS partner	Customs	Red	Red	Green	Yellow	Green	Yellow	Green	Green	
	Ministry of trade and industry	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Ministry of agriculture	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Org. for products certification and conf. assessment	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Ministry of health	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Ministry of fisheries	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Port authority	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	National authorities	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	National agency for export/import inspection/control	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Other private organization / company	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	National security agency	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Other public institutions	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Other private institutions	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	
	Not specified	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Green	

Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Legend: The different intensities of red, yellow and green indicate the frequency of a procedural obstacle occurrence at a particular public institution. Red indicates highest frequency while green indicates the lowest frequency. Blank cells indicate non-occurrence of such combinations.

Note: Time constraints and informal payments, the main procedural obstacles, mainly occur at customs at home but occur at customs, ministries (trade and industry, agriculture, and health) and other official agencies in partner countries.

Nevertheless, little impact on intra-regional trade might be witnessed in case specific and individual improvements at home are not followed by facilitation efforts across the region at all relevant agencies. As a reminder, procedural obstacles at destinations are major bottlenecks for trade of industrial goods in the region and any perspective of development for those nascent industries relies on ensuring and improving market access conditions to these products.

A gap analysis of the ECOWAS Trade Liberalization Scheme (ETLS) conducted by the ECOWAS Commission and USAID West Africa Trade Hub support our conclusions based on direct interviews with exporters. This report traces the time delays to excessive use of paper documents and lack of computerized custom clearance. According the World Bank Doing Business Surveys, it takes an average of 26.6 and 30.5 days for exporting and importing

respectively from ECOWAS countries. These average times are 23-24 percent higher than world averages. Border and documentary compliance in time and costs, another subset of indicators from the Doing Business Surveys, show similar patterns and gaps to world averages might represent up to 85 percent for costs and up to 41 percent in processing times.

Challenges associated with time constraints are also linked to lack of automated/computerized data processing at customs. A computerized single window facility allows lodging standardized trade-related information and documents at a single point for all trade-related regulatory requirements. A regional approach in developing such a single window facility would be a major step for regional integration among ECOWAS member states. Developments at national level may be limited and for instance, the single window facility being developed in some ECOWAS countries such as Benin, Côte d'Ivoire and Togo are centered on ports without functionalities such as customs declarations, licensing and permit requirements from other governmental agencies.

The evidence collected through ITC business surveys highlights the heterogeneity of trade obstacles that exporters face in the ECOWAS region. Official regulations and norms alone would not be enough to explain the relatively low levels of intra-regional trade in agriculture and limited supply of manufacturing exports to the region. Practical aspects of the implementation of NTMs are key to understand why exporters perceive some NTMs as burdensome. Integrating the practicalities related to NTMs allows a deeper and clearer understanding of intricate nature of measures applied in the region. Regulations are applied by different statutory partners, implemented by one or more agencies and whose compliance is verified and controlled at several stages could finally become an impediment for trade integration and development in the region.

Thus, the next section provides further analysis and evidence on all aspects of major trade obstacles affecting agriculture and manufacture exports. The final objective of this exercise is to distill and break down difficulties as much as possible to ensure that recommendations proposed are effective for regional integration.

4. Main NTM-related obstacles to intra-ECOWAS trade

This section takes a closer look at main NTMs identified as burdensome by exporters in surveyed ECOWAS states by type of obstacles and by statutory countries. It focuses specifically on conformity assessments, technical requirements and charges, taxes and para-tariff measures reported as burdensome. For manufacturing exports, the main trade obstacles identified are rules of origin, pre-shipment inspections, and charges, taxes and para-tariff measures. This latter category will be treated as a cross-cutting obstacle given that it is cited as burdensome by exporters in both sectors. Home-imposed measures on exports will receive a similar treatment since technical measures on exports, export taxes and charges, and export licenses and permits are the most cited NTMs as burdensome by exporters in both sectors. Sub-sections share evidence of individual cases reported in the surveyed ECOWAS states.

Main obstacles to intra-regional trade

- Technical obstacles to trade
 - Conformity assessments
 - Technical requirements
- Non-technical obstacles to trade
 - Rules of origin
 - Pre-shipment inspections and other entry formalities
 - Charges, taxes and para-tariff measures imposed at destination
- Obstacles to trade related to domestic regulations

4.1. Technical obstacles to trade

Conformity assessment goes in tandem with the imposition of the actual technical requirements. However, these technical requirements sometimes may not even be problematic compared to the actual assessments to show that a specific product complies with those requirements. In the case of ECOWAS, conformity assessments frequently identified as burdensome involve inspection requirements and product certification while product registration, testing procedures, traceability information and quarantines are not seldomly cited. Inspections and product certification concentrate almost 60 percent of all NTM cases related to technical measures in agriculture and constitute the largest obstacle to agricultural exports within the ECOWAS region). Two technical requirements, i.e. packaging and registration requirements, are also frequently cited as burdensome by regional exporters.

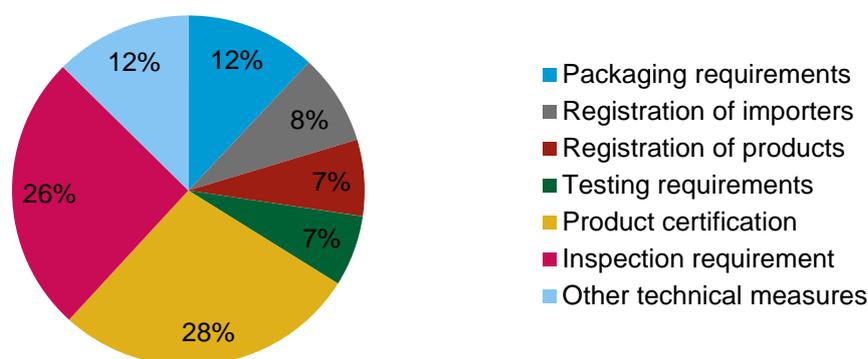
With the aim of further understading why some regulations might become burdensome in the perspective of exporters, Figure 11 shows which particular aspect of the implementation of these regulations is at the core of difficulties. Some patterns emerge from this figure and it becomes clear that the strictness of regulations for inspection, product registration and packaging is the underlying reason for the negative perception reported. On the other hand, product certification and registration of importers become burdensome mainly because of practical aspects i.e. procedural obstacles.

“Goods are subject to inspection procedures at the port of destination. Some containers were returned because the temperature standards have not been met even though they were approved at the port.”

An exporter of fishery

More than half of burdensome technical measures are related to procedural obstacles. This is particularly true for the regulations that are highly depending on local procedures which are often perceived has lengthy and costly. Likewise 42% of procedural obstacles related to testing requirements concerns delays and 39% concerns high fees. Administrative burdens comes as the third most reported procedurals obstacles and is encountered when complying with most technical measures. Some regulations relate to specific procedural obstacles such as lack of the lack information for importers registrations and the lack of facilities for packaging and conformity assessment procedures.

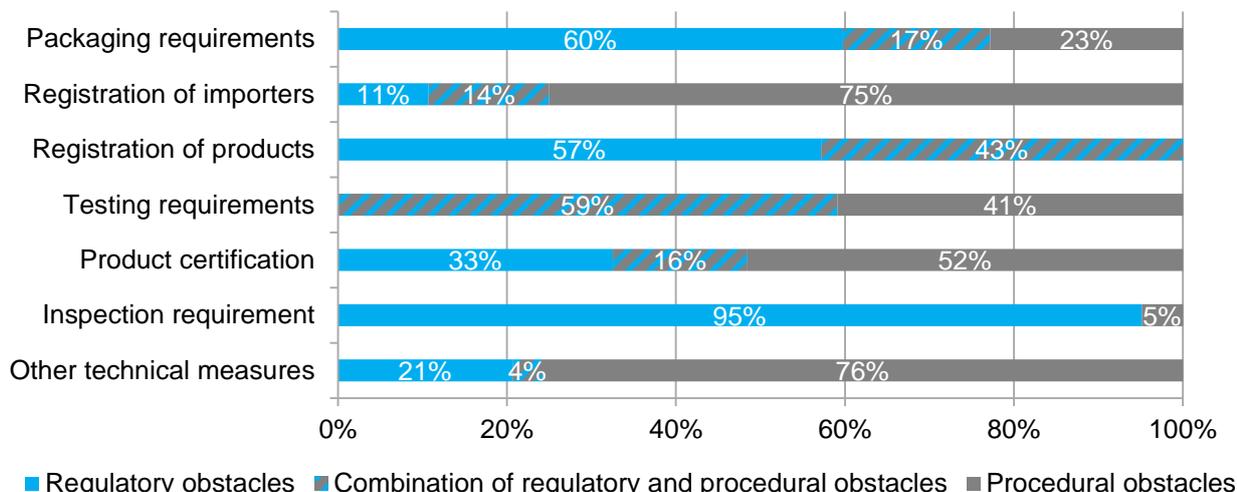
Figure 10: Burdensome technical NTMs applied by ECOWAS partners to exports from surveyed countries



Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

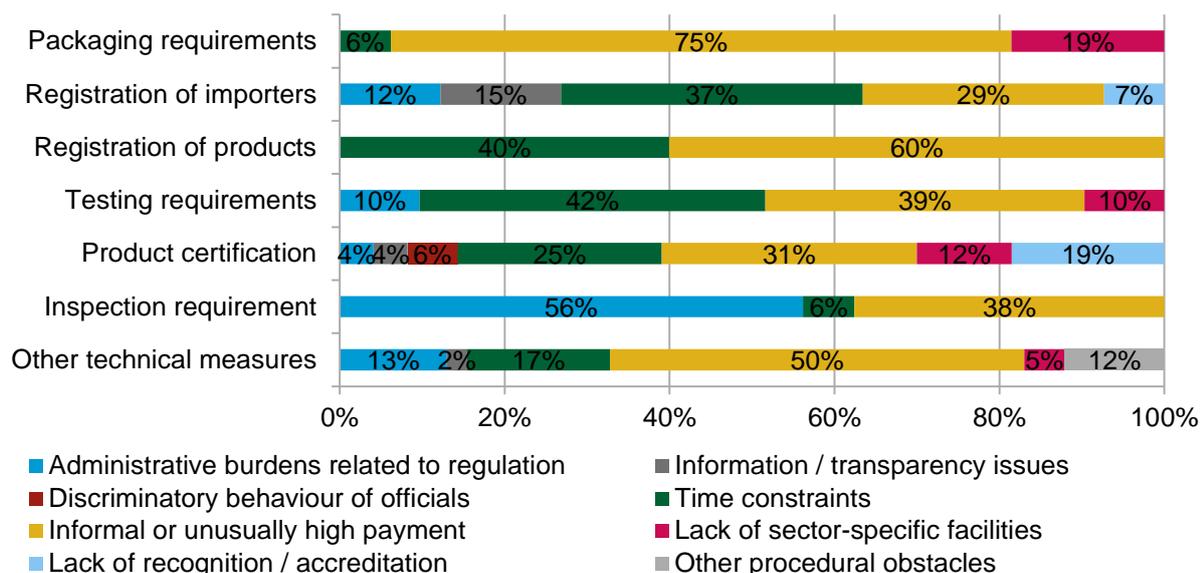
Note: The chart gives a snapshot of technical NTMs perceived as burdensome by exporters in the surveyed ECOWAS states. Product certification, inspection requirements and packaging requirements are main non-technical NTMs that businesses perceived as burdensome

Figure 11: Reasons making technical NTMs applied by ECOWAS partners to agriculture become burdensome



Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015
Note: The graph provides further evidence why exporters perceive frequently cited NTMs as burdensome in the surveyed ECOWAS states. Procedural obstacles are the main issue for product certification and registration requirements while strictness of regulations are the source of difficulties for inspection requirement and packaging.

Figure 12: Types of procedural obstacles related to technical NTMs



Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015
Note: The charts display the different types of procedural obstacles faced by exporters in intra-ECOWAS trade by type of burdensome NTMs. Time constraints and informal payment are two main obstacles the exporters faced while complying with technical measures.

Table 4 presents the incidence of different procedural obstacles related to technical NTMs as well as agencies and institutions involved in their occurrence. Given that product certification is frequently cited as burdensome due to procedural obstacles in its compliance, the incidence shown in this Table will closely describe practical difficulties related to this measure. For instance, it indicates that some procedural obstacles, in particular informal and unusually high payments, and arbitrary behavior of officials, are faced at customs of the home country. However, most of procedural obstacles occur in the destination market and involve informal

payments again as well as time constraints, administrative burdens and lack of recognition. Agencies involved in such practical challenges include customs, organizations in charge of product certification, conformity, and inspections, and ministries of trade and industry. Our survey revealed that practical difficulties relative to product certification were mainly time delays, informal payments and lack of infrastructure/facilities. For agricultural sector, prompt and efficient conformity assessments are of paramount because of perishability of their products.

Table 4: Incidence of procedural obstacles related to technical NTMs on exports by type and institution involved

Agency		Type of procedural obstacle								
		Informal or unusually high payment	Time constraints	Administrative burdens related to regulation	Lack of recognition / accreditation	Lack of sector-specific facilities	Information / transparency issue	Discriminatory behaviour of officials	Other procedural obstacles	
At home	Org. for products certification and conf. assessment									
	Ministry of trade and industry									
	Ministry of health									
	Transport agencies									
	Customs authority									
	Ministry of agriculture									
	Ministry of economy									
	Other private organization / company									
	Trade promotion and investment support agencies									
	Not specified									
In ECOWAS partner	Customs									
	National agency for export/import inspection/control									
	Org. for products certification and conf. assessment									
	Other ministries / agencies									
	Ministry of agriculture									
	Ministry of trade and industry									
	National authorities									
	Not specified									

Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Legend: The different intensities of red, yellow and green indicate the frequency of a procedural obstacle occurrence at a particular public institution. Red indicates highest frequency while green indicates the lowest frequency. Blank cells indicate non-occurrence of such combinations.

Note: The table highlights the incidence of procedural obstacles related to technical NTMs and agencies or government institutions where these procedural obstacles occur. The table reveals that time constraints and informal payments are main procedural obstacles and they mainly occur at customs, government mandated institutions carrying out product certification and import/export inspection, and ministries of trade and industry in the destination partners

Conformity assessments

Conformity assessments are at the centre of difficulties experienced by regional exporters of agricultural goods and given their incidence on regional trade, we will try to examine why these measures are becoming a bottleneck for exporters. Even though inspections and certifications are closely related, these two requirements are not the same.

Inspections required by the importing partner might be performed by public and private entities and aim to protect the health and safety of consumers, animals, plants or even national security. These inspections do not involve laboratory testing and are often carried by a visual examination

of the good. During inspections, certain requirements, standards, materials and even product sizes might be controlled. A nominated agency, usually customs, is charged of carrying out the inspection on the arrival of goods to the destination country.

A possible reason making inspections burdensome can be their compulsory and repetitive character. In fact, ECOWAS exporters interviewed by the business surveys do not report practical difficulties with or during inspections but they find this kind of regulation too strict. It is true that a frequent exporter that regularly deals with such regulations in daily activities could consider exhaustive and repeated inspections of each of his loads as too strict. By definition, inspections are mandatory for all goods imported in almost all countries where they are implemented. However, the strictness of the measure will depend to which extent all shipments are actually inspected and how countries implement this procedure.

“At the port of the destination market, customs inspect all our luggage which causes us delays of a day. Also, we must pay in bribes between USD 19 and USD 58 to accelerate the procedures.”

A biscuits exporter

For example, the United States aims at scanning and inspecting 4 percent of all containers imported. *“It’s not necessarily a good use of resources to spend time and effort on ships that pose no risk,”* said Jayson Ahern, the US Customs and Border Protection’s acting commissioner until January 2010.²⁸ Targeted inspections can be more cost-effective while ensuring safety mandates and preventing delays for users subject to inspections. Otherwise, facilities and trained staff at border posts in charge of carrying out inspections can be easily overloaded by the task. The Regional Strategy Paper (2006) by ECOWAS and WAEMU captures this by indicating that maritime sectors in West Africa are characterized by low competitive ports and limited transit facilities. These last can be the consequence of high levels scrutiny requested to custom offices.

In the case of ECOWAS, it appears that technical inspections are also requested partner countries but implemented locally before the shipment. This might lead to repetitive technical inspections as shipments might be controlled before their embark and controlled once again when goods reached the final destination.

According to Figure 10 product certification accounts for another significant share of technical NTMs perceived as burdensome by agriculture exporters. This certification is imposed to demonstrate or confirm that a specific product meets the technical requirements. In most cases, standards set on agriculture products aim to protect human health and a certificate, a mark on the product’s label or both are used to confirm the fulfilling of these standards. Regulations required by importing country may be issued in the exporting or importing country. Concerns reported about product certification are driven by practical hurdles faced by exporters while demonstrating the compliance of their goods to regulations.

“We must provide a certificate of health which is too expensive (about USD 170 depending on the number of animals).”

An exporter of live cattle

Technical requirements

Two technical requirements, packaging regulations and registration requirements for exporters, are involved in one every four NTM cases relative to technical measures applied by ECOWAS partners to agricultural exports. As shown in Figure 11 the underlying reasons for these regulations to become burdensome in the business perspective differ for each of these

“The pictograms must always appear on the packaging of products, with a clear annotation of all raw materials used and proper handling. These measures increase the packaging costs and thus increase the product selling price.”

A perfume exporter

²⁸ <http://www.bloomberg.com/news/articles/2012-08-13/u-s-backs-off-all-cargo-scanning-goal-with-inspections-at-4->

measures. While practical issues are the main source for difficulties reported in regards of registration requirements, packaging regulations seem simply too strict for regional exporters. Technical regulations are legally binding properties specific to traded products and their aim is to protect final consumers from health risks in the case of agricultural products. Some administrative provisions such as registration requirements might also be requested in the aim of achieving goals described before.

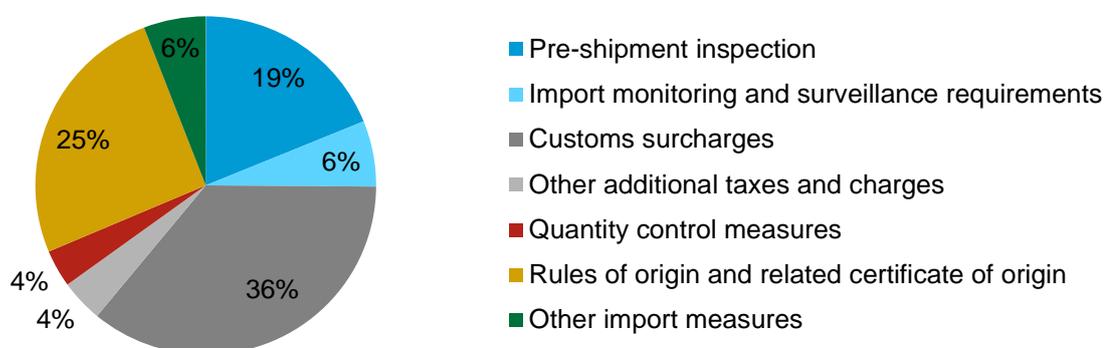
Packaging regulations stipulates the mode in which goods must be or cannot be packed, or even defines the packaging materials to be used. Some examples of measures faced by regional exporters of agricultural include requirements to use glass/plastic packaging for specific products, to disregard plastic or recycled packaging, and to use packaging not commonly used in the region. This kind of regulation will become challenging when different requirements are stipulated at different borders within the ECOWAS region. If packaging regulation is not streamlined within the region, exporters are subject to adapt or change their packaging at every border which implies higher costs for related information, product marketing, production, and commercialization to be supported by exporters. This would definitely negatively impact the perception of such measures and might purely lead to market segmentation instead of trade integration. Adopting international or extra-regional standards in this sense does not necessarily reduce the strictness of these regulations since they can also increase production costs significantly.

On the other hand, reported difficulties related to registration requirements for importers are more in line with was already observed for product certification in the previous sub-section. Practical challenges are related to fulfilling the UEMOA accreditation for exporters/importers and were recently recorded during our survey in Benin. The implementation of this sub-regional policy created some difficulties and was the source for time delays, administrative burdens, unusually high fees, information issues, and even concerns related to lack of mutual recognition.

4.2. Non-technical obstacles to trade

This section takes a closer look at the non-technical measures that were reported by surveyed exporters as hampering intra-regional trade in ECOWAS. Figure 13 below provides additional details for the NTM categories (from pre-shipment inspection to rules of origin) which are also presented in figure 5 by type of related procedural. The table 5 hereafter shows the incidence of the POs by agencies in the home or the partner country of ECOWAS.

Figure 13: Burdensome non-technical NTMs applied by ECOWAS partners to exports from surveyed countries

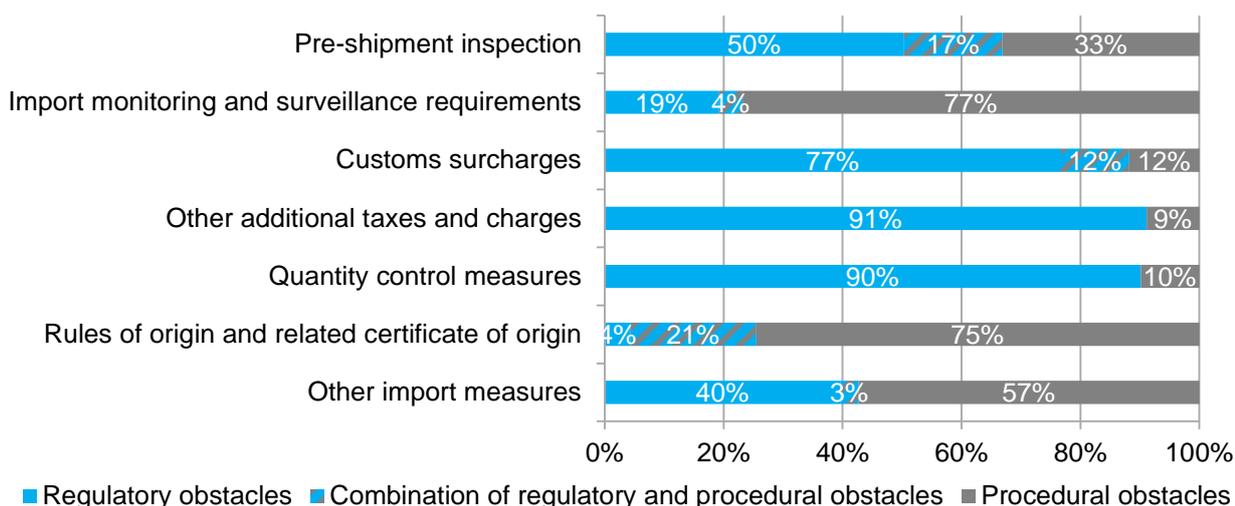


Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Note: The chart gives a snapshot of non- technical NTMs perceived as burdensome by exporters in the surveyed ECOWAS states. Rules of origin, pre-shipment inspection and customs surcharges are main non-technical NTMs that businesses perceived as burdensome

Non-technical measures create three main obstacles. First rules of origin applied within the ECOWAS trade agreement context create excessive delays and unusual payments at home but also in the partner countries. Second, customs charges are perceived as too high and unjustified. Third pre-shipment inspection and other customs formalities imposes unnecessary costs and delays as the procedures are often done twice, at home and in the partner country.

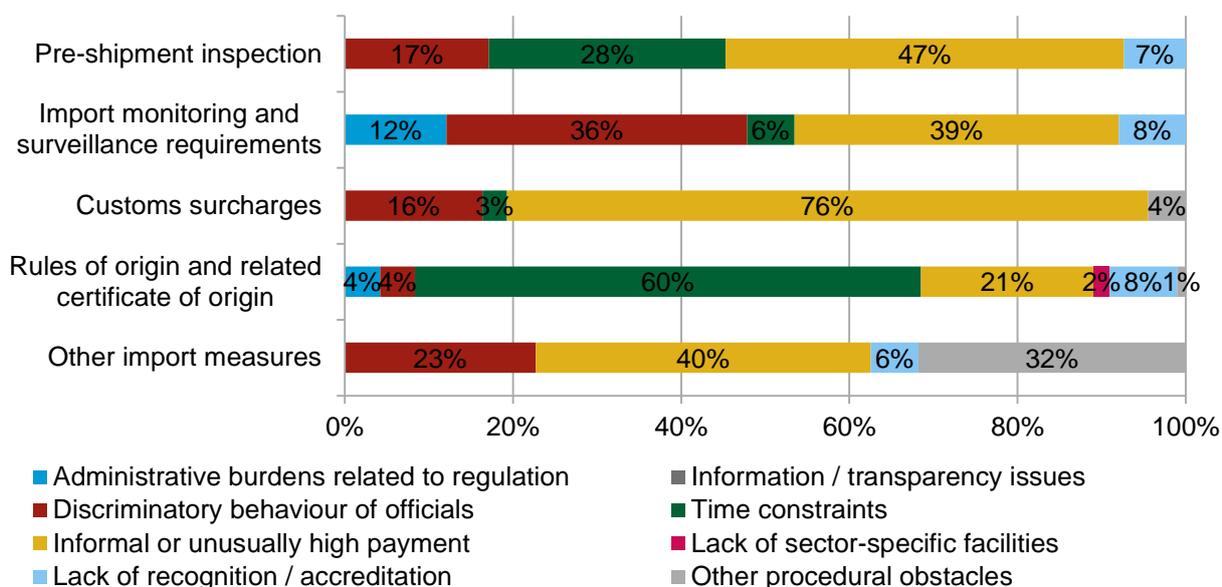
Figure 14: Reasons making non-technical NTMs applied by ECOWAS partners become burdensome



Source: ITC NTM Surveys in Burkina Faso, Benin, Côte d'Ivoire, Guinea, Mali and Senegal, 2010-2015.

Note: The graph provides further evidence why exporters perceive frequently cited NTMs as burdensome in the surveyed ECOWAS states. Procedural obstacles are the main issue for rules of origin and import monitoring requirements while strictness of regulations are the source of difficulties for customs charges and quantity restrictions.

Figure 15: Types of procedural obstacles related to non-technical NTMs



Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Note: The charts display the different types of procedural obstacles faced by exporters in intra-ECOWAS trade by type of burdensome NTMs. Time constraints and informal payment are two main obstacles the exporters faced while complying with non-technical measures.

Table 5: Incidence of procedural obstacles related to non-technical NTMs on exports by type and institution involved

Agency		Type of procedural obstacle						
		Informal or unusually high payment	Time constraints	Administrative burdens related to regulation	Discriminatory behaviour of officials	Lack of sector-specific facilities	Lack of recognition / accreditation	Other procedural obstacles
At home	Customs authority							
	Ministry of agriculture							
	National agency for export/import inspection/control							
	National security agency							
	Not specified							
In ECOWAS partner	Customs authority							
	Chamber of commerce and industry							
	Ministry of agriculture							
	Ministry of trade and industry							
	National authorities							
	Other private organization / company							
	Not specified							

Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Legend: The different intensities of red, yellow and green indicate the frequency of a procedural obstacle occurrence at a particular public institution. Red indicates highest frequency while green indicates the lowest frequency. Blank cells indicate non-occurrence of such combinations.

Rules of origin

More than one third of NTM cases reported by manufacture exporters in the region concern the application of rules of origin (RoO) and the related certificate of origin. The existence and prevalence of RoO is not a surprising fact but rather a natural consequence of how the manufacturing of industrial goods is operated and the surge of trade agreements. Only few value chains nowadays are able to autonomously and locally produce all necessary inputs for the production of a more elaborated good and most of industrial production relies in the purchases of high quality and affordable inputs. In this sense, it is necessary to determine whether a product using extra-regional inputs and being trade between two ECOWAS member states can be considered as originating in the exporting country and granted tariff preferences by the importing country.

ECOWAS Trade Liberalization Scheme criteria for obtaining a certificate of origin

The ETLs stipulates that a product would only be considered to originate from a member country if it fulfils at least one of the following conditions:

- i. Products must be wholly produced in member states.
- ii. Goods which have been produced in member states but contain materials which were not wholly obtained from member states, provided that such materials have undergone operations and processes that confer community origin. The main conditions for conferring community origin is based on the following criteria:
 - a. The calculation of the proportion of 60 percent local content in the products.
 - b. The calculation of value-added which must be at least 30 percent of the ex-factory price minus taxes of the products.
 - c. Finished products requiring exclusively inputs under a different tariff heading (HS4) from the final product (exceptions apply).

Source: ECOWAS web site

These rules also aim to prevent trade deflection which consists of re-exporting goods produced in third countries, i.e. non-members of ECOWAS, and which can reduce tariff revenue in the consuming country. RoO refer to all laws, regulations and administrative determinations of general application applied by government of importing countries to determine the country of origin of goods. Within ECOWAS, RoO are applied on manufacturing products using intermediate products. Even though the final objective of RoO is to ensure preferential margin within a trade agreement, their complexity and implementation can preclude the realization of potential intra-regional trade.²⁹ For instance, a report assessing trade integration in Africa describes RoO as an impediment to the smooth flow of industrial goods in the ECOWAS region.³⁰

Within ECOWAS states, these origin requirements are determined by the ECOWAS Trade Liberalization Scheme (ETLS) and several criteria are used to determine this originating quality. Processed and industrial products emanating from the region must be approved and registered by the ECOWAS Commission and accompanied with the certificate of origin and ECOWAS export declaration form in order to be granted duty-free access at the border. Figure 14 points out that RoO are perceived as burdensome because of complex practical procedures related to them and addressing these hurdles would have a major impact on intra-regional trade of manufactured goods.

Respondents in face-to-face interviews report lengthy process and long waiting times before the approvals and the certificate of origin can be obtained. The approval procedure for the certificate of origin is bedeviled with tortuous procedures and despite repetitive attempts, several regional exporters have not managed to be granted these benefits. The approval procedure for the certificate of origin, shown in side figure and obtained from ECOWAS website, is time consuming and involve approvals at the national and regional levels by designated commissions. The fact of requiring two consecutive approvals on the same issue by the National Approvals Committee and the ECOWAS Commission reveals unnecessary duplication. The procedure imposes de facto delays in exporting times within the region and dissuades exporters from claiming preferences negotiated within the regional trading bloc. In substance, manufacture exporters might prefer to expedite exports at higher transaction costs and pay non-preferential tariff duties. Table 5 relates procedural obstacles and agencies related with them for non-technical measures applied in intra-regional trade and partially capture practical challenges in time delays at ministries of trade and industries and other national authorities in destination countries. Furthermore, it is important to note that the ECOWAS certificate of origin have a short period of validity and expires 6 months after its issuance. Exporters may consider the procedure as too time and effort consuming for the short validity of the certificate.



Source: ECOWAS website

²⁹ In addition, lack of harmonization of RoO across overlapping regional blocs could create further difficulties for countries with multi-membership. For instance, even though ECOWAS and WAEMU are reported to have growing rapport and coordination in their trade liberalization schemes, macroeconomic policies convergence, and harmonized rules of origin, the United Nations' Economic Commission for Africa notes that there exists difference in their value added levels.

³⁰ United Nations' Economic Commission for Africa (2012).

All these practical hurdles lead to low utilization rates of tariff preferences within ECOWAS despite products and companies being eligible. Table 6 summarizes enterprises and products approved in surveyed countries. These low numbers put in evidence that the rules of origin have not yet become the development tools that they are aimed to be. If only three companies or goods at the HS 4-digit level in a member state like Burkina Faso are entitled to benefit from preferential market conditions in neighboring countries, then there is still a long way to achieve trade facilitation and integration in the region.

“Obtaining the certificate of origin takes time and the number of documents required is too high.”

A safety helmet exporter

Another disuasive factor for further applications to certificates of origin might be linked to originating criterias set in the ETLS. Several studies³¹ show that manufacturers, e.g. China and Korea, represent and therefore capture only a small fraction of the value added embedded in technological products. None of them would be able to comply with the 30 percent value addition rule specified in the ETLS nor with the criteria of 60 percent local content. For instance, WBES indicate that majority of manufacturing firms in ECOWAS states source intermediate inputs or supplies of foreign origin (outside ECOWAS member states) and consequently, they might not be able to fulfill regional and local content requirements.

Table 6: ETLS approved enterprises and products in four surveyed ECOWAS states

Countries	Number of enterprises	Number of products (HS4)
Burkina Faso	3	3
Côte d’Ivoire	25	106
Guinea	8	73
Senegal	34	100

Source: Collated based on data from ECOWAS website

Note: This table summarizes the number of products at HS 4-digit level and enterprises that were granted community origin in selected countries of the ECOWAS region.

Eventually, some regional exporters fulfil their application for a certificate of origin and complete the procedure. However, further practical difficulties arise at customs of partner countries where certificate of origin are not recognized by national authorities because lack of knowledge and familiarity with these procedures but also because customs cannot verify the authenticity of the certificates.

Besides difficulties reported in NTM business surveys in the region, other reports point out other practical difficulties that prevent the utilization of preferences in the region. For instance, the ECOWAS Regional Paper indicates that there is little or no sensitization of economic operators and traders on rules of origin.³² The gap analysis by USAID Trade Hub reports that only 31 percent of the public and private sector representatives are aware of the need of a certificate of origin in order to enter duty free processed and industrial goods to another ECOWAS country. Thereby, this results in only a limited number of exporters making the application for issuance of certificate of origin. Additionally, custom officials at border controls lack of updated information of approved companies and products by the ECOWAS Commission.

³¹ Linden et al. (2009), Linden et al. (2011), and Xing and Detert (2010).

³² Regional poverty reduction strategy for West Africa prepared by the Technical Steering Committee of ECOWAS and WAEMU in 2006.

Charges, taxes and other para-tariff measures

Within this group, custom surcharges constitute the largest proportion of cases reported (91%)³³ and the remaining is related to merchandise handling and storage fees (6%). Custom surcharges are a major obstacle to all exporters within the ECOWAS region, they represent the second largest proportion of NTM cases in agriculture and manufacture.³⁴

“We have to pay various taxes to our customs authority. The amount of these is too high and frequently changed without any explanation.”

A dried chili exporter

Considering agriculture and manufacture cases together, the strictness of the regulation is cited in almost 80 percent of cases as the unique reason for the difficulties experienced. Another 10 percent of cases report that the strictness of the regulation combined with practical issues makes the regulation become burdensome. A similar pattern was already depicted for NTM cases reported in manufacture.

Given that the ETLS allows and foresees duty-free market access, custom surcharges tend to become more prominent, risk to be assimilated as a hidden replacement for custom tariffs, and therefore misperceive by exporters. Nevertheless, the widespread use of these surcharges seem to point that their use have a significant impact on regional exporters. As themselves describe, prices of goods are increased to cover these charges but also imply loss of profits and competitiveness for regional exporters in destination markets.

“Services of customs are often imposed in addition to customs duty which we have paid. Custom surcharges the amount of which can reach USD 520.”

An exporter of chemicals

Custom surcharges include ad hoc taxes levied to raise fiscal revenues, to protect domestic industries or finance regional entities.³⁵ However, the ad hoc nature of such taxes makes them susceptible to sudden changes which might explain the perception of businesses. It is also important to widely disseminate information related to custom surcharges in order to prevent that custom surcharges are perceived as arbitrary, obscure and groundless by traders. The combined effect of these charges remain significant as reported by interviewees and a coordinated effort aiming to reduce surcharges as it was done for common tariffs can only generate large benefits for the region.

Pre-shipment inspections and other entry formalities

Pre-shipment inspections is the third most frequently cited NTM as burdensome by manufacture exporters in the region and represent one fifth of all NTM cases reported. As such, pre-shipment inspections become a major bottleneck for the flow of manufacturing products in the region. The main purpose of the non-technical inspections is to safeguard national financial interests in order to prevent capital flight, commercial fraud, and customs duty evasion. Non-technical inspections form the basis for custom valuations and custom duties. Thus, this process is highly relevant for revenue collection for West African governments.

It is expected that pre-shipment inspections strictly adhere to the Pre-shipment Inspection (PSI) Agreement as stipulated under General Agreement on Tariffs and Trade (GATT). Mandated pre-shipment agencies must ensure that in carrying out the inspections that there is non-

³³ Figures are similar for both sectors and custom surcharges represent 87 and 97 percent of cases reported in agriculture and manufacture, respectively.

³⁴ Ex aequo with pre-shipment inspections and other entry formalities for manufacturing.

³⁵ A Community Integration Levy of 1.5 percent was adopted by the ECOWAS Commission in 2013 and it is imposed on all taxable imports to the region.

discrimination, transparency, protection of confidential business information, avoiding unreasonable delay, the use of specific guidelines for conducting price verification and avoiding conflicts of interest as well as prompt publication of laws and regulations and the provision of technical assistance where requested.

Non-technical inspections become burdensome for intra-regional traders because of the strictness of the regulation as well as of practical aspects by complying with the regulation. Testimonies collected by the surveys in the region mention high payments as fee for non-technical inspections, systematic inspections at some specific borders and compulsory inspections for shipments surpassing a certain value. Pre-shipment inspections can be carried out before shipment or at the entry into the destination country. This explains why Figure 14 identifies practical difficulties related to pre-shipment inspections and other non-technical measures at customs of the exporting and destination countries. At customs in the destination country, exporters might not only face unusually high payments related to the regulation but also time delays and discriminatory behavior from officials.

The replication of inspections due to non-recognition of previous inspections conducted in exporting countries³⁶ or the compulsory condition associated to inspections could be interpreted as severity or strictness of the regulation by exporters. Time delays might arise from the lack of or inadequate facilities or even trained staff to carry out inspections. For example, electronic scanners used in inspections are limited in number or broken, hence exporters have to wait in long waiting queues or go through manual inspections. All these factors also contribute to make inspections susceptible to corruption. As suggested for technical inspections conducted on agriculture goods, there is a need to facilitate the completion of pre-shipment inspections while keeping in mind that higher efficiency does not necessarily imply lower levels of conformity to national regulations and needs.

4.3. Obstacles to trade related to domestic regulations

Regulations and norms applied by home countries on their own exports are another major source of burdensome cases as shown by Figure 4. Home-imposed regulations have a widespread impact since they concern all trade flows of a given product irrespectively of the destination market of the export flow. As such, an active producer successfully exporting his product to several markets would face a slowdown in all operations just because of a regulatory or practical difficulty related to a single regulation imposed by his home country. It is therefore the wide coverage of home-imposed regulations as well as the autonomy of regulating countries to treat them that brings any related difficulty to the front stage for actions.

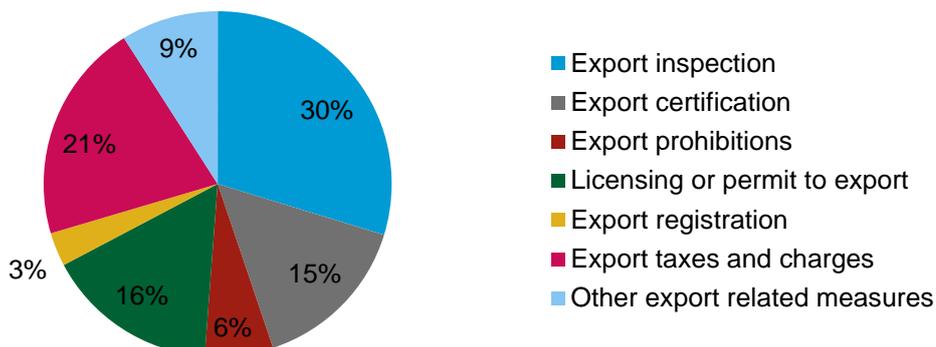
Most of home-imposed regulations perceived as burdensome by regional exports concern measures applied to ensure the quality and recognition of some exported goods, to keep a detailed reporting of export and economic activities, and to collect further tax revenue based on specific exports. The distribution of measures perceived as burdensome is depicted in Figure 16.

Besides exports taxes and charges, and export prohibitions³⁷, all regulations applied by countries on their own exports are mainly due to difficulties related to the practical challenges in their implementation. On the other hand, companies find that export taxes are simply a too strict in nearly half of reported cases as these measures affect their competitiveness. Narratives recorded during interviews refer to numerous taxes related to transport, storage and clearance fees at checkpoints or even repetitive payments of these duties.

³⁶ Our surveys report problems related to cross-border recognition of inspection conducted mandated agencies in the ECOWAS region.

³⁷ Export prohibitions only represent 6% of burdensome cases related to home-imposed measures in the ECOWAS region.

Figure 16: Burdensome NTMs applied by home to exports

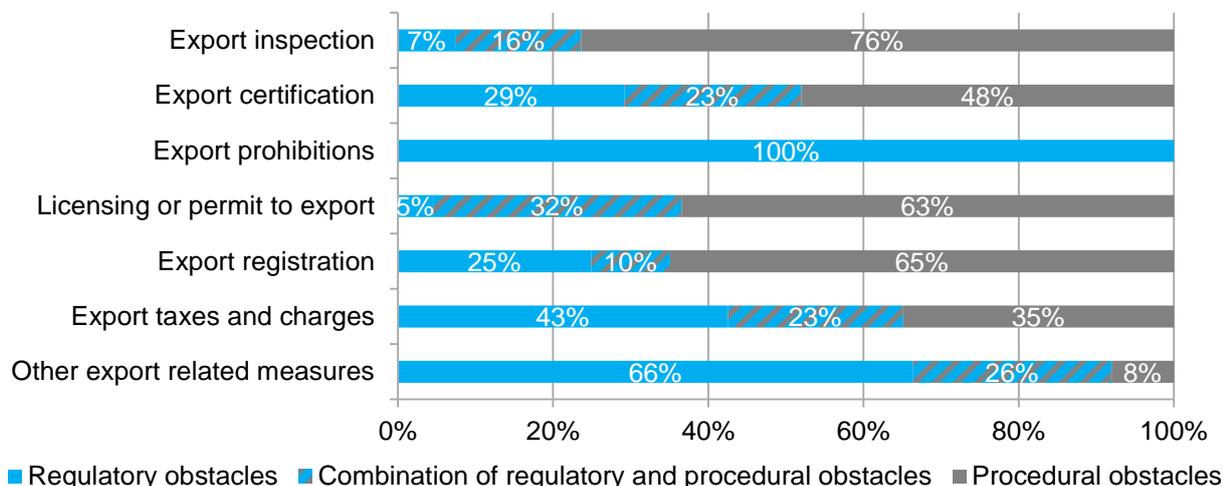


Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Note: The chart gives a snapshot of home regulations perceived as burdensome by exporters in the surveyed ECOWAS states. Export inspection, export taxes, and export permit are main NTMs that businesses perceived as burdensome.

Figure 17 shows the underlying reason for considering each of the home-imposed measures as burdensome for the reported cases. In general, practical difficulties are related to time constraints and delays as well as informal or unusually high payments related to these regulations. Exporters who despite satisfying all requirements are usually asked for informal payments and exporters circumventing regulations and requirements by informal payments represent the bulk of stories captured during interviews. Case stories pointing time constraints as a practical obstacle to exports are generally related to tedious procedures of conformity assessments and related inspections.

Figure 17: Reasons making home regulations burdensome

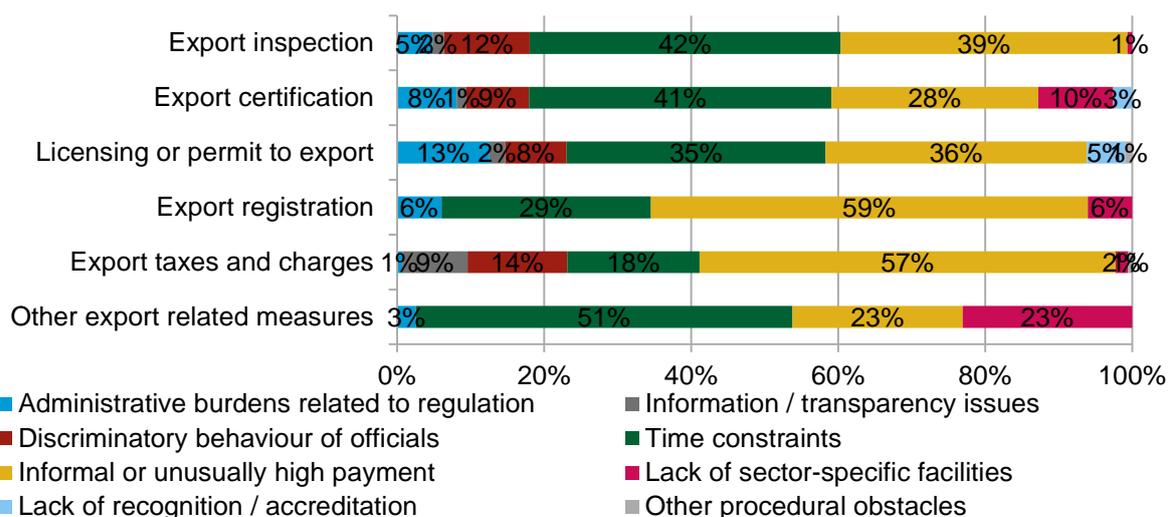


Source: ITC NTM Surveys in Burkina Faso, Benin, Guinea, Mali and Senegal, 2010-2015

Note: The graph provides further evidence why exporters perceive frequently cited home regulations as burdensome in the surveyed ECOWAS states. Procedural obstacles are the main issue for export inspection, registration and licensing while strictness of regulations are the source of difficulties for export prohibitions.

For export permits or licenses and export certification, Figure 18 shows that administrative burdens would also create bottlenecks for exporters. Finally, the lack of sector-specific facilities affects in particular export certifications given the technical needs require for this type of regulations.

Figure 18: Types of procedural obstacles related to home regulations



Source: ITC NTM Surveys in Burkina Faso, Benin, Côte d’Ivoire, Guinea, Mali and Senegal, 2010-2015.

Note: The charts display the different types of procedural obstacles faced by exporters in intra-ECOWAS trade by type of burdensome NTMs. Time constraints and informal payment are two main obstacles the exporters faced while complying with home regulations.

Reported difficulties with informal and unusually high payments are heavily concentrated at national customs and other national agencies in charge of custom controls and inspections. As for time constraints, they are distributed between customs offices and Ministry of trade and industry. Administrative burdens are reported to occur at the national agency for export and import inspection and control while lack of sector-specific facilities affect all agencies and institutions related to the certification, verification and assessment of technical specifications. Further evidence is provided in Table 7 which highlights agencies and institutions related to procedural obstacles for home-imposed regulations.

Table 7: Incidence of procedural obstacles related to home regulations on exports by type and institution involved

Agency \ Type of procedural obstacle		Informal or unusually high payment	Time constraints	Administrative burdens related to regulation	Discriminatory behaviour of officials	Lack of sector-specific facilities	Information / transparency issue	Lack of recognition / accreditation	Other procedural obstacles
At home	Customs authority	High	High	Low	Low	Low	Low	Low	Low
	Ministry of trade and industry	Low	Low	Low	Low	Low	Low	Low	Low
	Ministry of environmental affairs	Low	Low	Low	Low	Low	Low	Low	Low
	Ministry of agriculture	Low	Low	Low	Low	Low	Low	Low	Low
	Org. for products certification and conf. assessment	Low	Low	Low	Low	Low	Low	Low	Low
	Port authority	Low	Low	Low	Low	Low	Low	Low	Low
	National agency for export/import inspection/control	Low	Low	Low	Low	Low	Low	Low	Low
	Other public institutions	Low	Low	Low	Low	Low	Low	Low	Low
	Other private institutions	Low	Low	Low	Low	Low	Low	Low	Low
	Not specified	Low	Low	Low	Low	Low	Low	Low	Low
Customs and other agencies in ECOWAS partner		Low	Low	Low	Low	Low	Low	Low	Low

Source: ITC NTM Surveys in Burkina Faso, Benin, Côte d’Ivoire, Guinea, Mali and Senegal, 2010-2015.

Legend: The different intensities of red, yellow and green indicate the frequency of a procedural obstacle occurrence at a particular public institution. Red indicates highest frequency while green indicates the lowest frequency. Blank cells indicate non-occurrence of such combinations.

Conclusion

This paper conducts an analytical review of non-tariff measures in ECOWAS using ITC survey data collected in six ECOWAS countries – Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali, and Senegal. The study focuses on businesses that are affected by burdensome NTMs, and differentiates between various types of NTMs imposed by different market destinations and how they hinder the smooth flow of goods both in agricultural and manufacturing sectors.

From this analysis, it was identified that quite substantial number of businesses are affected by the non-tariff barriers in the ECOWAS region. Comparatively, the rate of businesses affected in the region by these burdensome NTMs is higher relative to other developing country regions. The non-tariff measures constitute an explicit market access barrier to intra-ECOWAS trade. If the region is to witness any significant improvement in its share of intra-regional trade, the regulator and procedural trade obstacles must be reduced or eliminated. In terms of the sectors, manufacturing exports appear to be more strongly affected by burdensome NTMs compared to agriculture exports. However, the share of intra-ECOWAS manufacturing export is significantly higher than intra-ECOWAS agricultural exports. This could largely be due to the more homogenous nature of agricultural products and also the fact that the region has similar supply structure and comparative advantage in agricultural production. This strongly suggests that for the ECOWAS to improve its share of intra-regional trade substantially, attention must be directed at increasing manufacturing exports as well as value addition to primary commodities.

A major obstacle that affects businesses engaged, especially in manufacturing sectors, is related to rules of origin and issuance of certificate of origin. The problems associated with this category of non-technical NTMs are stringent criteria set by the ETLs, the complex and long procedures for obtaining certificates and also the limited information about ETLs to producers in the region. Stringent rules of origin can hamper trade flows especially because many manufacturing firms rely on the use of intermediate inputs of foreign origin. There are other NTMs that are deemed burdensome for manufacturing exporters although of a lesser proportion. For instance, charges, taxes and para-tariff measures and pre-shipment inspections are also considered by exporters as impediments to manufacturing exports in the region. Generally, the manufacturing exporters do not consider technical requirements such as sanitary and phytosanitary measures as too stringent.

For agricultural exports, conformity assessment is the main obstacle that is considered as an impediment for exports to the ECOWAS sub-region. Conformity assessments are related to technical requirements as they are used as proof of evidence that exporters have complied with the technical requirements related to products and their production processes.

The challenges of NTMs are not limited to external sources but there are also numerous internal challenges within the home countries that hinder the smooth flow of goods across the region. These domestic challenges invariably increase the trade and production costs of businesses thereby making them less competitive in foreign markets. Some of these domestic barriers considered burdensome include export inspections, certification requirements, export taxes and charges, export licensing and quantitative restrictions. Linked to these domestically applied non-tariff measures are procedural obstacles such as time constraints, informal or unusually high payment, administrative burdens related to the regulations and lack of specific facilities that are common occurrences at designated government institutions or mandated agencies.

Many of the challenges associated with procedural obstacles are directly traceable to occurrences at custom authorities. The impediments at the Customs have to do with delay in customs processing and clearance, limited number of modern equipment and sometimes unnecessary red tape and bureaucracies.

Table 8 below summarizes the main obstacles and group them in three thematic areas. These will be discussed at the regional roundtable on NTMs held in Abidjan on 14-15 June 2016 and will serve as basis for defining recommendations and priority actions.

Table 8: Summary of main obstacles to intra-ECOWAS trade

Burdensome regulation	Related obstacle
1. Quality and conformity requirements	
<ul style="list-style-type: none"> ▪ Packaging requirements ▪ Registration of importers/products ▪ Product certification ▪ Technical inspection and testing 	<ul style="list-style-type: none"> ▪ Insufficient private sector capacity to comply with technical requirements ▪ Lack of transparency of regional standards and conformity assessment procedures ▪ Lack of cooperation between national agencies for mutual recognition of SPS certificates ▪ High cost of certification, accreditation and product registration ▪ Inefficient testing and certification procedures
2. Rules of origin, trade information and implementation of existing trade agreements	
<ul style="list-style-type: none"> ▪ Rules of origin ▪ Quantity restrictions ▪ Export/import licensing ▪ Export/import taxes 	<ul style="list-style-type: none"> ▪ Inefficient and lengthy delivery of certificate of origin ▪ Import/export prohibitions ▪ Unnecessary export authorizations ▪ High regional taxes ▪ Lack of transparency of trade regulations and related procedures ▪ Insufficient coordination between the different agencies involved in the export/import process
3. Customs procedures and trade facilitation at the border	
<ul style="list-style-type: none"> ▪ Non-technical inspection ▪ Export/import monitoring ▪ Customs surcharges 	<ul style="list-style-type: none"> ▪ Weak organizational structure and lack of internal control system ▪ Insufficient coordination between agencies within a country and between countries ▪ Inappropriate infrastructure and lack of high-performing facilities ▪ Frequently changing procedures and inadequate dissemination of information about customs clearance and customs surcharges ▪ Lack of customs surcharges law enforcement ▪ In sum: too lengthy, bureaucratic and costly customs clearance



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