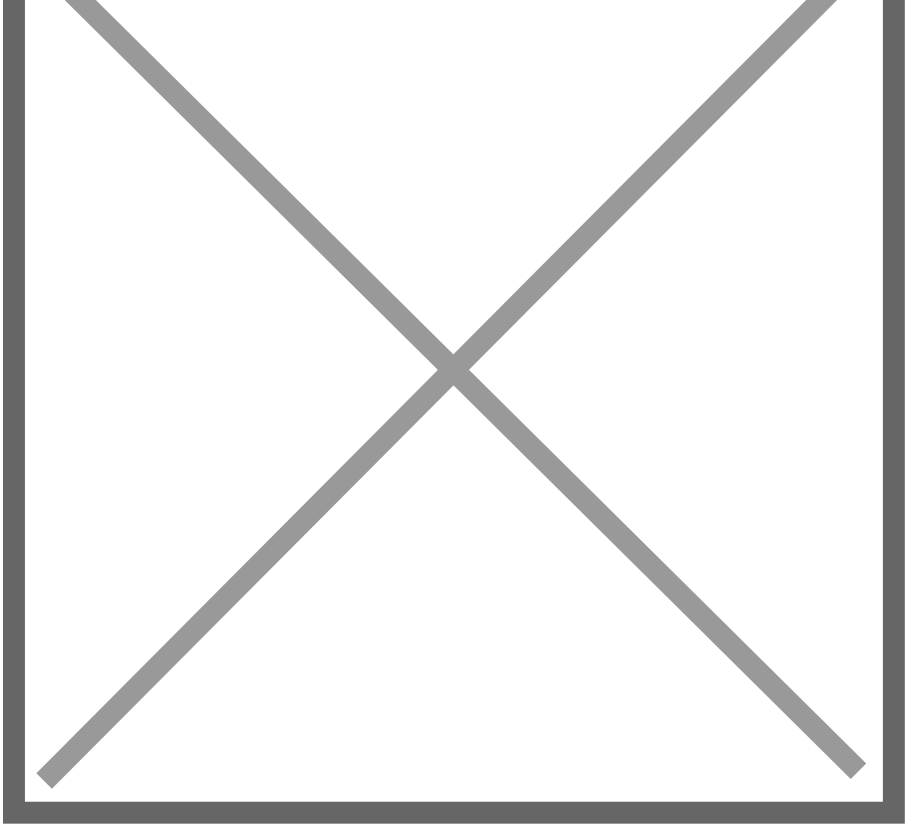
The case of Morocco's accession to the Economic Community of West African States (ECOWAS): an assessment of trade and policy trends

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Nigeria's President

Muhammadu Buhari (left) and Morocco's King Mohammed VI, Rabat June 2018 © AP. Amidst uncertainty in the European Union regarding the UK staying in the single market and shifts in Investment Treaty making, Africa might step up its game by consolidating its economic institutions. A focus on Morocco's accession to the Economic Community of West African States (ECOWAS) under a data and policy-based analysis will aim to show the potential positive spillovers for the West African economic block. The initiative of the Kingdom of Morocco in February 2017 to join ECOWAS was accepted in principle by the Authority of Heads of States and Governments of the ECOWAS in June 2017. During the 51st ordinary session, the Head of States indicated by 'an acceptance in principle', the request made by Morocco in the following terms: [2][…] the Authority supports in principle the granting of membership to the Kingdom of Morocco having noted the strong and multidimensional ties it has with Member States.[2] However, this potential accession has been received with some reservations by some existing member states, including Nigeria. To assuage some of these reservations, an impact study of the socio-economic implications of Morocco's accession, was commenced, with supervision by a

Committee of countries including Togo, Ivory Coast, Ghana, Guinea and Nigeria. Curiously, the final report is yet to be submitted, as the authors pen this opinion mid-2019. Some have argued that, the slow process is occasioned by strong opposition mounted by the region's largest economy – Nigeria. Regardless of the well documented gains from integration of trade across the region, with an attending effect of countries coalescing behind the African Continental Free Trade Agreement (AfCFTA), Nigeria has been consistent in its disapproval of Morocco's accession to the regional bloc. To put these in perspective, Nigeria's push back is stringed along two primary lines of thought; risk of dumping from Morocco, and a subtler risk of losing its competitive edge as an economic power house in the sub region. Yet a cursory read of historical trade data, points to some very interesting conclusions, which render the two fundamental points above counterfactual, to be charitable.

A general overview of the import patterns of Nigeria and other regional blocs across Africa

Figure 1 below provides a general overview of the import patterns of Nigeria and other regional blocs across Africa. Its major import partner over the 22-year period, has been Southern Africa ostensibly driven by the trade relationship with the rainbow nation in that region. Without prejudice to the profile of imports, the data again suggests that East Africa equally is a major import destination of Nigeria. Kenya and Ethiopia obviously fueling a lot of this trade inflow. Imports from West Africa ranks third indicating the preference in the pecking order for the Nigerian economy, over the focal period, despite being strong economy in the ECOWAS bloc with a population that can support an expanded import, again without prejudice to profile and structure of imports.

Figure 1: Regional Distribution of Nigerian Imports from 1995 to 2017



[Source: United Nations Conference on Trade and Development (UNCTAD) databases, April, 2019]

Examining the trends in export from Nigeria to the same regional blocs as in Figure 2, rather shows interesting trends. Taking profile of export products as a given, Nigeria exports a lot to the West African bloc right after Southern Africa (driven largely by South Africa). Balancing this observation and that of the import trends leads to the conclusion that Nigeria's dumping concerns are without any basis or justification. Indeed, Morocco as a country does not have any historical litigation records, either as a plaintiff or defendant on any such issues, in Africa or with any trading partner in the world. The only time the Morocco has been cited in a development as this is in relation to 'anti-dumping' duties it imposed on Turkey for its supply of hot rolled steel products, currently in the process of adjudication at the World Trade Organisation. Even then, Morocco is the defendant – protecting local manufacturers against 'negative' practices from Turkey. Should this not count for anything? With majority of African economies grappling with dumping from European and Asian trade partners (from electronics to used clothing), without possessing the economic muscle to reverse these trends, Africa and for that matter West Africa will need all its 'friends' to build this muscle, and Morocco surely comes in handy!

Figure 2: Regional Distribution of Nigerian Exports from 1995 to 2017



[Source: United Nations Conference on Trade and Development (UNCTAD) databases, April, 2019]

Bilateral engagement with Morocco – Nigeria's perspective

The investment framework between Morocco and Nigeria has always been a great one. Indeed it could be said to have even been further consolidated, with the ratification in 2016 of the Nigeria-Morocco BIT, considered an example in Investment Treaty making in the region. The two countries are also concluding agreements in strategic sectors such as gas, agriculture and minerals. The

design phase of the Nigeria - Morocco Gas Pipeline (NMGP) megaproject meant to expand Nigeria's gas exports to other West and Morocco as well as Europe, is another example. This agreement has at its core, significant value addition, bilaterally and to the ECOWAS bloc. The cost of project deployment for instance could be optimal with marginal gains enjoyed across pathways of the project with potential development of the West African gas market, with a positive external effect on power generation as most countries including Ghana are aggressively diversifying their power generation mix away from hydro sources. With cheaper gas, electricity tariffs to industry across the sub-region will be much lower – a key determinant of the industrialization strategy of the sub-region.

Figure 3: Trade flows (imports and exports) between Nigeria and Morocco from 1995 to 2017



[Source: United Nations Conference on Trade and Development (UNCTAD) databases, April, 2019]

Figure 3 summarises the trade flows between the two countries. Deductively Nigeria cannot hold the entire ECOWAS bloc to ransom over what cursorily looks like its worsening trade relationship (in US$ terms), with Morocco. Developments between 2009 and 2014 are particularly curious for Nigerian exports, after stagnating for the prior decade, particularly when its exports to North Africa as shown in Figure 2 expanded by more than 30 percent for the period. Was the country exploring other markets in the MENA region between post-2013? The anecdotes appear to suggest so, given that the country is currently exploring together with Ghana, Cote d'Ivoire and other West African partners opportunities in energy infrastructure, while it continued to benefit from imports to support its industrial activities. Unless there is an undue trade advantage subtly enjoyed by Nigeria, by sheer size of its economy in the ECOWAS region, there is little evidence to support its supposed claims against Morocco's accession to the trade bloc. Summarily, Morocco has prevailed in the only concluded investment arbitration case filed against it, and Nigeria as a country has consistently increased its imports from Morocco through varied

bilateral agreements. Indeed, in the area of agriculture for instance, Morocco signed a cooperation agreement to assist Nigeria to build capacity in agriculture management. Again, the Moroccan OCP Group signed an agreement with Nigerian Dangote Industries, for industrial development along specified product lines. Nigeria appears to be exporting more to the West African sub-region than it imports from it (trade surplus). It will appear the spirited defense of Nigeria could be emanating from this gain, which may likely be broken with the introduction of Morocco as a member of ECOWAS.

Conclusion

The possible dilution of Nigeria's economic influence in West Africa upon its accession to the trade bloc, does not in any way imply unfair trade practices from Morocco, and Nigeria's insistence on this position could crucially undermine the very fundamentals of international trade optimizing efficiency and delivering value for all the countries in the trade bloc. Nigeria may need to think more strategically, along innovative lines as the introduction of Morocco, may threaten its (Nigeria's) long held trade surpluses with ECOWAS, but will provide opportunities for competition, transfer of knowledge and knowhow, technology, infrastructure and finance, which will over time, optimize production and build the capacity of the entire sub-region. The nationalist thinking and 'turf-protection' belongs in the past, and should be kept as such, as the continent of Africa braces itself for further integration through the AfCFTA.

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