Three's a Crisis: Burkina Faso, Niger, and Mali announce that they will leave ECOWAS

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On 8 February, the foreign ministers of the Economic Community of West African States (ECOWAS) convened to address the potential loss of three member states. At the end of January Niger, Mali and Burkina Faso announced that they would be withdrawing from the regional economic community (REC). While ECOWAS does not yet recognise the departure of these states – to legally withdraw, they would have had to give one year's notice – the three military-run states have chosen to ignore this requirement and announce their withdrawal anyway. In place of ECOWAS, they have formed an "Alliance of Sahel States" (AES), a military alliance.

The withdrawal was justified based on two complaints: the harsh sanctions placed upon the states by ECOWAS – which the juntas claim is the doing of 'foreign' actors – and the lack of support from ECOWAS forces in the ongoing fight against terrorism and insecurity in the Sahel region. Analysts are putting forward a third reason: exiting ECOWAS, the juntas are released from the pressure to relinquish power and hold elections.

The trio's relationship with the regional body has been deteriorating since their respective coups (Mali in 2021, Burkina Faso in 2022 and Niger in 2023), when ECOWAS imposed sanctions on Mali and Niger in an attempt to promote a return to democracy. Tensions came to a head when ECOWAS threatened military intervention following Niger's coup in July 2023, when President Mohamed Bazoum was deposed. ECOWAS had previously called for the release of Mali's President and Prime Minister, who were overthrown by the Vice President, Assimi Goïta, and the army; and opposed both Burkina Faso's two coups in 2022. All three states had their memberships suspended as a result of their coups, and/or their failure to make attempts to reinstate democratic processes.

ECOWAS has 15 member states (12 if the three exit) all of which are party to the ECOWAS free trade area (FTA). The FTA provides duty-free access for unprocessed goods, traditional handicrafts and certain industrial products of ECOWAS origin. ECOWAS – as a customs union – has a common external tariff

(CET) which is levied on imports from outside the ECOWAS region. ECOWAS also allows for the free movement of persons, right of settlement and the right to work across borders.

The emergency meeting held on 8 February 2024 did not produce any meaningful outcome – the military leaders of the trio did not participate (due to the suspension of their ECOWAS membership) and so the calls for unity rang hollow. To make matters worse, Senegal made the agenda because President Macky Sall decided to delay elections in Senegal. Thus far, ECOWAS has only called for peace and requested that elections be held as planned No suspension or potential sanctions have been discussed. ECOWAS has been placed in a very difficult position, as acting on precedent will require the body to punish Senegal; but this could lead to a fourth exit.

Impact on Trade and Development in The Region

One immediate concern for trade is what this will mean for the AfCFTA. ECOWAS has made an offer of tariff concessions, with 90% of tariff lines to become duty free, and it is unclear if the trio's departure would impact that offer, or if each would submit a new offer. All three states (Niger, Burkina Faso and Mali) are members of the West African Economic and Monetary Union (WAEMU or UEMOA in French) who use the Central African Franc (CAF), pegged to the Euro. WAEMU member states implement a common external tariff, which shares 4 tariff bands with the ECOWAS CET, but does not include the 5th band (35%) that is implemented by ECOWAS on 130 tariff lines. WAEMU also provides for the free movement of persons across borders. However, some relationships will be severed as not all members of ECOWAS are members of WAEMU (notably, Nigeria and Ghana).

There has been talk of Burkina Faso and possibly Niger leaving WAEMU, too, given that the monetary union cut them off from the regional financial market and central bank. An exit of these states from both the regional bloc and the monetary union will certainly lead to poor outcomes for all. ECOWAS and WAEMU states will impose the CET rates on Niger and Burkina Faso; and in return these states will default to imposing WTO Most Favoured Nation (MFN) rates on ECOWAS and WAEMU member states. As non-members of ECOWAS and WAEMU, the free movement of persons across borders with ECOWAS nations will no longer apply. ECOWAS and WAEMU members exporting to these states will find that their goods become less competitive, and the movement of labour becomes *de jure* restricted (although the borders between states such as Nigeria and Niger are notoriously porous).

The leaving parties would face challenges in terms of trade logistics, industrialisation, and food security. All three states are landlocked; they will, for example, face additional costs and non-tariff barriers to reach the ports in ECOWAS-WAEMU member states, to export to global markets. This will also affect the cost and availability of imported food goods, as well as diverting budding cross-country value chains.

The economic ramifications of leaving ECOWAS are important. Niger and Burkina Faso fall in to the category of African states the bulk of whose exports are raw materials destined for China and Europe. They are right that demand for commodities is relatively inelastic, they are wrong in that a focus purely on revenue is myopic. While revenue from raw material exports may not be drastically affected, leaving ECOWAS and WAEMU may negatively impact their industrialisation and diversification efforts, with concomitant impact on employment and economic growth.

Burkina Faso's largest export is gold destined for Switzerland, and Côte d'Ivoire (a member of both ECOWAS and WAEMU) was Burkina Faso's top export destination for aircraft parts (HS 8807) in 2022[1]. These parts would be hit with a 5% per kilogram rate. Both Côte d'Ivoire and Ghana (only a member of ECOWAS) are Burkina Faso's top two destinations for heavy machinery and vehicles exports.

Nigeria, Côte d'Ivoire and Ghana accounted for 52% of Niger's machinery exports in 2022, and Nigeria alone accounted for 35.4% of Niger's vehicle exports in the same year. These industries have already been damaged under sanctions, and leaving ECOWAS (and WAEMU) can be expected increase this damage. Niger's hopes of industrialisation have been dealt a serious blow as Nigeria which supplied most (70%) of Niger's electricity, cut off supply in August last year in response to the coup. Since then, the state has plunged deeper into poverty.

Mali – if it were to leave WAEMU – would also face challenges. Over 75% of Mali's wheat imports come from Senegal. Mali is ranked 98 out of 125 for on the Global Hunger Index (GHI); and perhaps this is why officials said they would stay in the monetary union. Mali is not alone in this struggle with hunger – Niger is the most at risk for food insecurity, with a dismal rank of 120 on the GHI.

Niger has suffered a great deal already due to sanctions. In October 2023, the World Food Programme (WFP) together with the World Bank released a report, "Socio-economic impacts of the Political Crisis, ECOWAS and WAEMU Sanctions and Disruptions in External Financing in Niger." Niger's crisis post-coup is detailed: sanctions have created shortages of medical products; reduced education financing such that 2 million fewer children may have access to education; and the cost of the average basket of food went up by 10% to 16% between June and August of last year, increasing food insecurity.

[1] All trade data in this article has been taken from the International Trade Centre's World Trade Map database, and the figures cited are for 2022.

To make matters worse, on New Year's Day Niger was officially excluded from by the United States from AGOA (the African Growth and Opportunity Act). The Act significantly enhances market access to the US for qualifying Sub-Saharan African (SSA) countries by allowing US importers to clear goods related to 6,800 tariff lines in the US tariff schedule duty-free.

Enshrined in the Act is an annual review process, whereby the US can withdraw beneficiary status from a given state for failure to meet certain criteria. In the case of Niger, beneficiary status was withdrawn due to an undemocratic change in leadership. As per the Act, Niger would have been given an opportunity to appeal. Niger did not put a case forward, resulting in the loss of its AGOA beneficiary status. Other states which lost out were Gabon, the Central African Republic (CAR) and Uganda – for undemocratic changes in regime and other humanitarian concerns (such the anti-gay laws in Uganda). None of these states made an appeal within the required timeframe.

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