

Position Paper on the withdrawal of Burkina Faso, Mali and Niger Republic from ECOWAS

Background

- 1** The Economic Community of the West African States (ECOWAS) is a community of 15 States within the West Africa sub-region that have committed to promoting trade and other economic integration issues among themselves. Just recently, Mali, Burkina Faso and Niger, who are Francophone Members of ECOWAS, announced their exit over claims that the West African Bloc poses a threat to their Sovereignty. The three (3) countries are currently under a military regime after the wave of Military Coup in West Africa in the last three years.
- 2** While these countries might have transmitted their position about their exit to the ECOWAS Commission, the Nigeria Economic Summit Group (NESG) wishes to say that the ECOWAS Commission needs to make a further diplomatic move to prevent the negative counterfactual consequences. Considering the fact that the three countries are landlocked countries with a lot to offer to develop the ECOWAS, a dissolution would be a massive threat to the West African Bloc and the African Continental Free Trade Agreement (AfCFTA).

Context

The military coups in Mali on May 24, 2021; Burkina Faso on January 23, 2022; and Niger Republic on July 26, 2023, were triggered by what the interventionist called mismanagement of the respective economies by the political class and unending insecurity in those countries. The immediate responses by the citizens of the countries were 'overwhelming jubilations', signaling citizens' approval in the three countries. On the other hand, ECOWAS, led by Nigeria, introduced punitive measures against the countries in response to the military coups. The regional bloc imposed various economic-related sanctions rather than prioritising diplomacy,

including the closure of borders, distortion of transit and trade, restrictions on cross-border financial transactions, and weakening of joint security architecture. The punitive responses to such delicate political situations in the three landlocked nations rather than activating instruments of diplomacy triggered the recent pronouncements by the military heads of the countries to withdraw their memberships from ECOWAS. However, the pronouncements have several implications for the three countries, Mali, Burkina Faso, and Niger Republic, and the ECOWAS member states, particularly Nigeria.

NESG's Position on the withdrawal of Burkina Faso, Mali and Niger Republic from ECOWAS

Potential Impact on Trade

- 1 Intra-regional Trade Barriers:** The breakaway of the countries from the rest of ECOWAS may significantly affect the region's trade. The ECOWAS Trade Liberalisation Scheme (ETLS) and the ECOWAS Customs Union, which enables the free movement of goods for qualified goods in the region, may face barriers from border controls and new tariffs that may be imposed as a result of the breakaway. While the AfCFTA may moderate this, where the exit of these countries leads to trade discrimination of the other ECOWAS countries, reciprocity may worsen the situation.
- 2 Disruption to supply chains and the several joint cooperation and development programmes signed by Member States:** There is no gainsaying that the industries that depend on raw materials from both sides of the divide may encounter supply chain disruptions as a result of trade restrictions and new tariff and non-tariff barriers, which the new arrangement may warrant. Transport, infrastructure and trade logistics on which the Member States had cooperation and joint development programmes may be disrupted except a new arrangement is made.

For instance, connectivity through rail and road between Nigeria and the countries, particularly Niger, could be compromised, thus causing investments in those infrastructures to be wasted. Also, the pronouncement may hinder the progress of the Trans-Saharan gas pipeline project, a planned natural gas pipeline from Warri in southern Nigeria through Niger to Algeria's Hassi R'Mel gas hub. This could negatively impact regional economic prosperity if diplomacy is totally ignored.

3 Higher Operating Costs and Worsening Socioeconomic Conditions: Disruption of logistics networks could result in increased costs for the movement of goods and services due to re-routing of goods. Increased suspicion amongst member states will also result in increased inspections of the flow of goods and services, thereby causing delays with resultant costs. In addition, distortion of transit trade between the three landlocked countries and the coastal neighbours could exacerbate poverty in the landlocked countries (Mali, Niger and Burkina Faso) and lower traffic to the transit ports in the coastal member of the regional bloc, including Nigeria.

4 Disruptions to AfCFTA Implementation: The commencement of the AfCFTA has caused all the ECOWAS countries to unite as an economically integrated custom-union community. Hence, disintegrating the ECOWAS bloc will seriously disrupt the AfCFTA arrangement, trade, financial services, businesses, and travel/tours. It would undermine the implementation of the African Continental Free Trade Agreement due to bottlenecks to be created within and outside the borders of the three countries, which would have a ripple effect, especially within the ECOWAS region. With the three countries accounting for about 25 percent of the ECOWAS population, their exit would negatively affect the bloc's market size and scale of the region, which was an advantage of the collective integration into AfCFTA.

Implications for Investment

5 Investment Constraints: In the area of investment, there are several ECOWAS Citizens with investments in these three countries. With the breakaway, the citizens of other ECOWAS countries may face stiff investment barriers, thus affecting their way of right of establishment as a result of the differential treatments that may now apply to Member States. In addition, the Free Movement Protocol, which was signed up to by member states, may also be constrained or disrupted. This Protocol - which is the fulcrum of the ECOWAS integration - promotes the movement of people and their capital. With the exit, citizens of both sides may now need visas and approvals to cross borders.

6 Distortion of Regional Payment System: There is a huge flow of cross-border financial flows between Nigeria and Niger Republic, which is of mutual benefit to the two countries. Potential restrictions on the application of these financial instruments portend some levels of economic losses to Nigeria while increasing poverty in Niger. Increased deprivations and hunger in Niger are more likely to worsen cross-border insecurity in the two countries.

7 Threat to Democratic Governance: Democratic governance in the region may deteriorate as a result of the herd effect. Peace and Security may be affected as Russia, who now plays the overlord of the breakaway region, may press new military motives and goals, to distort the security of the region.

8 **Poor coordination in the fight against terrorism and money laundering:**

With the breakaway, coordination among the countries in the anti-money laundering and fight against terrorism would be affected. Insecurity triggered by the activities of jihadists across the Sahel and Northern Nigeria requires comprehensive cooperative architecture. Niger Republic and Chad constitute a buffer zone for control or slowdown of the incursion of insurgents into Nigeria. This buffer may be compromised by the current situation, which may lead to

escalation of insurgency, greater loss of livelihood, destruction of traditional trade routes and its attendant impact on livelihood and further insecurity, and potential scare for foreign investment. Current regional integration and cooperation fighting banditry, terrorism and trans-border crimes such as human trafficking and trade in illegal small arms will be further complicated. This will ultimately disrupt the security architecture put in place. Besides, the resultant increased insecurity will not allow for free trade and movement of persons in the region.

Recommendations

1 Given the implications of the breakaway of the three countries, as highlighted above, the NESG would want the leadership of the ECOWAS, the Head of States led by the President of Nigeria, President Bola Ahmed Tinubu GCFR, to work to ensure that the breakaway decision is not realised. Regarding the articles of the ECOWAS Treaty that stipulate a year's notice before member states can withdraw, the commission can refer to the conditions and penalties of those articles; however, economic integration cannot be forced; it can only be negotiated. Also, since the mandate of the ECOWAS Commission is for all member states to live in a harmonious position, there is a limit to which the commission can impose on the provisions that have been earlier agreed on if there is self-determination of the parties involved.

2 The NESG believe there is an urgent need for the Leadership of ECOWAS to uphold the vision of the founding fathers of the Bloc, which is to promote trade and investment in unity and oneness of the region. In a world where nations focus on economic integration, these three nations' decisions are unsuitable and could have enormous counterfactual consequences. More opportunities for economic integration can be explored rather than disintegrate previous economic communities.

- Diplomacy must be activated beyond regional efforts but bilaterally between Nigeria and Niger and by proxy to Mali and Burkina Faso to secure Nigeria's interests – economic, political and security. Setting up immediate architecture for negotiations should be an urgent consideration for Nigeria.

- Inter-modal and multi-modal transportation services (contracts that allow movement across borders irrespective of whether they are landlocked countries) should be encouraged in all ECOWAS countries and the African Union. Trans-Sahara transportation that is being considered ECOWAS should also be taken into consideration.
- Also, there is a need for the Heads of state to reposition their activities to member states. This repositioning is evidenced in the engagement of the National Assembly with the Chairman of ECOWAS by using diplomacy to discuss what has happened in other ECOWAS countries

Conclusion

- There is an urgent need to restructure all the ECOWAS activities by involving the masses; the heads of state should listen to the masses and understand their language. This restructuring should aim to encourage the movement of regional prosperity along with the masses. Proactive measures should also be put in place; this will prevent unsuitable occurrences and de-escalate past issues. Hence, there is a pressing need to engage in further negotiation and diplomacy with these countries.

The Nigerian Economic Summit Group (NESG) recommends that the leadership of ECOWAS should call a roundtable to discuss and negotiate the way forward, as this will produce the prosperous ECOWAS desired and bolster regional integration.

About the NESG

The NESG is an independent, non-partisan, non-sectarian organisation, committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between thought leaders so as to explore, discover and support initiatives directed at improving Nigeria's economic policies, institutions, and management.

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