

# Regional Trade and Employment in ECOWAS

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The views expressed in this paper are entirely my own and should not be attributed to the International Labour Organization.

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## 1. Introduction

In 2010, ECOWAS adopted its “West African Common Industrial Policy”. One of its key objectives is to increase the share of intra-regional trade from currently 12% to 40% in 2030, with a vision to “*maintain a solid industrial structure, which is globally competitive, environment-friendly and capable of significantly improving the living standards of the people by 2030*”. This is the latest step in a long history of ambitious attempts for regional integration in West Africa, which follows a global trend towards a regionalization of trade integration. While this is often attributed to the disappointing progress of multilateral trade negotiations in the WTO, there also appears to be a widespread notion that regional trade – in some way – is “better” for developing countries than trade with the rest of the world. For example, the recently published fourth report on Assessing Regional Integration in Africa, a joint undertaking by the African Union, UNECA, and the ADB, emphasizes the importance of regional trade for development and poverty reduction in Africa. At the same time, aid for trade projects are increasingly promoting regional integration through technical support for regional institutions, cross-border transport corridors, and other trade facilitation measures. But what makes regional trade different from trade with the rest of the world, and is the aim to promote a higher share of regional trade in the ECOWAS region justified in terms of its development objectives?

The purpose of this paper is to shed light on this question in terms of one key aspect of development and poverty reduction: The creation of decent work. The concept of decent work, as defined by the ILO and widely accepted by the international community, refers to “*opportunities for women and men to obtain productive work that delivers a fair income in conditions of freedom, equity, security and human dignity*” (ILO 2008). It underlines that beyond the quantity of jobs created, there is also an important quality dimension, which includes (but is not limited to) the productivity of work, the wage earned, and the security of employment.

The paper is structured as follows. Section 2 gives a brief overview of the history of regional integration in West Africa and the current level of regional trade. Section 3 takes a classical trade perspective on revealed comparative advantage. The idea is that comparative advantage can differ for the same country depending on the partner it is trading with, and therefore, the composition of exports may be different for regional than for global trade. In this section, I analyse the differences between regional and global trade composition with respect to its likely impact on key aspects of decent employment creation. Section 4 follows a more recent strand of trade literature which, rather than looking at comparative advantage, focuses on differences at the firm level to explain exporting behaviour. In this section, I use World Bank firm level data from 7 ECOWAS countries to analyze whether and how regionally exporting firms are different from globally exporting firms in terms of their employment characteristics. Section 5 concludes.

## 2. Background: Regional Trade in ECOWAS

The ECOWAS region includes fifteen countries in West Africa. It can be sub-divided in two groups: The eight *Union économique et Monétaire Ouest Africaine (UEMOA)* members (Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo) adopted the CFA franc as a common currency, backed by the Central Bank of France. Non-UEMOA ECOWAS members are Cape Verde, Ghana, Guinea, The Gambia, Nigeria, Liberia and Sierra Leone.

ECOWAS was established in 1975 as a free trade area. In 2000, UEMOA also became a customs union, which was eventually extended to cover all of ECOWAS. However, the actual implementation of the common external tariff has been very slow and many member countries in practice still do not fully comply with their obligations. A particular challenge remains the integration of Nigeria, which maintains a very complex tariff structure with high tariff peaks and complete import bans on a number of products.

Beyond trade policy, additional integration steps were undertaken. For example, in 2004 the cross-border Initiative Programme (CIP) was launched, a cross-sectoral initiative supporting projects in areas such as security and conflict prevention, health and education, agriculture, trade and transport. Furthermore, citizens of nine member countries are using the ECOWAS passport, which allows them to travel to any country of the region without a visa.

Since the signature of the Cotonou agreement in 2000, ECOWAS countries have also engaged in the negotiations for an Economic Partnership Agreement (EPA) with the EU. The 2006 formal review of the negotiation process already found a lack of progress and persistent disagreement, especially with respect to the agreements' development provisions and the amount of resources for financial assistance. Given the delays and difficulties in the negotiation process, the European Commission adopted a two-stage approach, asking non-LDC countries to sign 'interim EPAs' limited to trade in goods in order not to lose their privileged market access to the EU (LDCs enjoy duty free market access anyway under the "Everything but Arms" initiative). Of the three non-LDC members, Ghana and Cote d'Ivoire signed an interim EPA while Nigeria fell back to less favourable EU market access under the Generalized System of Preferences.

Critics argue that the EPA process can have a negative impact on regional integration by further complicating the negotiations, imposing deadlines and procedures that are not appropriate to the for the regions characteristics (González, 2007; d'Achon and Gerard, 2010). Arguably, the introduction of reciprocal free trade with the EU before the consolidation of the regional markets also carries the risk of 'diverting' trade from regional markets to EU markets (d'Achon and Gerard, 2010). ECOWAS members have therefore declared that they see progress with regional integration as a prerequisite for the implementation of an EPA with the EU (ECOWAS, 2005).

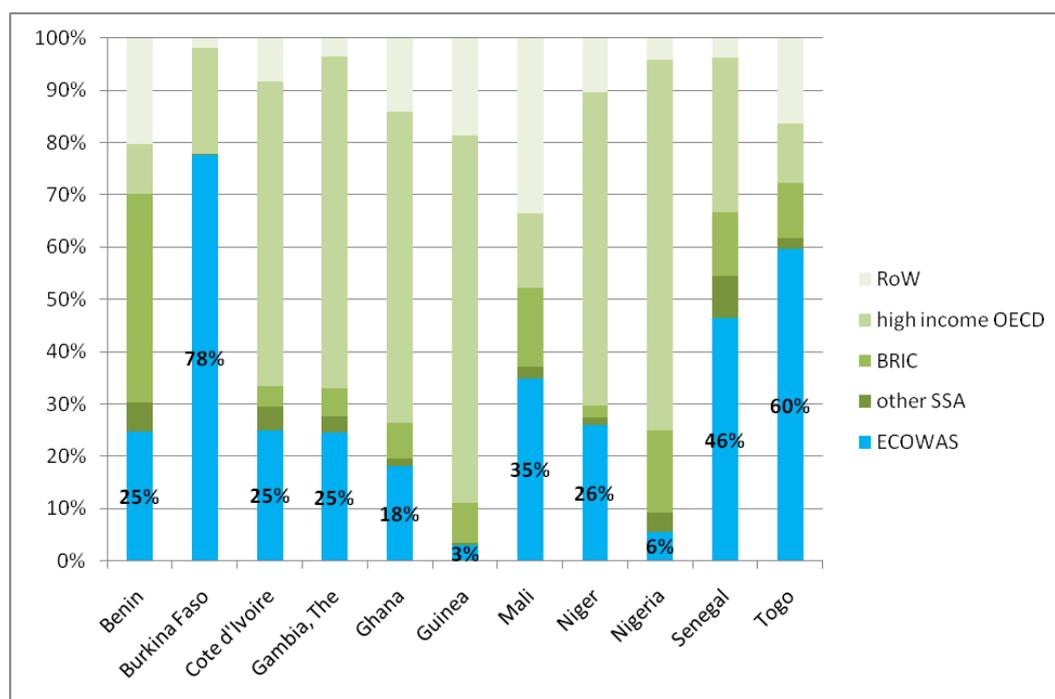
Despite the above described political efforts, the share of regional trade in ECOWAS has remained more or less constant at a rather low level (between 10% and 15%)<sup>1</sup>. However, this aggregate figure is very much dominated by Nigeria's heavy weight in the regions total exports. These consist mainly of oil and are to a large extent extra-regional. For other member countries, regional trade plays a much more important role. Figure 1 shows export shares by destination for all ECOWAS countries with data availability in the COMTRADE database between 2004-

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<sup>1</sup> Author's calculation based on COMTRADE data.

2008. Calculations are made over the average for all years with available data in order to get a longer term average and reduce the impact of short term fluctuations.<sup>2</sup> Data for 2010 is not yet available for most countries, and 2009 was excluded as an outlier given the impact of the global economic crisis on global trade during that year. In this breakdown, only Nigeria and Guinea have single digit regional export shares. For the other countries, the exports to ECOWAS range from 18% of total exports for Ghana up to 78% for Burkina Faso. Thus, regional trade is already playing an important role for many countries in the region. The remainder of the paper is dedicated to analyzing the employment effects of this existing regional trade, and thus to give an estimate of the potential for enhanced regional trade to contribute to the creation of decent jobs in the region.

**Figure 1: Export Shares by Region for ECOWAS countries**



source: Authors' calculation based on data from COMTRADE, average between all years with data availability between 2004 and 2008

### 3. The Classic Trade Perspective: Regional vs. Global Comparative Advantage and Linkages with Employment

#### i. Classic Trade Perspective

In a classic Heckscher-Ohlin trade framework, a country's export composition is determined by its comparative advantage, which in turn depends on its factor endowments relative to that of its trading partners. Thus, comparative advantage of a given country may vary depending on the trading partners' factor endowment. This would imply that the product composition of regional

<sup>2</sup> In a number of cases, data was missing for one or more years, in which case the average was taken over all years with data availability.

trade can be quite different from that of global trade, with potential repercussions on its impact on employment.

A number of empirical studies confirm this idea. For example, (Kweka, et al., 2004), in a case-study of Tanzania, find that regional integration within SADC and EAC led to an increase in trade and that regional trade had a higher anti-poverty impact as it involved the poor more directly by providing them employment and sales opportunities. For Bolivia, (Nina, et al., 2004) find that the export profile shifted from global markets towards the Andean Community and MERCOSUR partners, and at the same time export composition changed from minerals towards vegetable fats, foods and beverages. This supported the diversification of the country's export portfolio. (Sanguinetti, et al., 2010) find evidence that regional integration in MERCOSUR reshaped manufacturing production structures according to regional comparative advantage. (Venables, 2003) in a theoretical model predicts specialization according to regional rather than global comparative advantage as a consequence of regional integration, but also points out that this can lead to divergence in terms of the economic structure between regional trading partners, with industrialization only in the more advanced ones.

Annex 1 presents a breakdown of ECOWAS members' exports by destination region and broad product categories. It confirms the findings of the above described literature in the sense that for most countries, the composition of exports to ECOWAS partners is quite different to that of exports to major emerging markets (BRIC = Brazil, Russia, China, India), high-income OECD countries, and the rest of the world. The only exception here is Nigeria, whose exports to all regions are strongly dominated by oil. In some cases, there is a greater similarity of ECOWAS exports with exports to the rest of sub-Saharan Africa (eg. Cote d'Ivoire, Mali, Senegal), but this is not the case for most other countries. However, the distribution of exports across regions varies substantially across the region:

- For some countries, the share of manufactured goods and machinery is substantially higher among regional exports than among exports to global markets (Benin, Ghana, Senegal, Togo);
- For Burkina Faso, exports to ECOWAS are strongly dominated by crude materials, much like exports to high income OECD countries. Exports to other SSA and BRIC countries vary in composition, but are extremely small (see Figure 1);
- Cote d'Ivoire has emerged as a regional exporter of oil (reflecting increasing domestic oil exploitation as well as refinery) and chemicals, while global exports comprise mainly food and live animals;
- Guinea exports mainly food and live animals to the region, and crude materials and chemicals to the global market (exports to ECOWAS are rather small though);
- For both Mali and Niger, exports to ECOWAS are also dominated by food and live animals, while exports to other parts of the world are rather mixed, but include a number of crude materials;
- Nigeria's exports to all parts of the world are dominated by oil.

These results suggest that the employment effects of increased regional trade are likely to vary substantially across countries in the region. The following sections of this chapter further analyze the compositional differences in regional vs. global trade with respect to their potential impact on decent employment. In section iiiI compare regional to global export composition in terms of their employment content, to the extent possible given the relative scarcity of

employment data for the region. While this is a useful short-term measure of the possible immediate impact of different types of trade on the labour market, it does not account for dynamic effects in terms of changes in the employment intensity. It also misses out on another key aspect of decent work, which is the quality of the jobs created. Section iii therefore applies a more dynamic lense and analyses trade composition according to a measure of its potential to contribute to productivity growth. Finally, section iv reviews the significance of regional trade for another key aspect of decent work: job and income security. The global economic crisis of 2008/9 has demonstrated that trade can act as a transmission channel of economic shocks with strong repercussions to the labour market, especially for those without access to adequate social protection (Jansen, et al., 2010). A large body of literature argues that in order to better shield themselves against such shocks, developing countries need to diversify their exports (Lederman, et al., 2007) (Hesse, 2009) (Jansen, 2004) (Malik, et al., 2006) (Haddad, et al., 2010). Therefore, section iv discusses the contribution of regional trade to export diversification in the ECOWAS region.

## **ii. Employment Intensity**

This section analyzes, to the extent possible given serious data constraints, the direct employment intensity of ECOWAS vs global trade. Obviously, such a comparison misses out on important secondary effects through intermediate inputs, as well as income induced effects. For a thorough analysis of these effects, country specific work in the framework of a multiplier or CGE model would be highly desirable. However, in the case of many ECOWAS countries, this is still prevented by a lack of reliable data. For the purpose of this paper, I restrict my regional analysis of export composition by employment intensity to a comparative perspective on direct employment effects.

Data on the employment intensity of different industries is difficult to obtain for most ECOWAS countries<sup>3</sup>. Therefore, I classify global vs. regional export composition in terms of the industry specific labour cost share (labour costs / total cost), which can be extracted from a Social Accounting Matrix (SAM). This measure depends not just on employment intensity, but also on the level of wages in a given industry. It should be interpreted as a general measure of how much of the value generated by a given sector accrues to wage earners and as such does not contain any information on the distribution of wages. This dimension is only introduced imperfectly through the breakdown between skilled and unskilled labour. A high share of unskilled labour cost is likely to reflect a higher number of workers with lower average wages, while high skilled labour cost is likely to reflect fewer workers with higher wage levels.

SAMS are available from the GTAP database for Nigeria and Senegal, as well as for the rest of West Africa combined. The latter is based mainly on weighted averages between the Nigerian and Senegalese data. As the purpose of this exercise is to classify and compare the structure of trade according to employment intensity rather than a cross-country comparison of production technology, I use the average labour cost share across the three SAMs for all countries. While this may be less accurate for each specific country, it does ensure comparability of results across countries in terms of the trade structure. The SAMs break the economy down into 58 sectors,

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<sup>3</sup> While the UNIDO Industrial Statistics Database covers a number of ECOWAS countries, it only covers manufacturing sectors and thus does not allow a comparison with agricultural and mining activities in terms of the employment intensity of sales.

and for each sector provide a figure on total cost, as well as on the input costs for skilled and unskilled labour. By matching this indicator with the industry composition of exports to different destinations, I calculate the data underlying Figure 2, which shows the share of skilled and unskilled labour costs in exports to each destination.

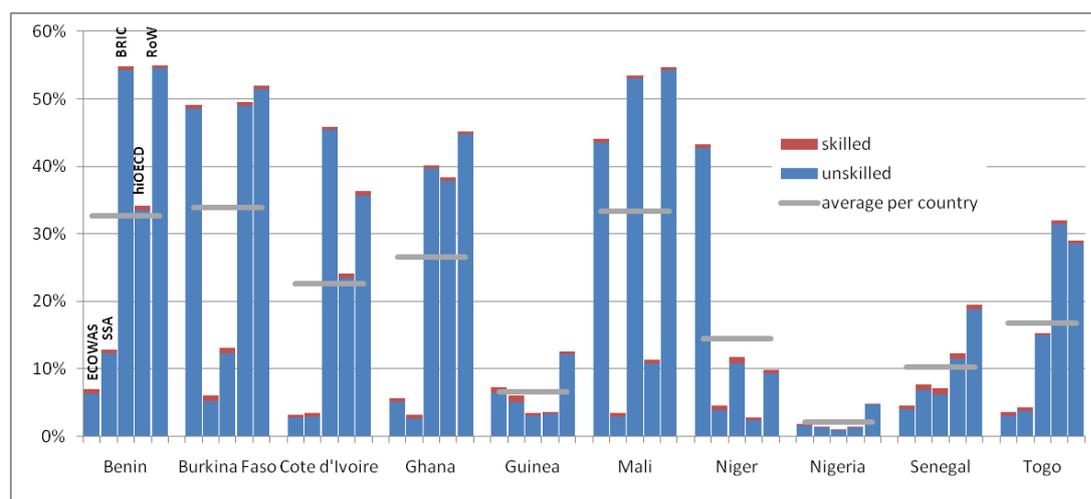
According to Figure 2, the labour cost share for exports to ECOWAS is quite heterogeneous across countries in the region. Seven out of eleven countries have a wage share (skilled & unskilled) of exports to ECOWAS below 10%, and substantially below the mean for exports to all regions (except in the case of Guinea). Of the remaining four countries however, three have a wage share in exports to ECOWAS of more than 40%, and way above their average for all regions. The main driver of these differences seems to be the fact that the wage shares are far higher in agriculture than in any other activities (see wages shares by industry reported in Annex 2). This explains the high wage share for exports from Mali, Niger and Burkina Faso, whose regional exports are dominated by agricultural products. On the other hand, manufacturing products tend to have much lower wage shares, which explains the low wage share of regional exports for countries like Benin, Ghana, Senegal and Togo, whose exports have a higher share of manufactures. The very low employment intensity of Nigeria's exports to all regions, and Cote d'Ivoire's regional exports, is explained by the low wage share for oil extraction.

These results illustrate that the direct employment effects of an expansion in regional trade are likely to differ substantially across the region. Agricultural exporters are likely to experience a much more substantial immediate employment effect from regional trade than countries with a regional comparative advantage in manufactures or mineral fuels. The flipside of high labour intensity in agriculture is often found to be very low labour productivity. Thus, while expansion of regional trade can have substantial employment effects in these countries, the jobs created are likely to be rather low-wage. Complementary policies and programmes that promote agricultural productivity would in these cases be appropriate complementary measures to facilitating regional trade.

Expansion of regional trade is likely to lead to the creation of fewer, but more productive jobs in regional manufacturing exporters such as Benin, Ghana, Senegal, and Togo. The low wage share in manufacturing is not just determined by a higher capital / labour ratio, but also by more intensive use of intermediate inputs, and thus a lower share of value added per unit of sales. However, to the extent that intermediate inputs are produced domestically, they will have additional employment effects. As mentioned above, it would be highly desirable to analyze these based on country specific multiplier effects in a SAM framework.

Employment intensity is even lower for mining exporters and thus expansion of regional exports in their current composition is unlikely to lead to substantial employment gains in Nigeria and Cote d'Ivoire.

**Figure 2: Share of skilled and unskilled labour cost in exports by destination region**



Source: Authors' calculation, based on trade data from COMTRADE (average between all years with data availability between 2004 and 2008) average labour share in total cost from GTAP databases for Senegal, Nigeria, and Rest of West Africa.

### iii. Prospects for productivity growth

There is some evidence in the literature that certain export products have higher prospects for long term growth than others because they have higher potential to increase productivity. For example, (Sachs, et al., 1997) find that natural resource exports are associated with slower growth than other products. (Hausmann, et al., 2007) argue that the productivity growth prospects are higher for countries that export "rich country" goods (defined as products exported mainly by countries that are now rich). Based on this assumption, they construct a measure called PRODY which is defined as the average per capita GDP of countries exporting the product, weighted by their share in total exports of this product. They present evidence that a higher average PRODY of a country's exports is associated with faster productivity growth.

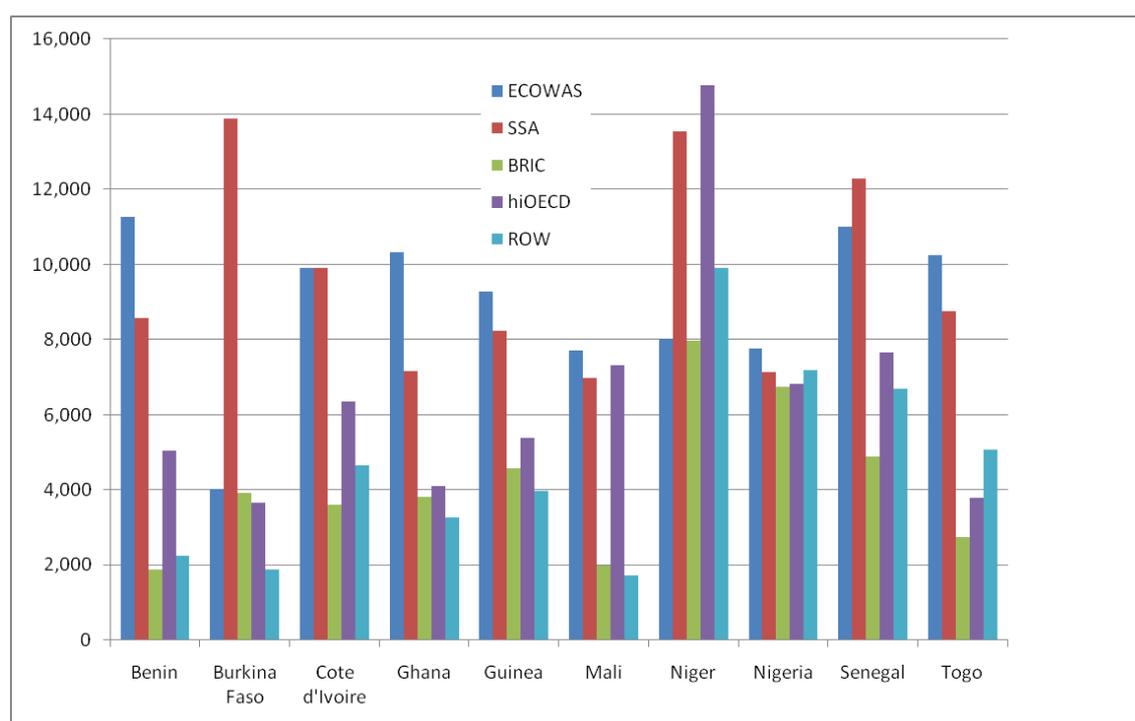
The PRODY approach has been criticized by other authors, namely for its failure to account for cross-country differences in product quality (Xu, 2007) (Minondo, 2010) and international production networks (Newfarmer, et al., 2009). (Harrison, et al., 2010) also argue that the PRODY measure may be rather noisy because it also reflects capital intensity of exports and is thus correlated with any exogenous conditions that favour the accumulation of capital. While these factors may create considerable problems for comparisons across heterogeneous countries and in the presence of sophisticated transnational production networks, this should not have a substantial effect on the within country comparison of exports to different destinations. Figure 3 shows the weighted average of PRODY for exports of ECOWAS countries by destination region. With the exception of Burkina Faso, all countries in the region have a rather high PRODY for regional exports above \$7,500. Also, the PRODY on regional exports to ECOWAS achieves the highest or second highest PRODY across all regions, often along with exports to the rest of SSA, for all countries but Niger. As one may expect, Benin, Ghana, Senegal, and Togo, who export manufacturing products to the region, have substantially higher PRODY scores on their regional exports than their global exports.

To some extent, a similar pattern can also be observed for Cote d'Ivoire, although a large share of its exports to the region are also in oil and oil products. The PRODY methodology attaches a

rather high value to crude oil (SITC 3330: \$6,734) because it is exported by a number of countries with high per capita GDP. This also explains the rather high average PRODY for Nigeria's exports. Other mineral exports receive even higher PRODY scores, which explains the high average PRODYs for Mali's exports to high income OECD countries and Sub-Saharan Africa, which contain a high share of gold (SITC 9710: \$6,969), and Niger's exports to high income OECD countries, which are dominated by uranium ore (SITC 2860, \$16,439). Given the past experience of oil and other mineral exporting countries, it is certainly questionable whether the high PRODY value for these products is justifiable in terms of its contribution to productivity growth. However, with the exception of Cote d'Ivoire, this does not appear to be a problem for the calculation of PRODY's for within-ECOWAS trade, where these products hardly play a role.

Mali's and Niger's high average PRODY for exports to ECOWAS result to a large extent from a high PRODY value for life bovine cattle (SITC 0011, \$11,573). A similar effect can be observed for exports of fish to ECOWAS countries from Guinea (SITC 0342, \$8,866). While there may indeed be potential for productivity increasing growth through enhanced commercialization in these industries, it is likely that the high PRODY value on these industries to some extent reflects subsidies for these activities in rich countries.

**Figure 3: Average PRODY values of exports by destination region**



Source: Authors' calculation, based on data from COMTRADE, average between all years with data availability between 2004 and 2008, and PRODY values reported on the "Product Space" homepage of C. Hidalgo (<http://www.chidalgo.com/productspace/>).

With the exception of Burkina Faso, the PRODY analysis suggests that due to its product composition, regional trade has high potential to contribute to future productivity growth based on (Hausmann, et al., 2007). For many countries, in particular those with a high manufacturing share in regional exports, these effects can be expected to be stronger for regional than for global trade. The results seem intuitive for a number of countries whose regional trade exhibits a high share of manufacturing exports. However, the PRODY methodology, appealing as it is for

its ease of calculation and implementation, also shows some weaknesses regarding the classification of products. With respect to mineral exports, this is unlikely to bias the above described findings as they do not play a significant role for intra-ECOWAS trade. Whether the high PRODY value for cattle and fish exports that drives the results for Mali, Niger and Guinea is justified remains questionable, though.

#### **iv. Export Diversification**

The global economic crisis of 2008/9 has demonstrated that trade can act as a transmission channel of economic shocks with strong repercussions to the labour market, especially for those without access to adequate social protection (Jansen, et al., 2010). A large body of literature argues that in order to better shield themselves against such shocks, developing countries need to diversify their exports (Lederman, et al., 2007) (Hesse, 2009) (Jansen, 2004) (Malik, et al., 2006) (Haddad, et al., 2010).

A standard way to analyze export diversification is to calculate a Herfindahl index. This index is defined as the sum of squares of the share of each product exported in total exports. Thus, this number would be equal to one for a country that exports only one product, and will approach zero if exports are split very evenly among a very high number of products.<sup>4</sup> Figure 4 presents the Herfindahl indices for ECOWAS countries, as well as a measure of the contribution of each destination region to export diversification. The bars represent the hypothetical change in the Herfindahl index if exports to the respective region are dropped, thus a higher bar means that a region is important for the diversification of the overall export portfolio. The magnitude of this indicator will be determined by two factors: First, the level of diversification within exports to that region, and second, the complementarity of exports to the region with exports to the rest of the world. This measure can be negative if exports to a certain region are very concentrated in a few sectors, indicating that the overall export portfolio would be more diversified if exports to that particular region were dropped from the calculation.

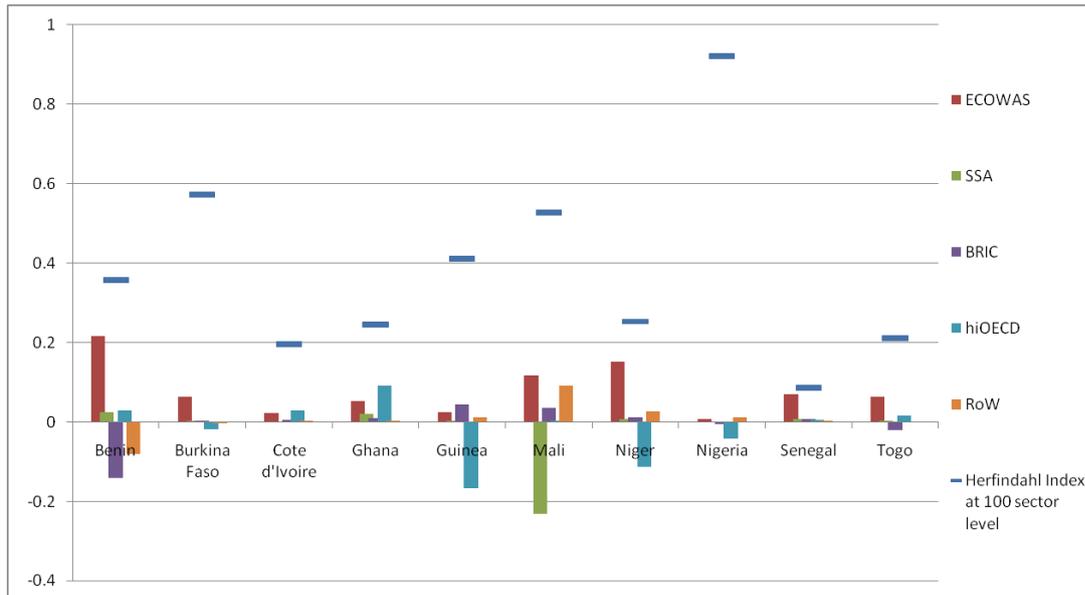
Figure 4 shows substantial variation in the degree of export diversification. Nigeria's exports are the most concentrated, which is not surprising for a country that depends very strongly on oil exports. Burkina Faso, Guinea, and Mali also show very high levels of export concentration, while The Gambia and Senegal, by this measure, are the most diversified countries in the region. The comparison of regional contributions to export diversification shows unambiguously that regional exports increase the level of diversification, and quite strongly so in a number of cases. For six out of eleven countries, the contribution to export diversification of the ECOWAS region is higher than for

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<sup>4</sup> A crucial factor in calculating the Herfindahl index is the level of product aggregation of the underlying data: A Herfindahl index calculated across the close to 6,000 products of the 6 digit level of the Harmonized System (HS) will measure something very different than the same index calculated across more aggregated industrial sectors. Differences will arise in particular for countries that export a high number of products (low Herfindahl at HS6 level) that fall into just a few sectors (high Herfindahl at sectoral level). Both can be interesting, and there is no clear-cut better or worse: The question is whether one is more interested in developing new products within similar sectors, or progress in developing entirely new industries. For this note, I chose a middle-ground and calculate the Herfindahl over the 100 industrial sectors of the HS 2 digit level of disaggregation. This means that, for instance, all cereals fall into the same product group, but are separate from other agricultural products. There are a few different categories for textiles of different degrees of finishing (plus one for footwear and one for headwear), but for example no differentiation between shirts, pants, or coats.

any other export destination. The largest contributions are for Benin, Mali, and Niger. Thus, it can be concluded that regional exports do contribute substantially to economic diversification in most ECOWAS countries. This is likely to enhance these countries' resilience against economic shocks, and thus reduce the exposure of workers to labour market insecurity and income fluctuations.

**Figure 4: Herfindahl Index of Export Concentration, and contribution of different regions to export diversification**



Source: Authors' calculation, based on data from COMTRADE, average between all years with data availability between 2004 and 2008

## 4. A “New New Trade Theory” Approach: Firm-level Employment Characteristics of Regional Exporters

### i. Heterogeneous firm models

In a seminal paper, (Melitz, 2003) proposed a new trade theory that, instead of focusing on comparative advantage, introduces heterogeneous firms and analyzes differences between exporters and non-exporters at the firm level. In Melitz’ dynamic industry model, only the most efficient firms make the necessary up-front investment to become exporters, while less efficient producers remain in the domestic market. Subsequent extensions of the model that have introduced labour market friction and search costs into this type of models (eg. (Helpman, et al., 2010)) explain the often observed empirical finding that exporters tend to be larger, more productive, and pay higher wages than non-exporters (eg. (Bernard, et al., 1999) (Seker, 2009)).

To my knowledge, there is so far no explicit treatment of regional trade in a Melitz type framework. However, recent model extensions suggest that firm level characteristics may differ depending on export markets. For example, in a framework developed by (Helpman, et al., 2008), export markets can differ in terms of trade costs. The higher the trade costs required to access a specific market, the higher is the threshold for firm productivity above which market entry is still profitable. Empirically, (Eaton, et al., 2011) observe that the wage premium for French firms increases significantly with the number of markets a firm exports to, and with access to more remote markets. Based on the above described findings, there is reason to believe that regional exporters may differ from global exporters in terms of size, productivity, and employment characteristics. If for some reason regional trading costs are lower (eg. due to proximity, common language, preferential markets access), one would expect that less competitive firms may find it profitable to export regionally, but not globally. In the framework of the above mentioned papers, this would imply for regional exporters to on average exhibit smaller size, lower productivity, and lower wages than global exporters. This would also imply that even within the same industry, employment effects of regional trade may differ from employment effects of global trade.

### ii. Empirical Application to ECOWAS

In order to empirically analyze potential differences between regional and global exporters, I construct a pooled firm level dataset for ECOWAS countries from the World Bank’s Enterprise Surveys. Comparable firm level data is available for seven ECOWAS countries, with the surveys carried out between 2007 and 2010, as shown in Table 1. This gives me a panel of 2,820 firms, although response rates vary for different parts of the survey. The survey covers both manufacturing and services firms, including micro enterprises, but no mining or agricultural companies. Sample size varies between countries, with larger economies showing a larger sample size. The surveys are typically stratified by industries, and weights are provided that are also meant to control for non-response. However, it is not clear whether the weighting method is suitable for cross-country comparisons. Furthermore, some observations receive weights up to 237 times the minimum weights, which creates substantial problems with outliers if the weights are applied. Therefore, the summary statistics below were calculated with unity weights for each observation. This implies that the sample is not representative of the underlying economies in terms of the distribution across industries and any potential sampling bias arising from non-response. However, the results are valid

as a comparison of companies based on their exporting characteristics within this subsample of the seven economies.

The first step is to classify firms according to their exporting status. The survey contains information on the share of total production that is sold domestically, exported through intermediaries, or exported directly. I classify all companies with more than 0% of directly exported sales as an exporter. While this may appear a rather generous definition, it is consistent with the theoretical framework presented above that assumes that firms have to overcome a cost to enter export markets. Once this investment has been made and a share of production – even if it is small – is exported, the firm is classified as an exporter. On the other hand, a firm that exports only indirectly may be able to avoid making these upfront investments itself by exporting through a larger supplier and is therefore not classified as an exporter. However, I show results for these indirect exporters separately from purely domestic firm in the following analysis. As shown in Table 1, this splits the total sample of 2,815 firms into 2,463 purely domestic firms, 177 direct exporters, and 175 firms that only export indirectly.

**Table 1: Pooled World Bank Enterprise Survey Data**

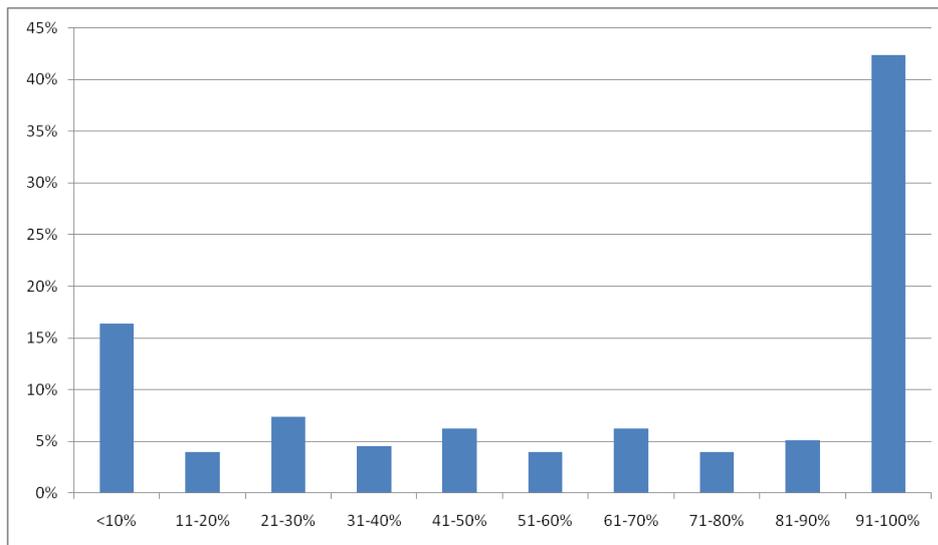
country	year	# purely domestic firms	# exporting firms	# indirect exporters	total # firms
Benin	2009	120	14	16	150
Burkina Faso	2009	341	23	28	392
Cote d'Ivoire	2009	485	20	20	525
Ghana	2007	541	26	49	616
Mali	2010	296	36	26	358
Niger	2009	122	18	9	149
Senegal	2007	558	40	27	625
Total		2,463	177	175	2,815

Source: Author's calculations based on World Bank Enterprise Survey Data

In a second step, I split the sample of exporting firms one more time to differentiate between regional and global exporters. This classification is based on a question in the survey that asks firms what share of their exports goes to “neighbouring countries within Sub Saharan Africa”. Obviously, this is an imperfect definition of regional trade and possibly subject to some differences in interpretation among respondents. If it is interpreted strictly, this definition would not classify all within-ECOWAS trade as regional because not all member countries share a border. On the other hand, it may also include exports from Senegalese firms to Mauritania and from Niger to Chad, none of which are ECOWAS members. Mali and Niger also share a border with Algeria and Niger with Libya, but neither is classified as a Sub Saharan country, so these exports should not be included. For In any case, my classification of regional exports remains rather conservative and probably does not cover all ECOWAS trade, but gives a reasonable sample of firms whose exports are restricted to the geographical proximity of their home country. The distribution of firms based on their regional export share is shown below in Figure 5. Over 40 percent of firms in the sample have a regional

export share above 91 percent. I classify these firms as regional exporters and all others as global exporters. The rationale for this rather low cut-off line is similar to that for the classification of exporters and lies in the theoretical foundation that once a firm has overcome the costs of exporting beyond the boundaries of the region (even in small quantities) it can be considered a global exporter. The global exporters are distributed rather evenly between different shares of regional vs. global exports, except for a significant clustering around the other extreme of the distribution of firms whose exports are destined entirely outside of the region. This indicates some degree of segmentation between exporting to only regional markets and exporting to the rest of the world.

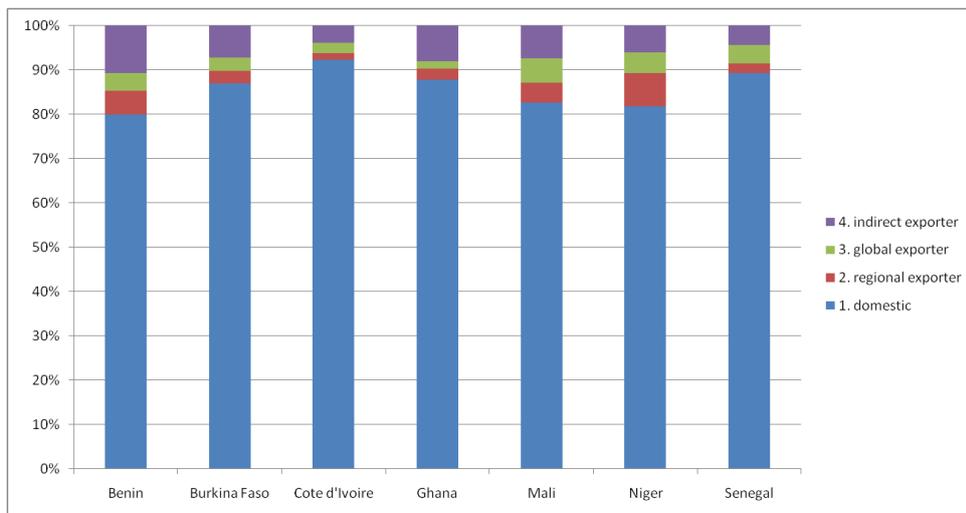
**Figure 5: Distribution of exporting firms in the sample by regional export share (n=177)**



Source: Author's calculations based on World Bank Enterprise Survey Data

Figure 6 shows the distribution of firms in the sample by category across countries. For all countries, purely domestic firms are by far the largest group, ranging from 80% (Benin) to 92% (Cote d'Ivoire). Regional exporters only account for a relatively small share of total firms, but there is substantial heterogeneity between countries, ranging from 1.5% (Cote d'Ivoire) to 7.4% (Niger). These findings are consistent with the underlying theoretical framework of entry costs into exporting, which restricts most firms to their home market.

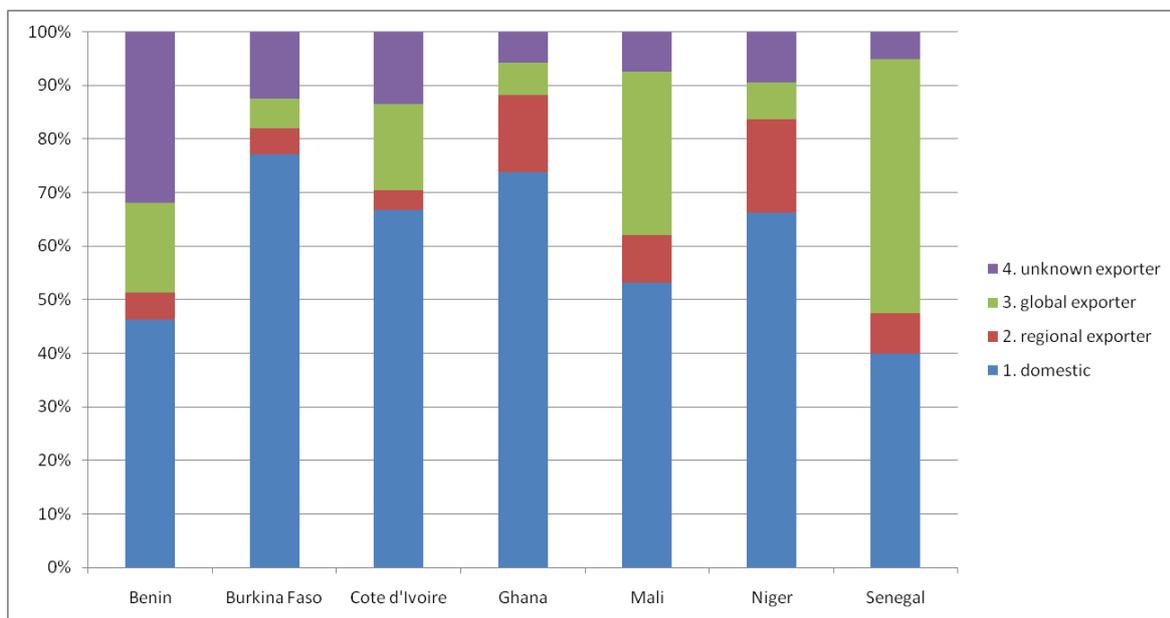
**Figure 6: Firm type distribution by country**



Source: Author's calculations based on World Bank Enterprise Survey Data

Despite their relatively small numbers, exporting firms account for a significant share of employment in all countries. Figure 7 shows that the share of employment in purely domestic firms ranges from 40 percent (Senegal) to 77 percent (Burkina Faso), and firms classified as regional exporters account for between 4 percent (Cote d'Ivoire) and 17 percent (Niger) of employment by firms in the sample.

**Figure 7: Employment distribution by firm type and country**



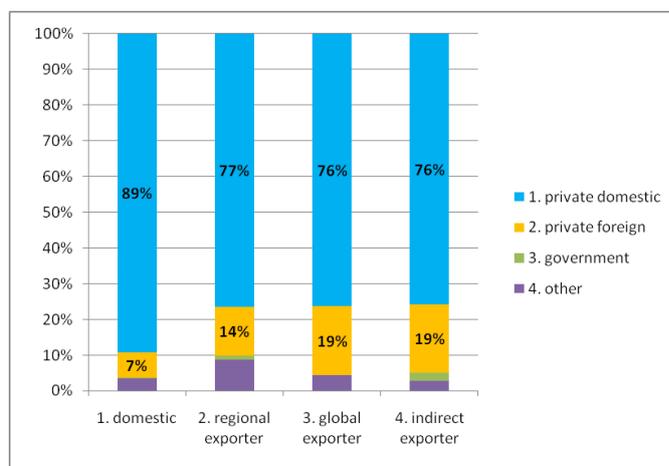
Source: Author's calculations based on World Bank Enterprise Survey Data

To the extent possible, I cleaned the data from obvious outliers. Two observations with extreme values for employment were removed from the sample for the calculation of these and all following statistics. In both cases, firms reported employment above 100,000 three years before the survey and less than 100 in the survey year. Remaining employment statistics were reviewed thoroughly and do not appear to be affected by obvious outliers. The single largest employer after removal of the above mentioned firms has 3,000 employees. Unfortunately, data consistency is much weaker for sales and other accounting statistics reported by firms. In this case, five extreme values were removed. Nevertheless, some values remain questionable due to large discrepancies between sales reported for the survey year and the value reported for three years before or impossibly high or low values for sales / worker. The standard treatment for this problem in the literature is to construct averages over the logarithm of the figures, which greatly reduces the weight given to extremely high values in the calculation of the mean. This has two advantages: First, it reduces the noise resulting from very high values that are due to data entry or other errors. Second, it produces summary statistics that are more representative of the typical firm in the distribution and less influenced by a few very large firms. Given that my sample combines firms of very different sizes, this is desirable for obtaining representative results. For easier readability, the logarithm was reversed after calculation of the averages presented in the next section. This is what the expression ln-average refers to in the titles and explanations of subsequent figures.

### iii. Firm level characteristics

Figure 8 characterizes firms by ownership status. Non-surprisingly, there is a higher share of foreign ownership among exporters than among non-exporters. This share is slightly higher for global (19%) than for regional exporters (14%). This seems intuitive given that Foreign Direct Investment often flows into export oriented firms, but overall, the share of foreign ownership does not appear to be very high in the region. Regional exporters exhibit a higher share of “other” types of ownership, but unfortunately the questionnaire does not specify what is meant by this. Government ownership is very rare across all firm types.

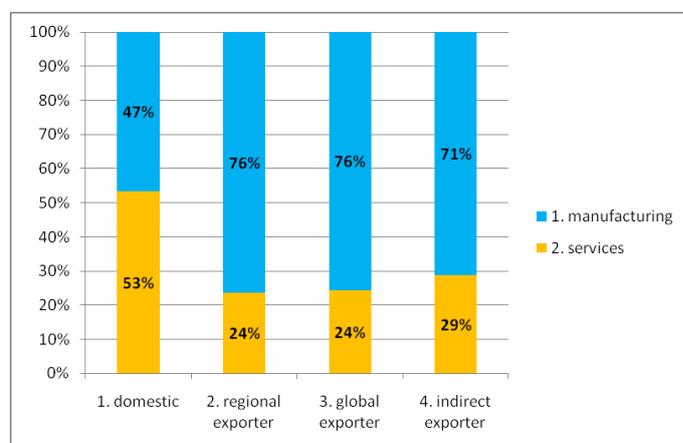
**Figure 8: Ownership distribution by firm type**



Source: Author’s calculations based on World Bank Enterprise Survey Data

With respect to the sectoral distribution of firms, the share of service providers is significantly larger among domestic firms (53%) than among exporting firms, but nearly identical between regional (24%) and global (24%) exporters and only slightly higher among indirect exporters (29%) (Figure 9). This is not surprising given that a number of services are non-tradable. Annex presents a more detailed perspective on the distribution of firms in the sample across sectors. It shows that the industry distribution of regional and global exporters is in fact remarkably similar across firms in the sample. The industries that more than 5% of regional or global exporters in the sample are classified into are identical with only two exceptions: More global than regional exporters are in the textile sector, and more regional than global exporters are in the furniture sector. This is remarkable with respect to the previous finding of rather different product composition among regional and global exports. Apparently, while these differences are quite prominent at the macro level and in particular for the distribution of exports across broad economic categories (raw materials, food, manufacturing etc.), they are much less pronounced at the firm level among manufacturing and tradable services companies. This suggests that within these sectors, firms' decisions on whether to export regionally or globally (or both) are not necessarily determined by the type of product they produce. The finding supports the usefulness of a model based on firm-level rather than industry characteristics for explaining export behaviour among these firms.

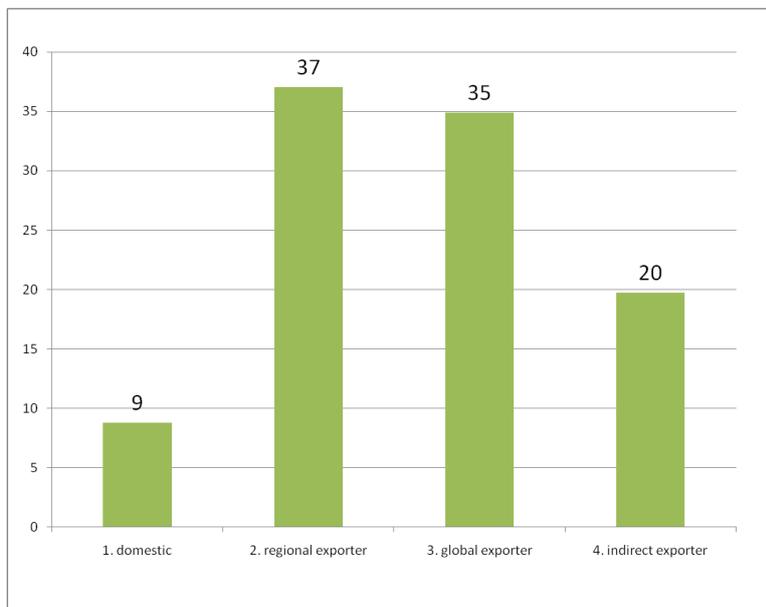
**Figure 9: Sectoral distribution by firm type**



Source: Author's calculations based on World Bank Enterprise Survey Data

Figure 10 presents summary statistics on the ln-average number of full-time employees by firm. Consistent with previous research, exporters are much larger in terms of employment than non-exporters, and indirect exporters fall in between. However, there does not appear to be a significant size difference between regional and global exporters.

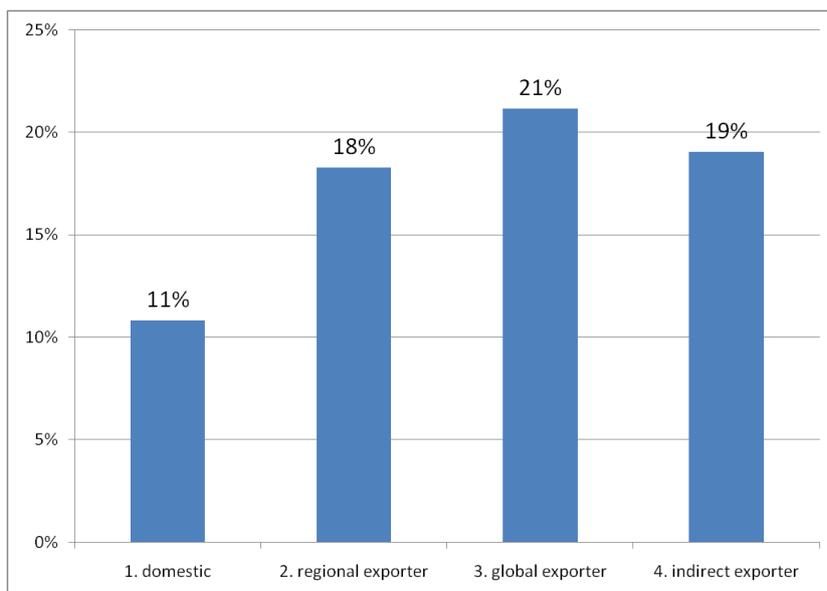
**Figure 10: Ln-average Permanent Full-time Employees by firm type**



Source: Author's calculations based on World Bank Enterprise Survey Data

Figure 11 shows the average shares of temporary employment by firm type. This variable is an important indicator of decent work as temporary employees often face substantial vulnerability and even less access to social protection than their colleagues with permanent work contract. The share of temporary employees is higher for exporters than for non-exporters, but there does not appear to be a significant difference between regional, global, and indirect exporters. Entrepreneurs in Senegal and Benin interviewed in the context of this research indicated that exporters often use temporary workers to react to sudden orders from large international buyers, which would otherwise exceed their capacity.

**Figure 11: Average share of temporary / total employees by firm type**

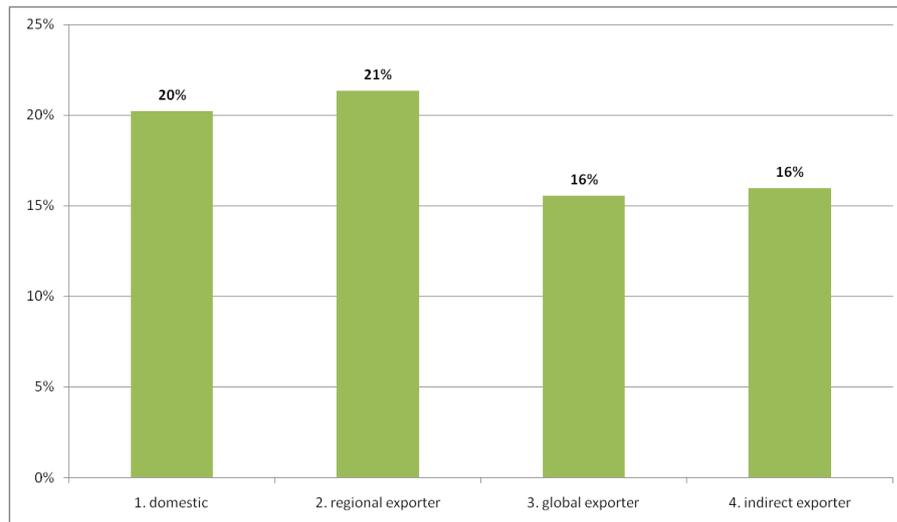


Source: Author's calculations based on World Bank Enterprise Survey Data

The survey also asks firms for their employment three years ago. This information is exploited in

Figure 12 for all firms who report data for both observation points. Regional exporters reveal the highest employment growth rate (21%), followed by domestic firms (20%) and global and indirect exporters (16%).

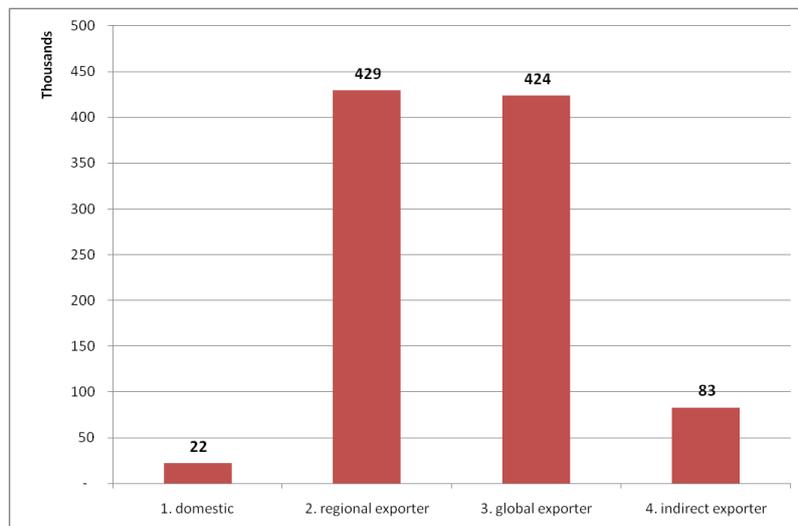
**Figure 12: Percentage changes in ln-average employment over three years by firm type (only firms reporting data for both observation points)**



Source: Author's calculations based on World Bank Enterprise Survey Data

Figure 13 shows the ln-average of value added (sales – cost of inputs) by type of firm. Exporters are substantially larger than non-exporters and indirect exporters fall in between. However, as with employment, there does not appear to be a significant difference between global and regional exporters.

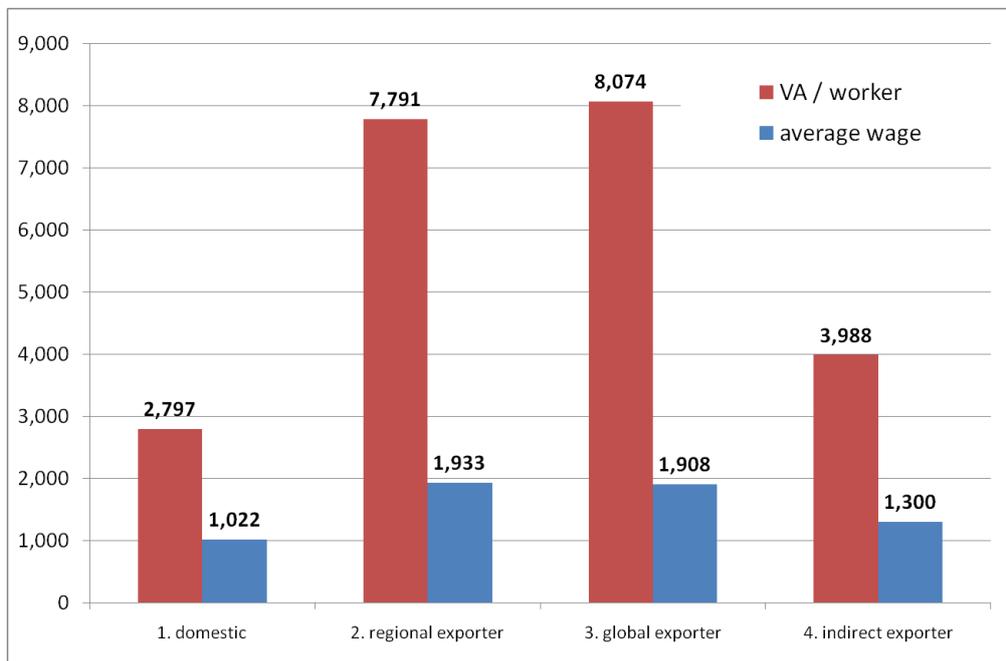
**Figure 13: Ln-average value added by firm type (US\$)**



Source: Author's calculations based on World Bank Enterprise Survey Data

Finally, Figure 14 shows ln-average results for firm level productivity in terms of value added per worker as well as the average wage paid (total wage costs / total employment). Both regional and global exporters are found to be much more productive than domestic firms, with indirect exporters again falling in between. However, there is no apparent difference between regional and global exporters. The same applies to average wages, although the dispersion in this case is less pronounced; both regional and global exporters pay average wages roughly twice as high as domestic firms. Unfortunately, the survey does not contain sufficient information on labour force composition to determine whether this wage premium is determined by worker characteristics (eg. because exporters hire more skilled workers), or whether it represents a wage premium that reflects a share of workers in the higher productivity of the firm.

**Figure 14: Ln-average Value added / worker and average wage by firm type**



Source: Author's calculations based on World Bank Enterprise Survey Data

To confirm that the above reported findings are actually driven by firm-specific characteristics rather than country- or industry differences, I run simple regressions with employment, VA, VA/worker, and average wage in log form as the dependent variable and dummy variables for exporting status as independent variables, controlling for country location and ISIC 2 digit industry. The results are reported below in Table 2. For all four variables, they confirm that global and regional exporters are significantly larger (in terms of sales and employment), more productive, and pay higher wages than domestic firms, but that there is no significant difference between regional and global exporters.

**Table 2: Regression results on firm level characteristics**

	ln (employment)	ln (VA)	ln (VA / worker)	ln (average wage)
domestic	-1.02 (0.00)**	-1.96 (0.00)**	-0.67 (0.00)**	-0.46 (0.00)**
regional exporter	dropped			
global exporter	0.11 (0.54)	0.36 (0.32)	0.14 (0.57)	0.09 (0.67)
indirect exporter	-0.37 (0.03)*	-0.98 (0.004)**	-0.31 (0.19)	-0.22 (0.25)
control variables	Country, ISIC 2 digit sector			
Constant	3.71 (0.00)**	13.85 (0.000)**	9.76 (0.00)**	7.92 (0.00)**
Observations	1,957	1,002	1,000	1,960
R-squared	0.30	0.46	0.32	0.17
p values in parentheses				
* significant at 5%; ** significant at 1%				

Source: Author's calculations based on World Bank Enterprise Survey Data

#### iv. Interpretation

The firm level characteristics described in the previous section confirm that exporters in the ECOWAS region tend to be bigger, more productive, and pay higher wages than non-exporters. They also show relatively high employment growth across firm groups, and in particular for regional exporters and domestic firms. Exporters also exhibit a higher share of temporary workers than non-exporters. Perhaps surprising is the high degree of similarity between regional and global exporters. The only difference in firm level characteristics appears to be slightly faster employment growth for regional exporters.

The interpretation of these findings is double-edged; on one hand, it is certainly good news and an encouragement for regional integration that regionally exporting firms contribute significantly to the creation of jobs with wage and productivity levels on par to those of global exporters.

However, in the context of the above described firm level models of international trade, the reason for higher productivity levels of exporters is typically the presence of high trading costs, which only the most productive firms are willing to incur due to prospects for higher profits in international markets. In this scenario, the findings shown above would suggest that firms face similarly high trading costs to regional as to global markets. This, however, is somewhat at odds with the observation that almost half the firms in the sample export to regional markets only- after all, if trading costs were the same, these firms should also be able to access global markets once they can afford them. A possible explanation could be that while investments required to access global markets are of a similar magnitude, they may be of a different nature than those required to access

regional export markets. Accessing both regional and global markets may then require a double investment which few firms are prepared to undertake.

To shed light on this question and to better understand the real-life stories behind the data, I conducted structured interviews with both globally and regionally exporting firms in Senegal and Benin in February 2011. Annex 3 shows the questionnaire used for these interviews. It focuses in particular on differences in the constraints faced by exporting to regional to global markets, and how these differ from one another. While the sample of firms is rather small (a total of 10 companies from the processed food, palm oil, fresh fruit, handicraft, clothing, and cosmetics industries), I also discussed the results with employers' federations and export promotion bureaus in both countries as well as an exporter network in Senegal to verify the main results.

Most companies mentioned difficulties to access finance as a major obstacle to their operations, regardless of the destination of their exports. However, beyond that, answers differed greatly from regional to global exporting. For global exports, most firms mentioned that they would have to make very high investments in machinery and production procedures in order to comply with buyers standards in international markets (in particular Europe and the US). Companies that were currently exporting only to the region were usually reluctant to undertake these investments and argued that they would be of little use for their regional exports. In one case, a company even reported running two completely separate departments to produce the same product, one in compliance with buyer standards for the US market, and one for regional exports only.

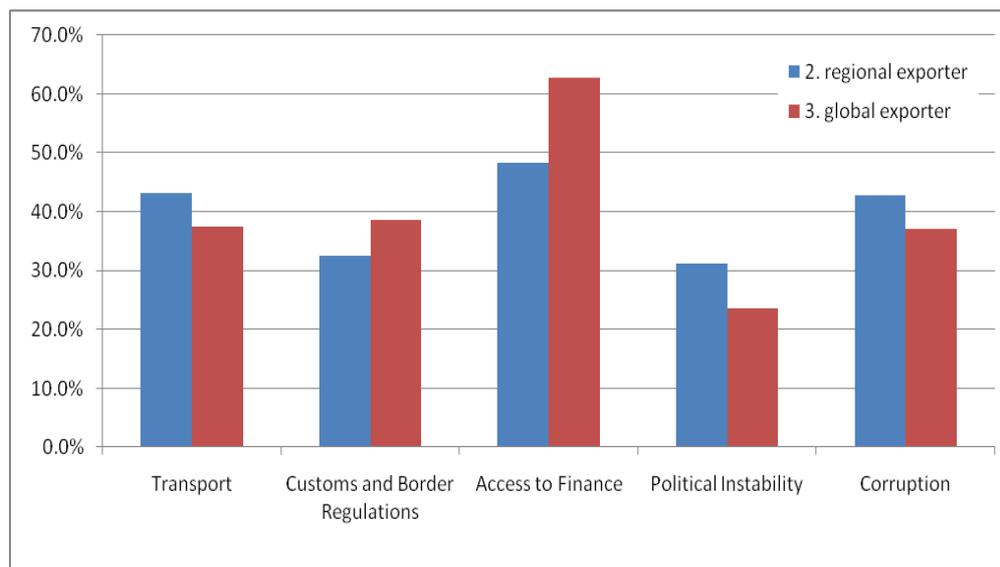
On the other hand, global exporters seemed to be less concerned with transport logistics and getting their products to market than regional exporters. Several companies reported that shipping a container from Benin or Senegal to a European or American port was less cumbersome for them than shipping it across a land-border to a neighbouring country. The main obstacles mentioned were poor infrastructure as well as harassment, long waits and charges at intra-ECOWAS borders and sometimes even along the road. Companies frequently complained about arbitrary charges at the border and customs charges on products that should not carry any customs duty under the ECOWAS agreements. One company director pointed out that due to the EU's "Everything but Arms" initiative, market access conditions were more favourable for his products in Europe than within the region.

In summary, interviews with ECOWAS exporters confirmed that trade costs are in fact high, but very different between global and regional exporting. Thus, a company may indeed face the choice between investing in either one or the other, but find it too costly to invest in both. While this hypothesis cannot be explicitly tested in the available firm level data, the survey contains a number of questions that ask firms to rank the severity of constraints (unfortunately, compliance with standards is not among the questions). Figure 15 reports these indicators for my sample of firms. While the differences are not very pronounced, regional exporters do in fact more frequently rank transport, political instability (which may to some extent reflect the reliability of political commitments in ECOWAS) and corruption as an obstacle. Global exporters are more likely to complain about customs procedures, but the relatively high share of regional exporters complaining about this remains remarkable given that ECOWAS is – at least on paper - a customs union.

Finally, global exporters are more likely to rank access to finance as a major or very severe obstacle. It seems unlikely that global exporters find it indeed more difficult to raise a given amount of money

from a bank than a comparable regional exporter. More likely, this ranking reflects a higher need for external finance among global exporters. This adds an interesting perspective to the structure of trade costs; while the necessary investments in upgrading of machinery and processes typically have to be made up-front, high costs associated with transport, border crossing, etc. accrue with each individual shipment. This could explain a higher demand for external finance among global exporters, and it could also mean that the decision between regional and global exporting by firm may to some extent be determined by its access to external finance.

**Figure 15: Share of Firms Ranking an Issue as a Major or Very Severe Obstacle**

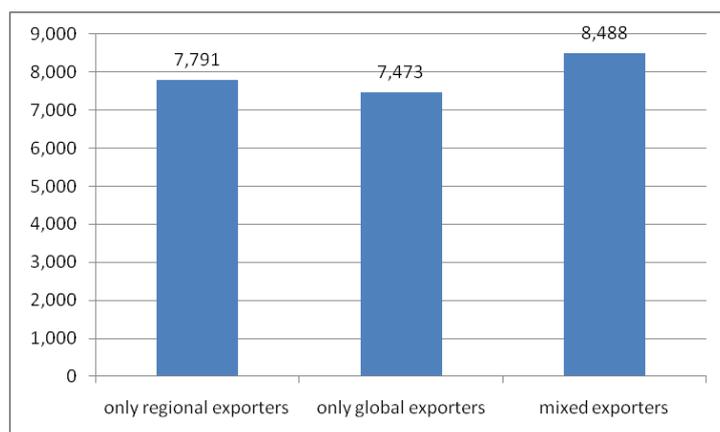


Source: Author's calculations based on World Bank Enterprise Survey Data

If it is indeed correct that regional and global exporting entails different types of costs, which would add up for a firm exporting to both, a heterogenous firm model would predict that only the most productive firms would find it profitable to invest into accessing both the regional and the global market. I test this hypothesis by further subdividing the group of global exporters in the data between firms that export only to global markets and firms that export to both the regional and global markets.

**Figure 16** presents the results. It appears that indeed, firms exporting to both regional and global markets are more productive than firms exporting to only or the other. This is in accordance that trading costs to regional and global markets are of a rather different nature, and add up once a firm decides to enter both types of markets.

**Figure 16: In-avg. VA / worker by firm type**



Source: Author's calculations based on World Bank Enterprise Survey Data

## 5. Conclusions

I have analyzed the impact of regional trade in the ECOWAS region on the creation of decent employment from two different perspectives.

First, following classic trade models, I have analyzed the product composition of regional vs global exports. This has revealed that regional comparative advantage is quite different from global comparative advantage for countries in the region with the exception of Nigeria. However, these differences are by no means homogenous.

- For countries that export mainly agricultural products to the region (Mali, Niger, Burkina Faso), one would expect a relatively strong direct employment effect of regional trade. The flipside is that these jobs will probably have relatively low productivity levels. The PRODY methodology assigns them relatively high potential for productivity growth although in the cases of Mali and Niger, but this may to some extent reflect a bias in the methodology.
- For countries that export a high share of manufacturing products to ECOWAS partners - Benin, Ghana, Senegal, Togo – regional exports are found to have significantly lower direct employment effects than global exports, but higher potential for productivity growth in the long run.
- The two countries that export oil to the region (Nigeria and Cote d'Ivoire) have low direct employment effects of regional trade.
- For all countries (except Nigeria), regional trade is found to contribute significantly to export diversification and can thus play a positive role to reduce these countries vulnerability to external shocks that may otherwise harm workers.

The second part of the paper focuses on differences at the firm level between domestic firm, regional and global exporters. The findings suggest that exporting firms in ECOWAS are larger, more productive, and pay higher wages than non-exporters, but regional and global exporters are

remarkably similar in terms of these categories. Regional exporters do exhibit slightly faster employment growth. These findings are good news for decent work creation in regionally exporting firms. On the negative side, regional and global exporters also share the similarity of relying more heavily on temporary work arrangements than domestic firms.

In the context of heterogeneous firm trade models, these findings on firm level characteristics suggest that trade costs in the region are similarly high as global trade costs, although the challenges of accessing regional markets are of a rather different nature than those of accessing global markets.

In conclusion, regional trade for most ECOWAS members is quite different from global trade in terms of its impact on decent employment creation, but it is not generically “better” or “worse”. Instead, the employment effects of regional trade expansion can be expected to be quite heterogeneous across countries in terms of both the number and quality of jobs created. If these effects are well understood, ECOWAS countries are in a better position to combine the promotion of both global and regional trade in a way that fosters decent work creation, and to implement targeted and coherent supplementary policies that maximize the benefits of trade. For example, regional exporters of primarily agricultural products can expect a relatively strong employment effect of regional trade, but would be well advised to support this through policies that enhance the productivity of agricultural employment. Regional exporters of manufacturing, on the other hand, can expect creation of higher productivity jobs from regional than from global trade, but these are likely to be limited in number. The firm level analysis of manufacturing and services exporters has revealed that regional exporting firms in these sectors are equally strong in terms of their potential to create decent jobs than global exporters, but it also suggests that they continue to face substantial trading costs in the region. Reducing trade costs therefore has great potential to create decent jobs in these countries.

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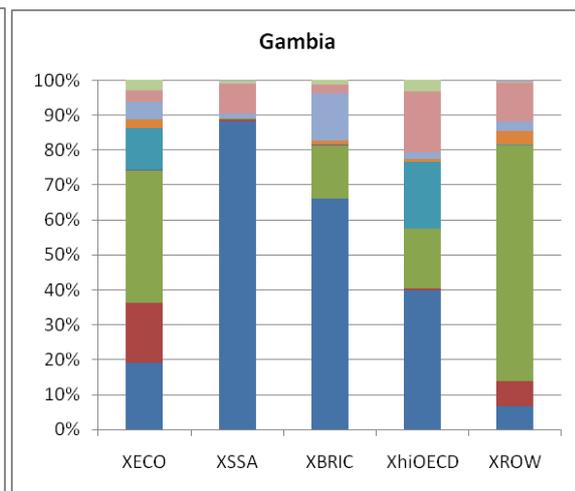
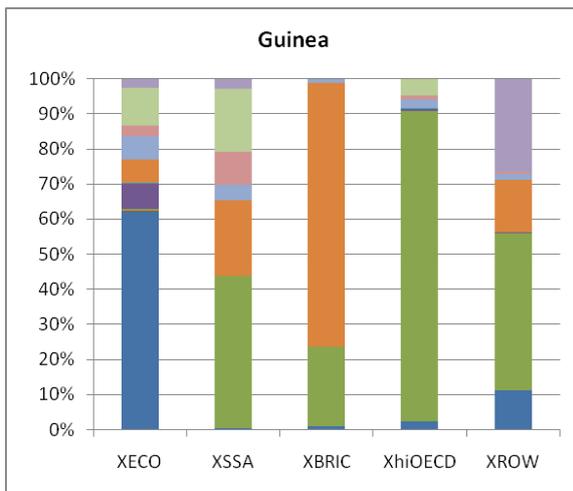
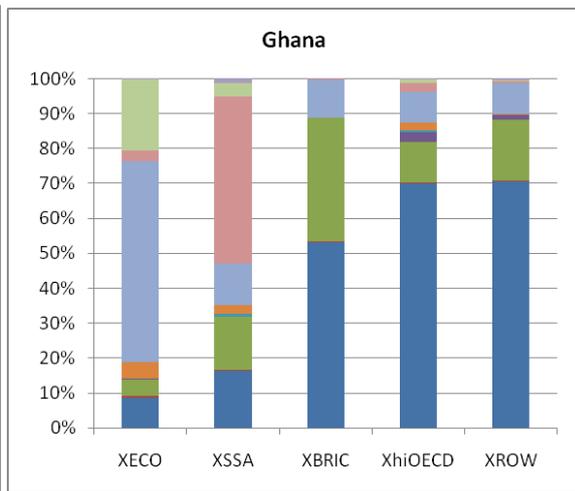
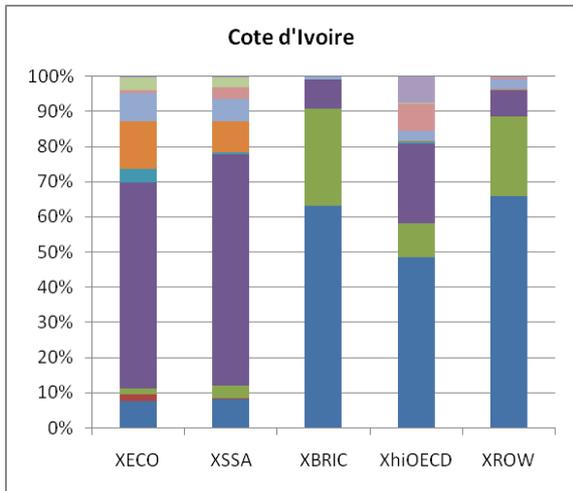
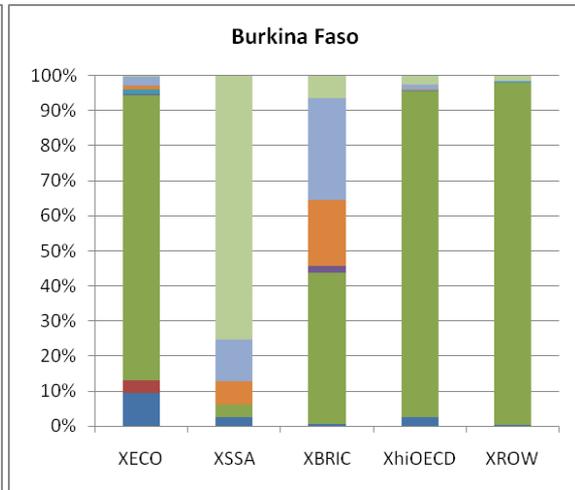
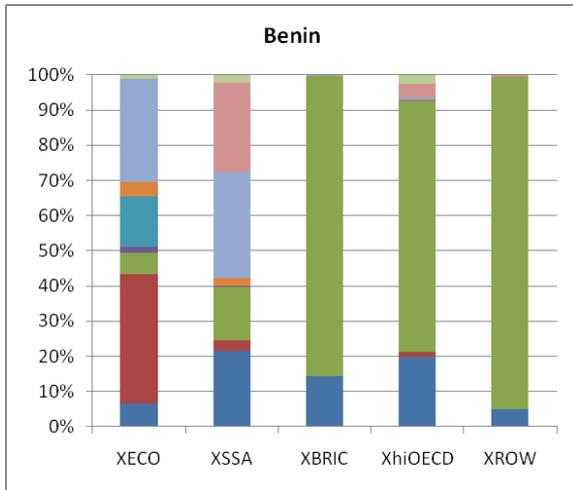
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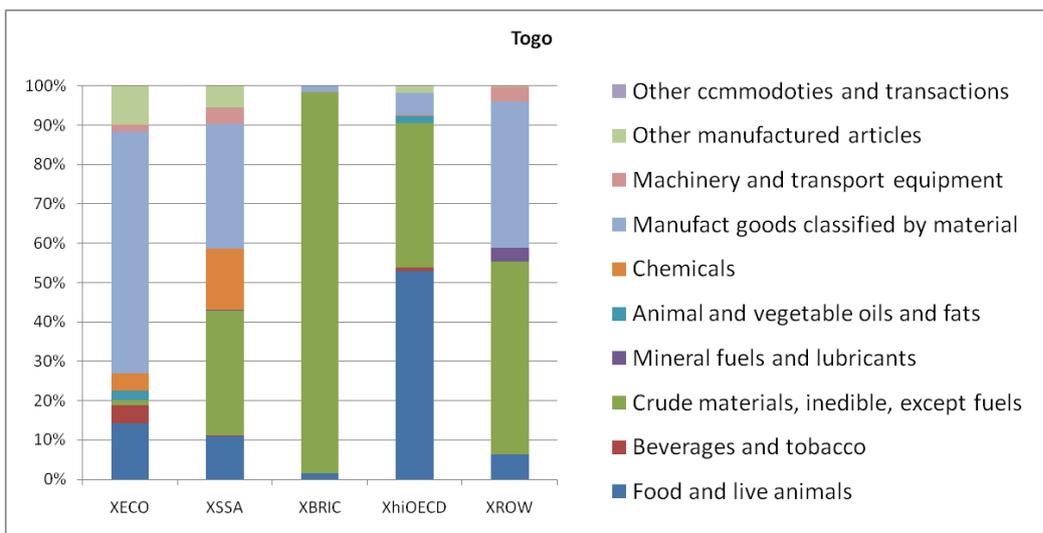
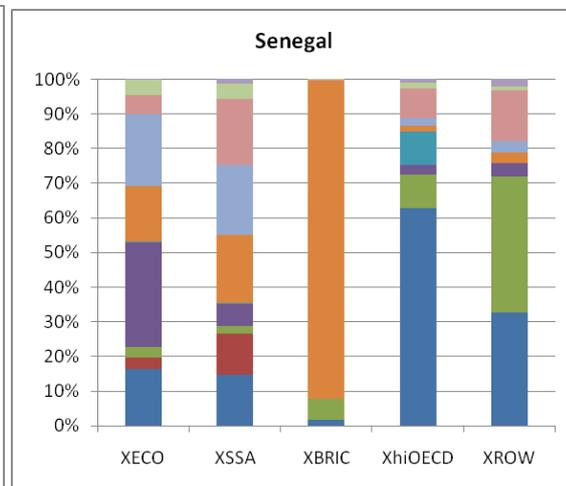
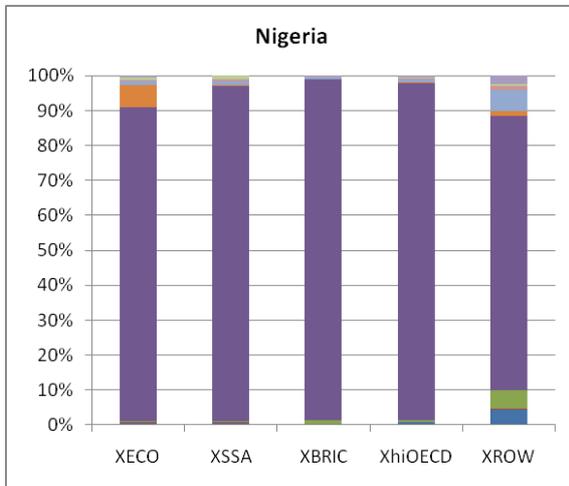
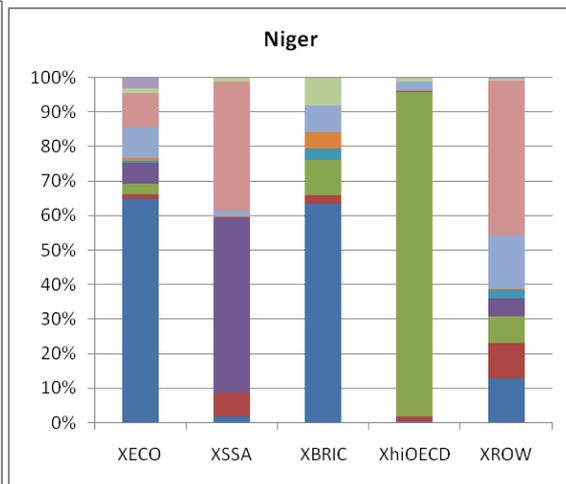
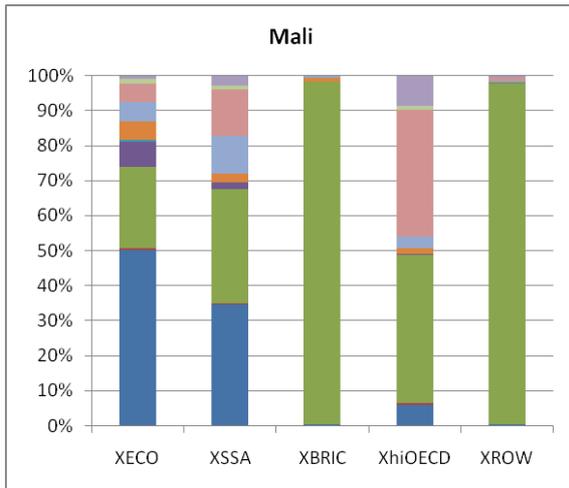
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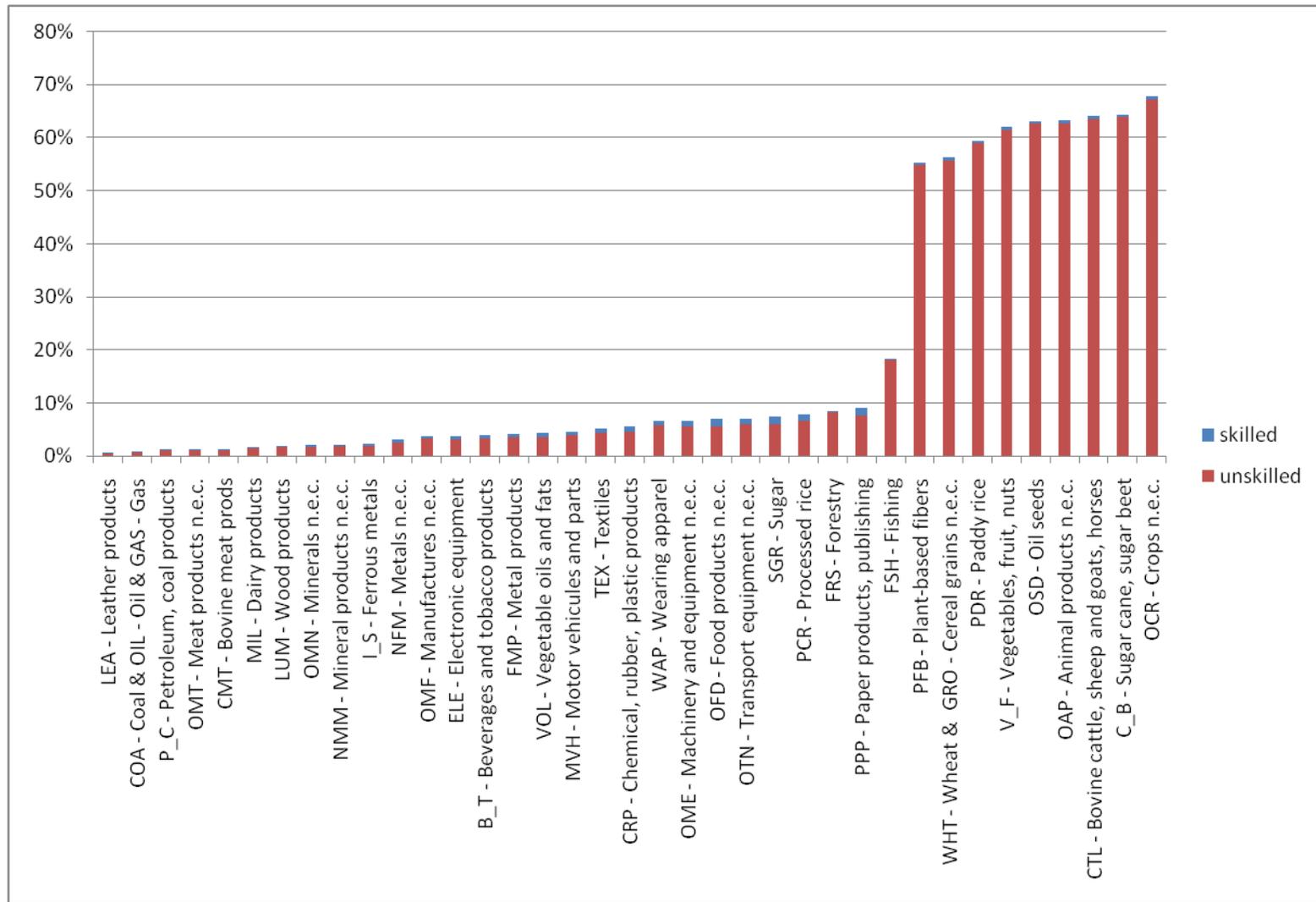
**Annex 1: Export composition by destination of exports for ECOWAS countries**





source: Authors' calculation based on data from COMTRADE, average between all years with data availability between 2004 and 2008.

**Annex 2: Average wage shares from GTAP Nigeria, Senegal and West Africa SAMs**



Source. Author's calculation based on data from GTAP

### Annex 3: Sectoral distribution of firms in sample by exporting status

ISIC sector	1. domestic (n=2017)	2. regional exporter (n=80)	3. global exporter (n=94)	4. indirect exporter (n=149)
15 - Manufacture of food products and beverages	12.2%	7.5%	17.0%	10.7%
17 - Manufacture of textiles	0.9%	2.5%	5.3%	2.7%
18 - Manufacture of wearing apparel; dressing and dyeing of fur	9.7%	7.5%	12.8%	24.8%
19 - Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear	1.1%	0.0%	4.3%	0.0%
20 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	2.4%	3.8%	4.3%	1.3%
21 - Manufacture of paper and paper products	0.3%	3.8%	1.1%	0.7%
22 - Publishing, printing and reproduction of recorded media	3.9%	3.8%	4.3%	4.0%
23 - Manufacture of coke, refined petroleum products and nuclear fuel	0.3%	0.0%	0.0%	0.7%
24 - Manufacture of chemicals and chemical products	2.5%	10.0%	6.4%	6.0%
25 - Manufacture of rubber and plastics products	0.7%	13.8%	6.4%	3.4%
26 - Manufacture of other non-metallic mineral products	1.3%	1.3%	2.1%	0.7%
27 - Manufacture of basic metals	0.5%	2.5%	0.0%	4.0%
28 - Manufacture of fabricated metal products, except machinery and equipment	3.4%	5.0%	2.1%	3.4%
29 - Manufacture of machinery and equipment n.e.c.	0.6%	3.8%	3.2%	3.4%
30 - Manufacture of office, accounting and computing machinery	0.0%	0.0%	0.0%	0.0%
31 - Manufacture of electrical machinery and apparatus n.e.c.	0.3%	2.5%	2.1%	2.7%
32 - Manufacture of radio, television and communication equipment and apparatus	0.1%	0.0%	0.0%	0.7%
33 - Manufacture of medical, precision and optical instruments, watches and clocks	0.2%	0.0%	0.0%	0.0%
34 - Manufacture of motor vehicles, trailers and semi-trailers	0.1%	0.0%	0.0%	0.7%
35 - Manufacture of other transport equipment	0.1%	0.0%	0.0%	0.7%
36 - Manufacture of furniture; manufacturing n.e.c.	5.6%	8.8%	4.3%	0.7%
37 - Recycling	0.0%	0.0%	0.0%	0.0%
40 - Electricity, gas, steam and hot water supply	0.0%	0.0%	0.0%	0.0%
41 - Collection, purification and distribution of water	0.0%	0.0%	0.0%	0.0%
45 - Construction	4.9%	2.5%	2.1%	1.3%
50 - Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel	4.8%	1.3%	1.1%	2.7%
51 - Wholesale trade and commission trade, except of motor vehicles and motorcycles	9.4%	8.8%	7.4%	10.1%
52 - Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods	21.8%	2.5%	4.3%	6.7%
55 - Hotels and restaurants	6.0%	2.5%	4.3%	2.7%
60 - Land transport; transport via pipelines	1.5%	2.5%	3.2%	2.7%
61 - Water transport	0.1%	1.3%	1.1%	0.0%
62 - Air transport	0.3%	1.3%	0.0%	0.0%
63 - Supporting and auxiliary transport activities; activities of travel agencies	0.7%	0.0%	0.0%	1.3%
64 - Post and telecommunications	0.8%	0.0%	1.1%	1.3%
65 - Financial intermediation, except insurance and pension funding	0.0%	0.0%	0.0%	0.0%
72 - Computer and related activities	2.0%	1.3%	0.0%	0.0%
74 - Other business activities	0.8%	0.0%	0.0%	0.0%

## **Annex 4: Questionnaire for structured interviews with exporting companies**

Name and location of company:

Name and position of interview partner:

Contact information:

### **A. Your company**

A1. What do you produce / sell?

A2. What were your total sales last year?

A3. What share of your production is...

...sold domestically?

... exported through other companies?

... exported to other ECOWAS countries?

... exported to the rest of the world?

A4. What share of your intermediate inputs is...

...purchased domestically?

... imported through other companies?

... imported from other ECOWAS countries?

... imported from the rest of the world?

A5. Over the last three years, has your business expanded, contracted, or remained more or less the same? Why?

## **B. Current Employment**

B1. Your company currently employs...

... full-time permanent employees (m/f):

... full-time fixed term or seasonal employees (m/f):

... others (please specify):

of which:

skilled / unskilled:

production / non-production:

unionized:

B2. Over the last three years, has your business increases / reduced / maintained its number of employees?

### C. Obstacles / constraints

C1: What are the main constraints to expanding your sales? Do these differ by markets?

	Domestic sales	Regional Exports	Global Exports
Examples:			
Cost of electricity, water, telephone, ...			
Cost of intermediate inputs (specify)			
Labour cost			
Labour education*			
Labour regulation			
Production technology			
Market access: Tariffs*			
Market access: NTBs (specify)*			
Lack of market information			
Capital cost			
Access to working capital*			
Access to trade finance*			
Political instability			
Air transportation cost			
Water transportation cost			
Land transportation cost			

\*) if not a major constraint: No demand or easy access?

C2: What do you see as the priority areas for political reform with respect to regional trade? Global trade?

#### D. Regional integration

D1: What are your priorities with respect to regional as well as global trade integration of your country?

	Regional market	Global market
Examples:		
Market access (tariffs)		
Market access (NTBs, please specify)		
Market access (reliability / implementation / commitment)		
Lower tariffs on intermediate inputs		
Lower NTBs on intermediate inputs (please specify)		
Protection against competitors		

D2: Do you see regional integration as a chance to eventually access global markets? Are you expecting this to happen for your company, has it happened in the past, or do you know of any companies that did so? How can regional integration prepare / support a company for accessing global markets?