SECTION THREE: DEVELOPMENTS AND OUTLOOK IN THE WEST AFRICA SUB-REGION

The West African Economy

1. Mr. Speaker, the West Africa sub-region continues to sustain the growth momentum of the previous years albeit at a slower pace. Among non-oil economies in the sub-region, growth slowed down mainly due to high oil prices and energy crisis. In the face of this, average growth rate is expected to experience a slight decline to about 5.5 per cent in 2007 as against 5.7 per cent in 2006.

2. However, countries like Nigeria, Ghana, Senegal and Burkina Faso are likely to experience relatively high growth rates averaging about 6 per cent in 2007. This can be attributed to favourable trends in international commodity prices and/or volumes of commodity exports, good public services, larger openness to trade and improved institutions. In addition, increased external inflows in the form of remittances, HIPC and MDRI assistance to countries helped to spur the economies of countries like Ghana and Senegal.

3. Mr. Speaker, inflation rate has also followed a downward trend in 2007 despite the incessant pressures from rising crude oil prices. The Gambia and Nigeria are expected to achieve single digit inflation in 2007. The 2007 average inflation projection for the ECOWAS sub-region is projected at 6.5 per cent, which is lower than the 2006 rate of 7.2 per cent. The region is projected to experience a further lower inflation of 5.5 per cent in 2008. Almost all the countries in the sub-region with the exception of Sierra Leone, and Guinea are projected to achieve single digit average inflation rates in 2008.

Creating a Borderless Region

4. Mr. Speaker, ECOWAS Heads of States on 15 June 2007 adopted the ECOWAS Strategic Vision which seeks to convert West Africa into a borderless region whereby citizens can create and avail themselves of opportunities emanating from unrestricted movement of goods, services and persons.

5. The vision as reiterated at the Second Ordinary Session of the ECOWAS Parliament in September 2007, envisages the creation of a "region-wide space for people to transact business, and live in dignity and peace under the rule of law and good governance".

6. The Zone will be based on the "guiding principles of citizen ownership, service, transparency, partnership, subsidiary, result-based management and sustainability and is intended to eventually enable the region move from 'ECOWAS of states' into 'ECOWAS of people' by 2020". The creation of the zone will champion the desire to transform its existing integration structures at regional and district levels into a single Regional Economic Community with specialized agencies.

7. The Region remains resolute in pursuit of its principal objective of promoting regional cooperation and integration and ensuring sustainable development of the whole region. In this regard, ECOWAS is vigorously pursuing the process of achieving the Common External Tariff and the ECOWAS Trade Liberalization Scheme (ETLS) with a view to deepening the integration and cooperation process.

Economic Partnership Agreement (EPA)

8. With regard to EPA, the first phase of scheduled negotiations have been completed, however, some challenges are still outstanding and need to be resolved if the agreement were to present mutual benefits to both parties. The ECOWAS position on this matter is that EPAs should come into force by 1st January 2011 instead of the January 2008 as provided under the Cotonou Partnership Agreement. The extension is deemed necessary to allow for further negotiations of the many outstanding issues including the following:

    - strengthening of the regional integration process;
    - implementing a region-wide Common External Tariff;
    - implementing fully the ECOWAS ELTS;
    - harmonizing tax and investment regimes in the region;
    - unresolved issue of market access; and

- liberalization of services and the absence of support measures through the establishment of an EPA regional funding mechanism.

Energy Issues

9. Mr. Speaker, energy continues to be one of the critical challenges to growth and development in the sub-region. To this end, ECOWAS has been implementing some key energy programmes to ensure sustainable and affordable energy supplies to the region and to mitigate the impact of the current crisis that the sub-region faces. These include the West African Gas Pipeline (WAGP), the West African Power Pool (WAPP) and the ECOWAS Initiative on Access to Energy Services. Major construction activities with respect to the WAGP have been completed. Deliveries are expected to begin as soon as some unforeseen technical difficulties that have cropped up have been resolved.

10. Mr. Speaker, priority projects under the WAPP are also at various stages of implementation in Ghana, Nigeria, Benin, Togo, Mali, Burkina Faso and the Cote d'Ivoire. The ECOWAS Commission is also supporting member States to build the necessary institutional framework, and formulate national energy access strategy and investment programmes for the implementation of the ECOWAS Initiative on Access to Energy. When all these programmes and projects come on stream, West Africa will have sufficient energy in the medium term to achieve accelerated growth and development.

The West African Monetary Zone (WAMZ)

Macroeconomic Developments

11. Mr. Speaker, the WAMZ region continued to maintain appropriate fiscal and monetary policies during the period under review. Half year convergence report of the West African Monetary Institute (WAMI) for the zone indicates that macroeconomic performance over the period has been broadly satisfactory. Real GDP growth picked up modestly, with inflation pressures easing significantly despite unfavourable oil price trends. Marked improvements were also recorded in the external sector.

12. Even though zone-wide real GDP growth is projected around 7.9 per cent in 2007 as against the 5.7 per cent real growth achieved in 2006, preliminary data indicates that the zone is likely to achieve a slower growth rate. Real economic growth rate in the Gambia, for instance, is expected to reach 5.8 per cent as against an earlier projection of 6 per cent for 2007.

13. Mr. Speaker, GDP growth in Nigeria is also expected to finish off at 6.8 per cent, significantly below the annual projection of 8.2 per cent. The reason for the shortfall has been attributed to the partial disruption of oil

production in the Niger Delta. Inflation for the period 2007 is expected to decline to 5.3 per cent but rise to 7.4 per cent in 2008

14. In Sierra Leone, strong growth which began last year is expected to continue in 2007, with sustained support from her development partners and considerable increase in gold and diamond production. Growth is thus expected to be about 7.4% in 2007. Inflation in Sierra Leone is projected to reach 10.8 in 2007 but decline to 10.2 in 2008.

15. Mr. Speaker, Guinea's economic growth rate is, however, expected to decline from 2.2 per cent in 2006 to 1.5 per cent in 2007 due to constraints in the macroeconomic fundamentals occasioned by civil disturbances. Nonetheless, inflation is expected to decline from the 2006 rate of 34.7 per cent to 23.4 per cent in 2007 and to further decline to 13.8 per cent in 2008.