



Regional Trade and Employment in ECOWAS

Presentation at the conference
Trade, Jobs and Inclusive Development in Africa
Tunis, Tunisia, 22-23 September 2011

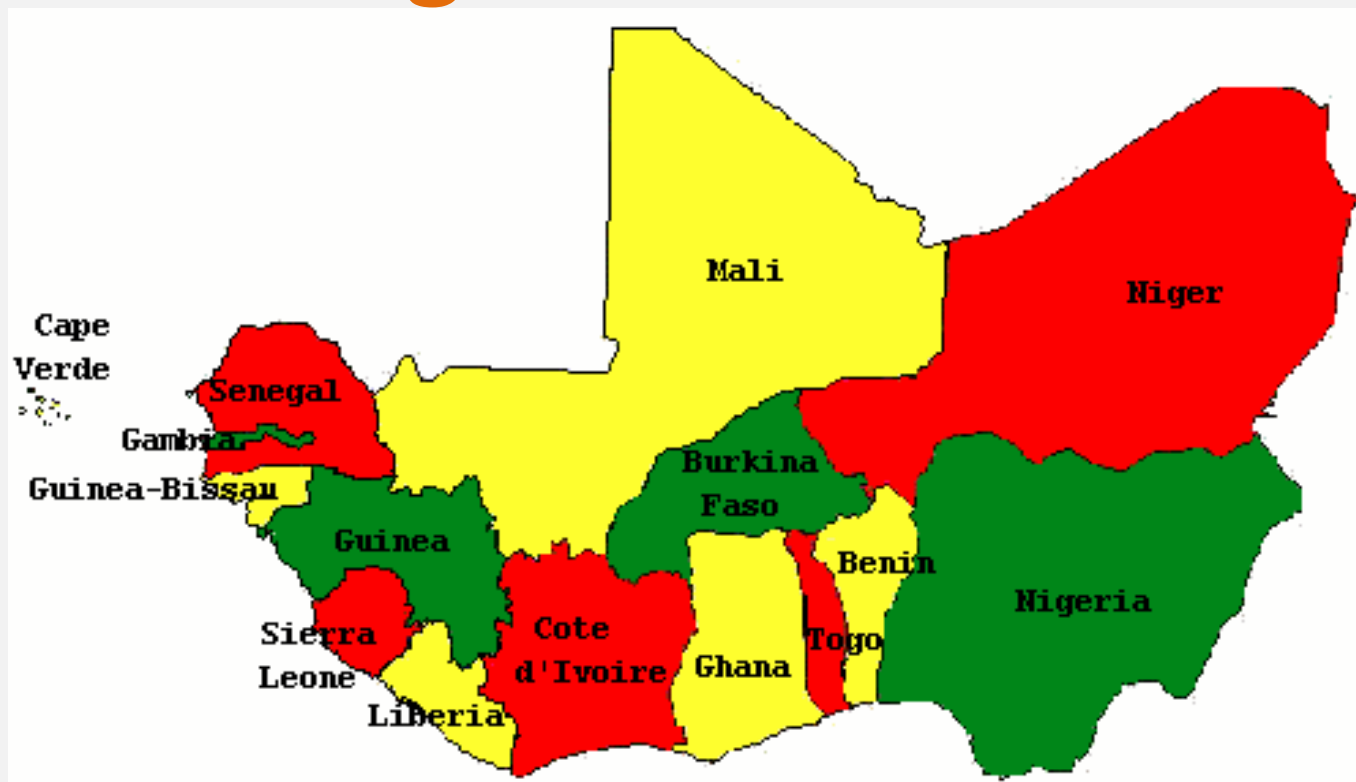
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Outline

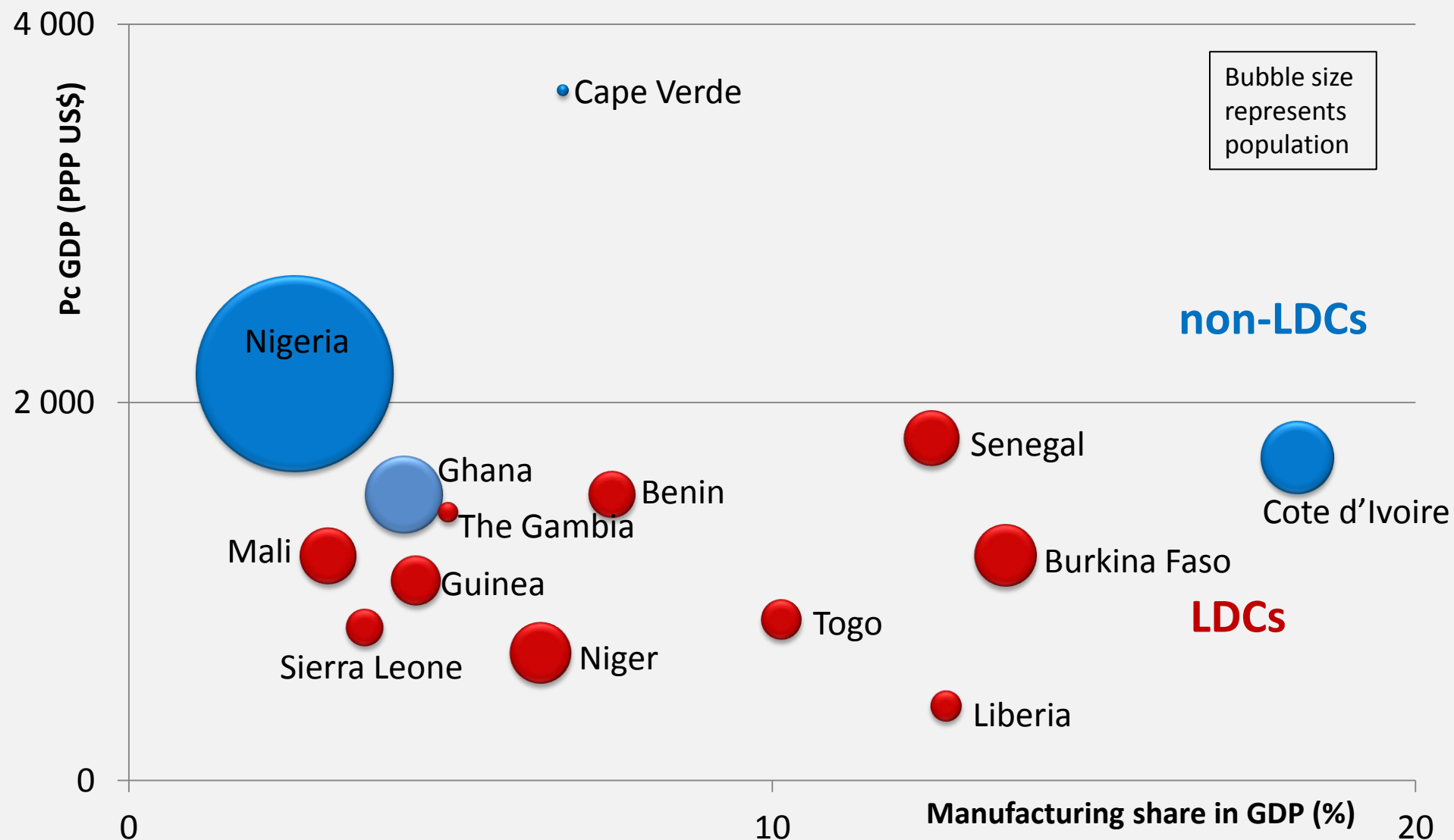
- Background: ECOWAS
- Why regional trade and employment?
- Empirical Findings
 - Country level
 - Firm level
- Conclusions

Background: ECOWAS



- De jure: FTA since 1975, moving towards CU since 2000
- De facto: Implementation very slow
- Overlap with UEMOA

A mixed picture...



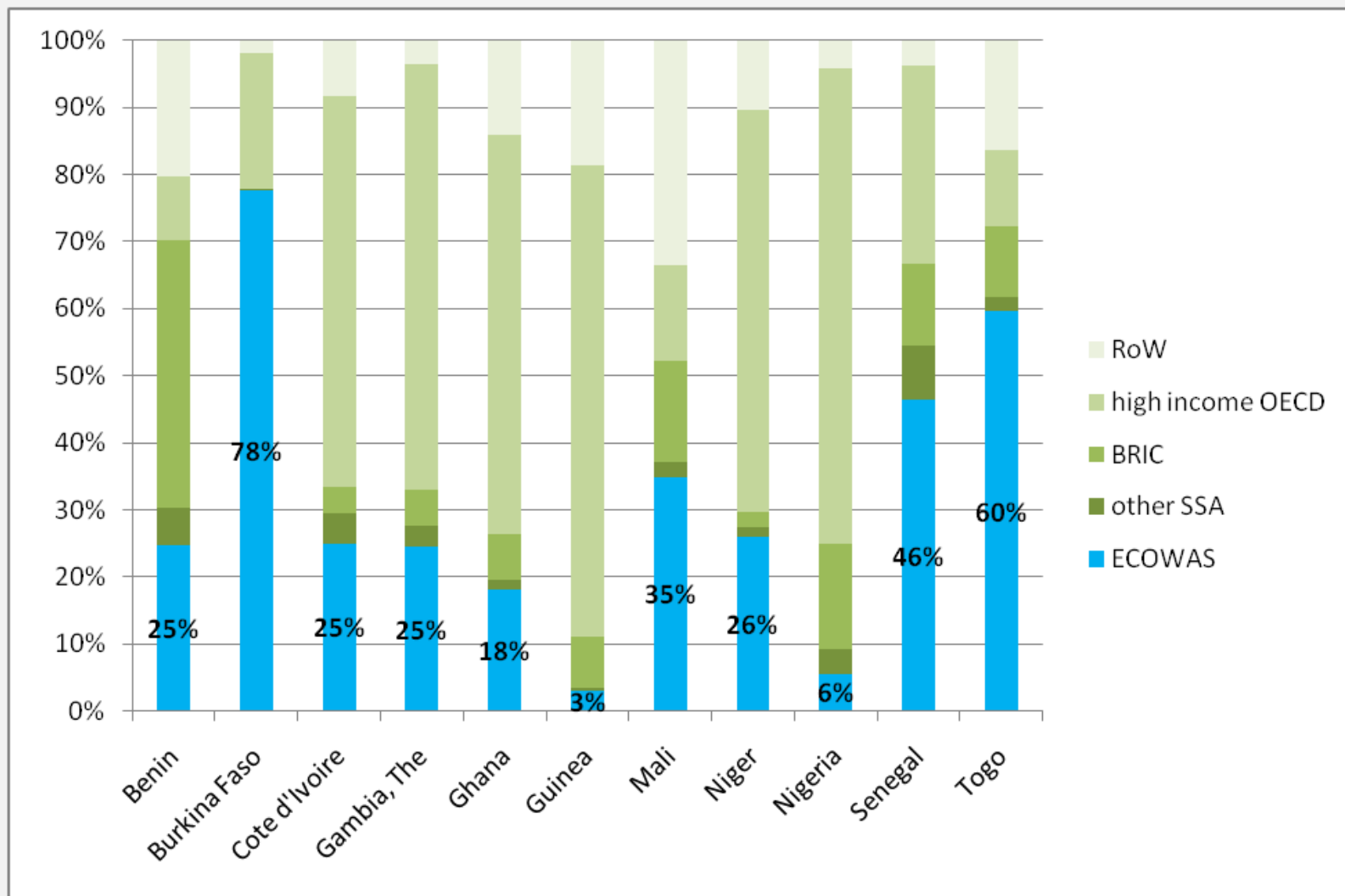


... and an ambitious target

“Progressively increase intra-Community trade in West Africa from less than 12% to 40 % by 2030, with a 50% share of the region’s trade in manufactured goods, ...”

ECOWAS, West African Common Industrial Policy, 2010

Regional trade shares by country



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

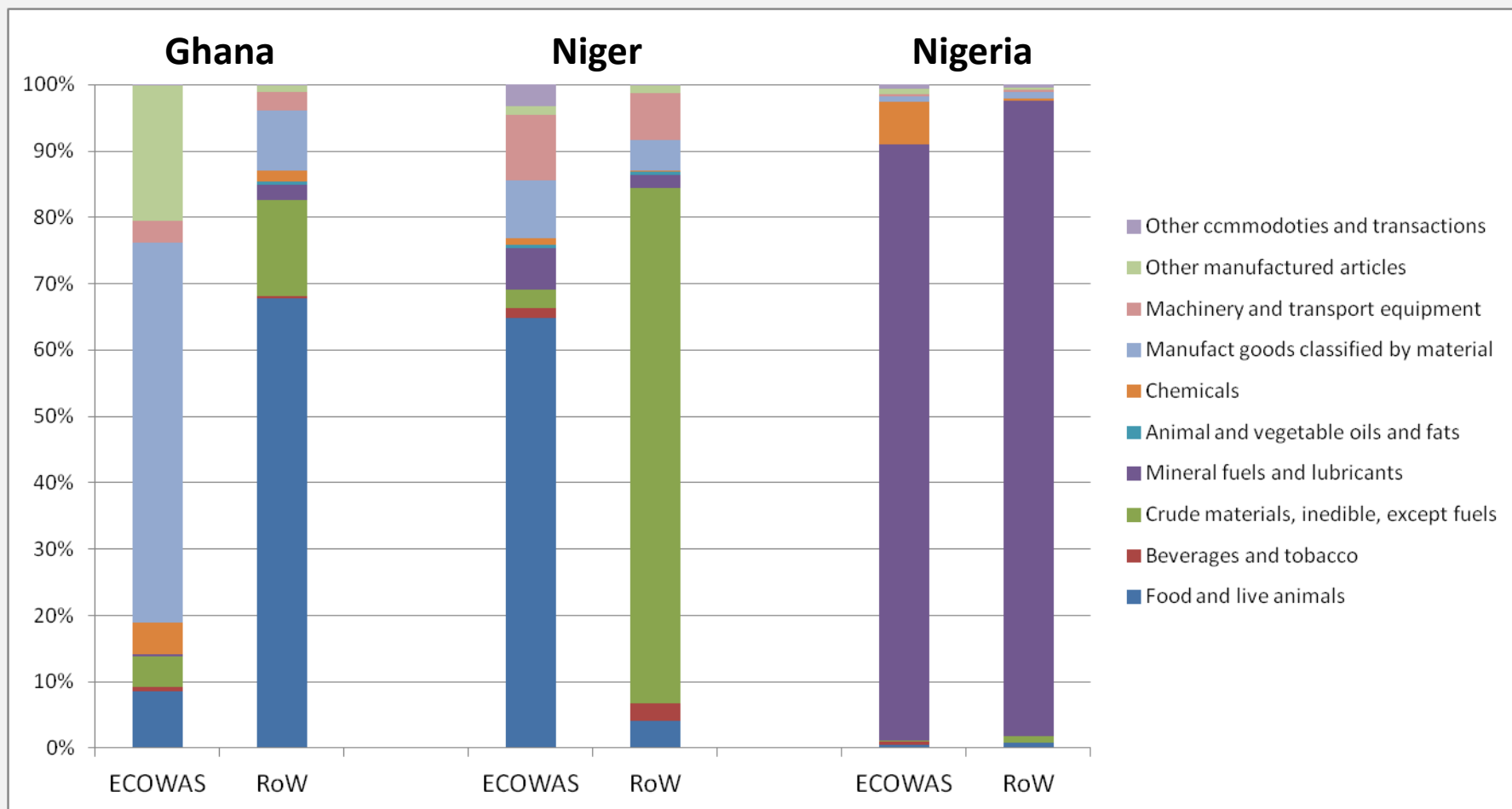


Why regional trade and employment?

Why could the employment effects of regional trade be different from those of global trade?

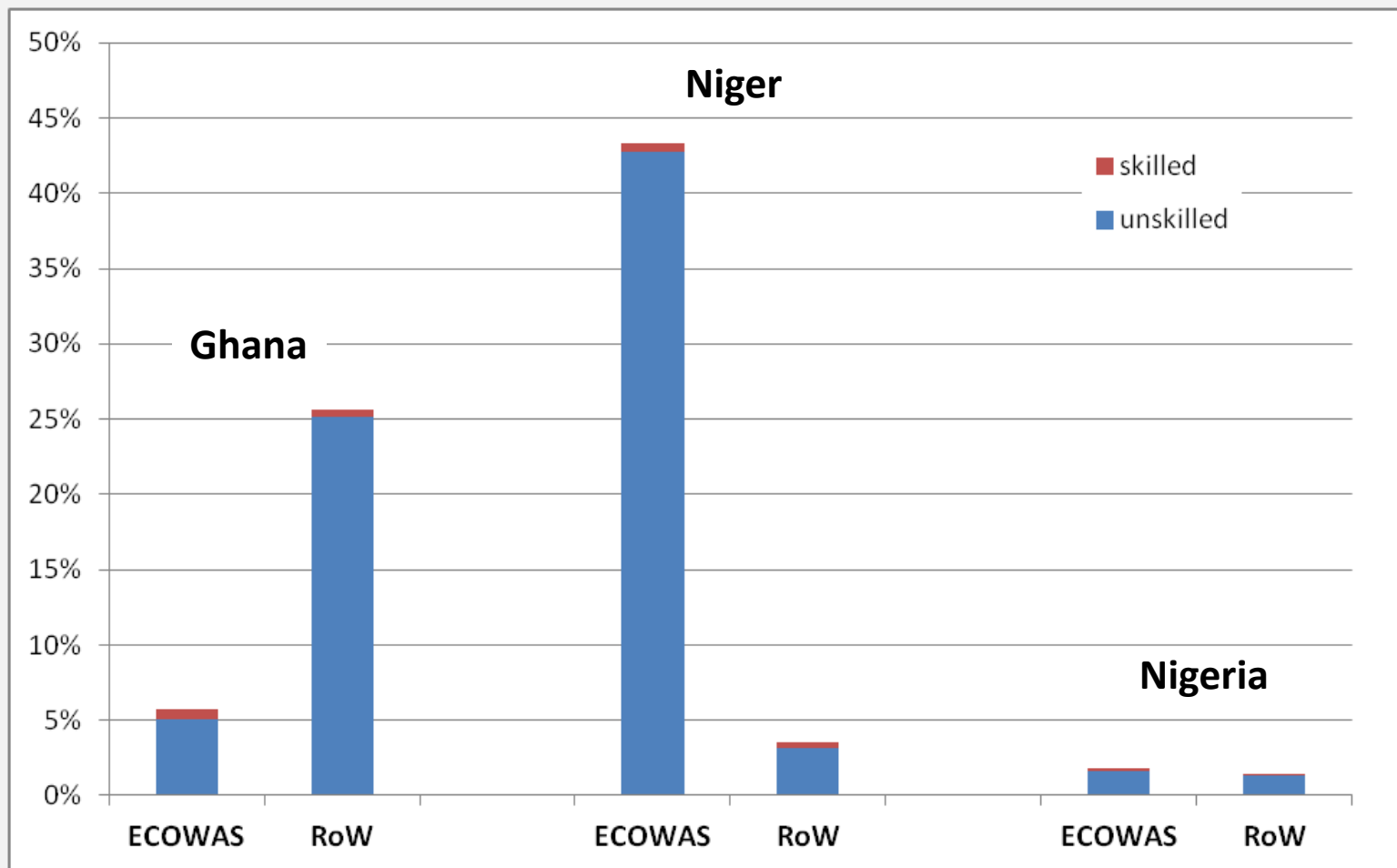
- Regional vs. Global comparative advantage; differences in product composition (Venables 2003)
- Firm level effects; differences in size and productivity (Melitz 2003; Helpman et al. 2008; Eaton et al. 2011)

Regional vs. Global Exports



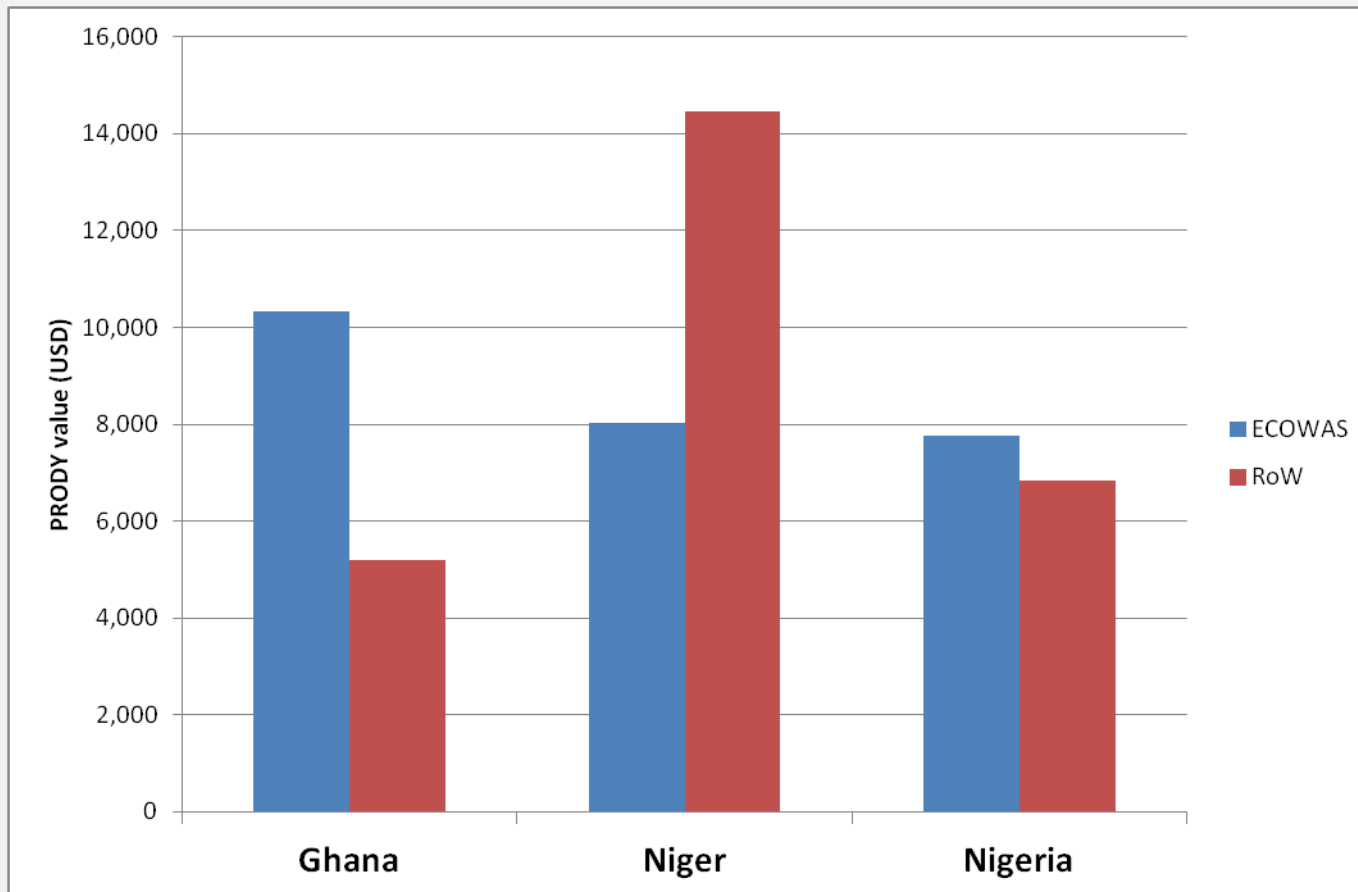
Source: Author's calculation based on data from COMTRADE, average between all years with data availability between 2004 and 2008

Employment Intensity of Exports



Source: Author's calculation based on trade data from COMTRADE, average between all years with data availability between 2004 and 2008, and wage share in total cost from GTAP Social Accounting Matrices.

PRODY: Export Potential for Productivity Growth



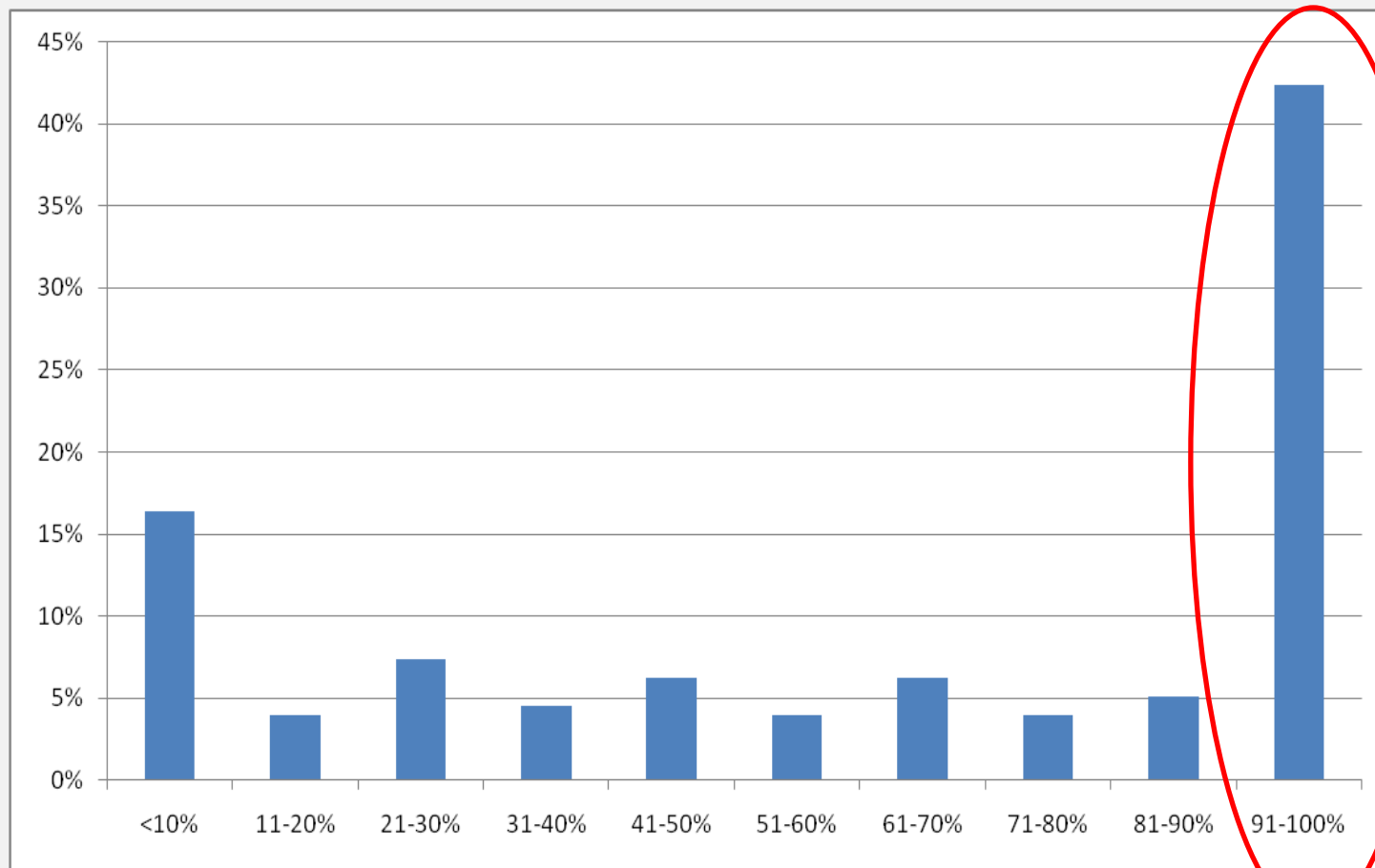
Source: Authors' calculation, based on trade data from COMTRADE, average between all years with data availability between 2004 and 2008, and PRODY values reported on the "Product Space" homepage of C. Hidalgo (<http://www.chidalgo.com/productspace/>).

Firm Level Results: 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 calculation based on pooled World Bank Enterprise Survey Data. All firms with non-zero exports are classified as exporters.

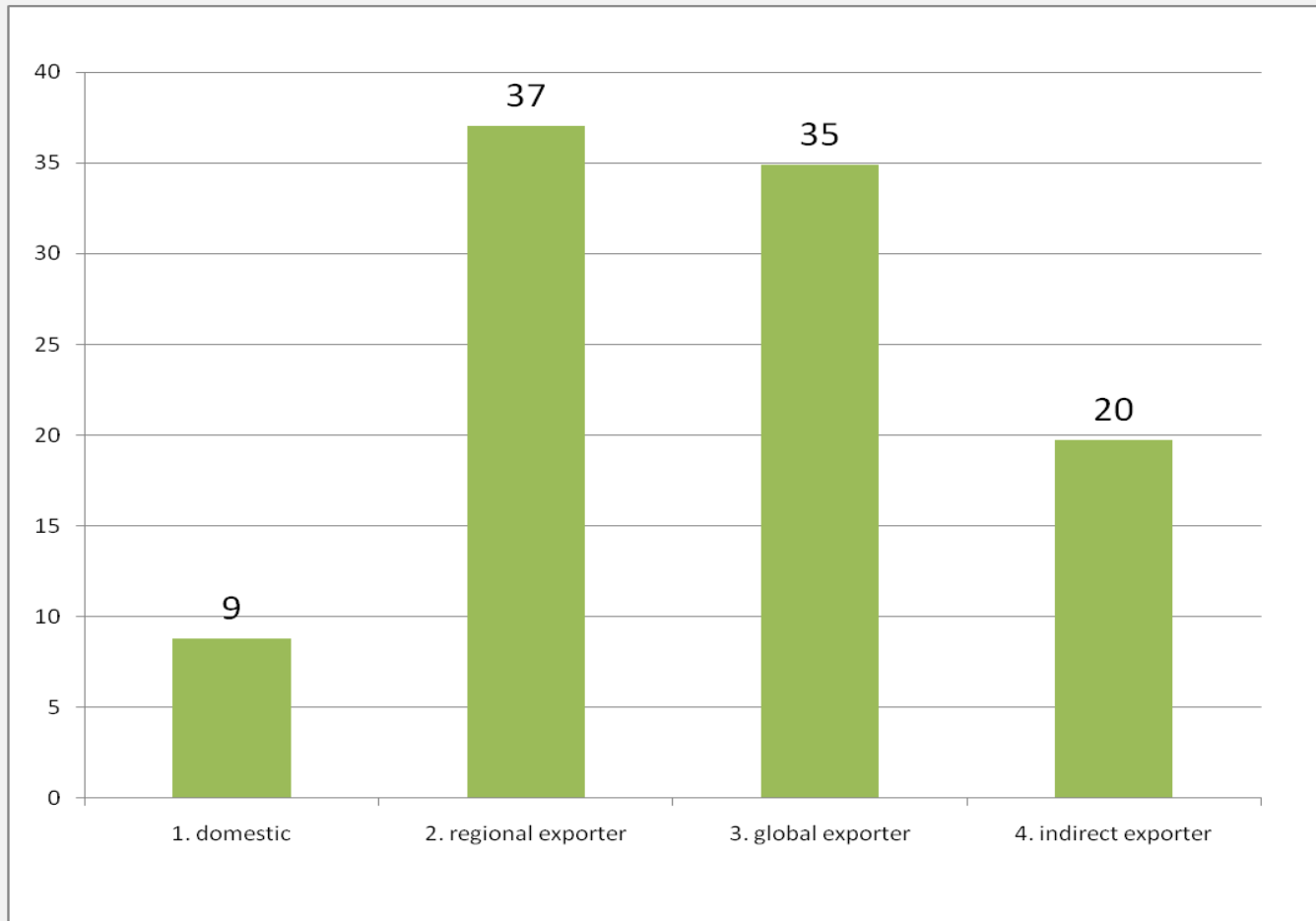
Regional vs. Global Exporters



Source: Author's calculation based on pooled World Bank Enterprise Survey Data.

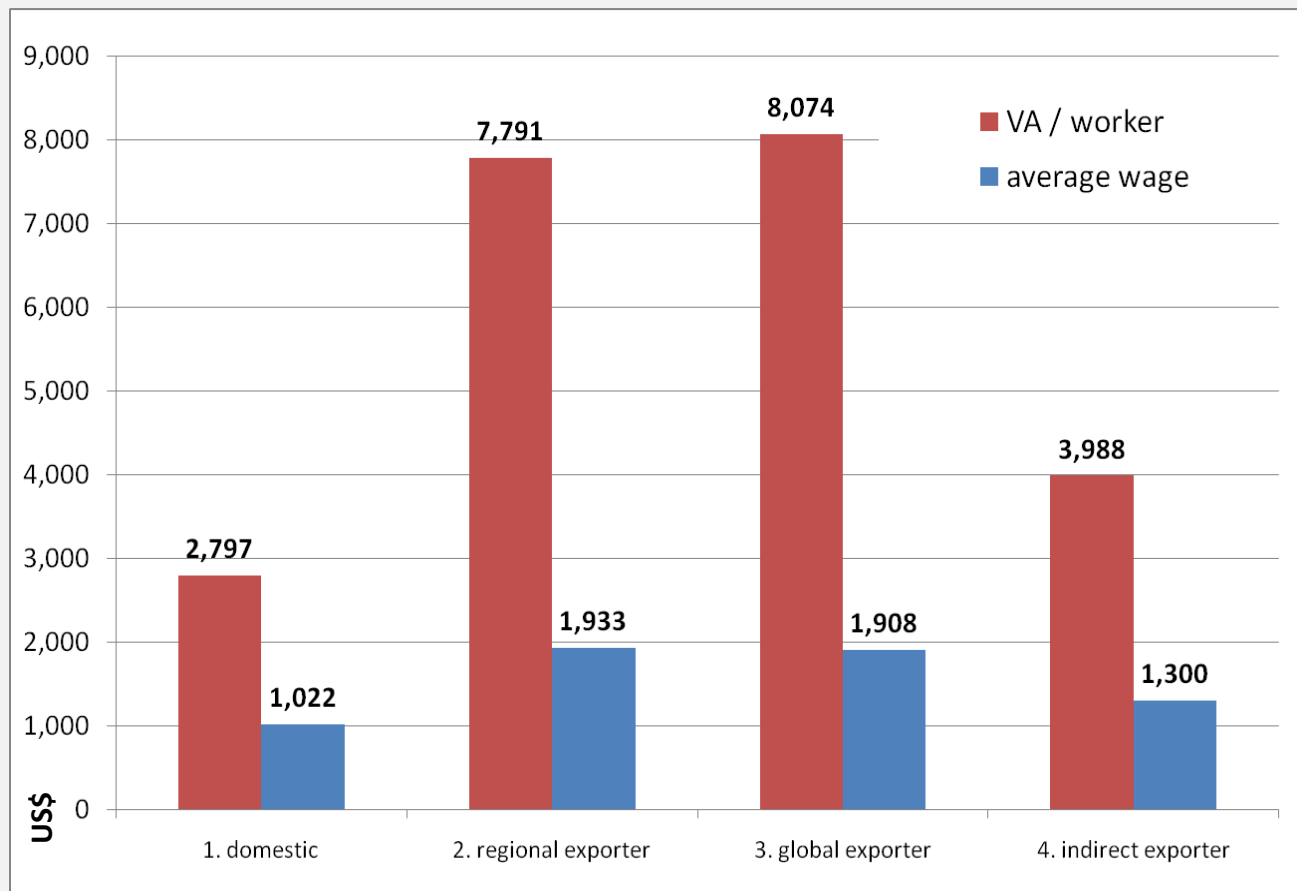


(In) Average Employment by Firm Type



Source: Author's calculation based on pooled World Bank Enterprise Survey Data. Averages are taken over the natural log to reduce the weight of outliers and extreme values, and then re-converted in to real figures.

(In) Average Productivity and Wages



Source: Author's calculation based on pooled World Bank Enterprise Survey Data. Averages are taken over the natural log to reduce the weight of outliers and extreme values, and then re-converted in to real figures.



Conclusions

- Heterogeneous employment effects of across countries
 - RT does not necessarily lead to industrialization
 - More jobs vs. better jobs → complementary policies
- Firm level similarities between regional and global exporters
 - Regional exporters can create very productive employment
 - But: “Productivity threshold” just as high for regional as for global exporters → reduced regional trading costs could extend job creation