

**COOPERATION AND INTEGRATION IN AFRICAN THE CASE OF INFORMAL
CROSS BORDER TRADE**

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Introduction:

“Informal” cross-border trade has been romanticized in the literature as follows:

1. as a tool for economic protest by the common “non-citizen” (i.e the poor rural and urban masses who are excluded by post-colonial elites in Africa from benefiting from their corrupt “politics of the belly”), by passing the state and denying it an avenue for collecting transaction taxes;
2. a tool of “integration from below” by non-state actors where political leaders have failed to achieve genuine economic and political integration in Africa despite a mushrooming of formal regional associations from the top;
3. an expression of a resilient pre-colonial African solidarity which had survived artificial and divisive colonial boundaries and political walls of balkanization.

It is, however, currently being vilified as follows:

1. being a captive of corrupt state officials who fund its footsoldiers and use their influence in government to inhibit effective economic integration;
2. a pernicious modern reflection of an earlier balkanization of Africa which had already existed prior to colonial boundaries;
3. a conveyor-belt for products from economics outside Africa (such as elite-consumed textiles from Switzerland and the United Kingdom, Holland, Indonesia, China, etc, rice from Thailand; electronics from South Korea, and Japan; used cars, etc thereby blocking the development and integration of authentic trade in local African products:

“Convertible currencies so acquired are used to bring in foreign imports, such as cigarettes, textiles, second hand clothing, and electronics, as well as imported rice and wheat flour, which are imported through the liberal – importing convertible- currency economy and smuggled back into the first country”, (Meagher: 2005:8)

As a rogue phenomenon, informal cross-border trade is claimed to have been fueled, since the 1970s across West Africa, by small and weak economies of Benin, Togo and the Gambia which adopted the strategy of low- tariff policies to attract foreign imports from outside Africa for transit to richer neighbouring economics of Mauritania, Senegal and Mali (for Gambia); Nigeria and Burkina Faso and Niger (by Togo and Benin). In exchange for these goods, raw materials (notably: food grains, gold, diamonds, groundnuts, livestock and cocoa) ; subsidized products (notably: petrol and fertilizer from Nigeria), and manufactured goods including detergents, dairy products and beverages- variously from Ghana, Nigeria, Senegal and Mali across regional borders. The Ghana Diamond Mining Corporation, for example, apparently had 14 Million USD worth of diamonds sucked from it into a smuggled trail of cross-border trade as early as 1984, while 200,000 tons of Nigerian grain was flowing into Niger annually by 1985. By 1991 the Gambia was extracting 71 percent of its taxes from imports meant for informal cross-border transit to neighbouring countries while Togo, “a country without mines, is said to have officially exported \$ 150 million in gold and\$ 40 million in diamonds” in 1988.(Meagher:2005).

Variations in length of borders in ECOWAS (Kilometer)

Mali – Mauritania	2,237
Nigeria – Cameroon	1, 690
Sierra Leone – Guinea	652*
Nigeria - Chad	87

* Guinea almost swallows up Sierra Leone; just as Senegal encircles the Gambia in all but the Atlantic coast and pays early for it with loss of 70% of tariffs on imports to informal cross-border trade

The new hostility towards informal cross-border trade, however, raises some problems. It seems to carry a distaste for the emergence of a class of African middlemen who have edged out Lebanese and European operators; as well as shutting out goods from outside Southeast Asia and Japan. More importantly, it ignores the fact that the basic component of informal cross-border trade consists of basic food products whose value for regional food security at the local level, urged governments in ECOWAS to largely exempt it from tariff duties even though petty border officials continue to exploit the face-to-face volume of contact it provides to extort personal incomes. And women who dominate this trade across West Africa are the major victims:

“Customs officials and police at roadblocks will make you unload and unpack every little package in order to delay you for hours. Everyone knows the intention is to force travelers to pay”. (Mutume: 2002:3)

The Mai Duwa market on the border between Katsina State (in Nigeria) and Niger Republic is one of the largest in the region. Beans, millet, livestock, maize, cotton, and groundnuts flow from Nigeria into Niger while beans, millet, camel, sheep bred for the annual Muslim religious rituals at the end of Ramadan, poultry, herbal medicines, and Hausa music cassettes flow into Nigeria from Niger. When state officials built a walled market in Jibia specifically for regulating this trade, traders and customers shunned it; apparently in collusion with Local Government officials whose traditional informal taxation of traders is not channeled into the official treasury. The Mona market in Maiduguri on the Lake Chad littoral, annually provides large volumes of smoked fish which supplies protein needs to south-eastern Nigeria, in exchange for palm oil, *gari* (or fried cassava powder), yam, shoes; as well as plastic products from Abba in Abia State.

Resource integration and policy

Informal cross-border trade in West Africa continues to facilitate trade in local nuts, dates and black berry (“*didinya*”) which for long have held high potential for income – earning from the international market for small-scale rural producers but have failed to shed discrimination against it by colonial governments interested in cotton, groundnuts, gum Arabic, and hides and skins from the Sahel region. A major product is shea-butter from nuts yielded by trees which grow in highest quantities in northern Nigeria, Mali and Bukina Faso. In Nigeria its production has continued to be ignored even by agricultural officials, researchers and agro-industrialists. A cosmetics industry which shows much interest in skin bleaching chemicals has ignored shea-butter even though research done in neighbouring Ghana has been able to take out smells which some customers may not tolerate. It is, moreover, an area which would link prospects for improved incomes for a large number of women with both rich and external markets:

“About 4 – 5 million women in West Africa are involved in the collection; processing, and marketing of shea-nuts and butter, providing about 80 percent of their incomes”. (Plunked & Stryker: 2002)

Due to the propensity of urban elites to direct their purchasing power to foods and beverages imported from outside Africa (or packaged locally by multinationals in the food industry), informal cross—border trade continues to keep primary rural food and beverage products in the food chain at mass community levels, thereby serving as potential policy reminders for options of benefiting effectively from economic intelligence about potential rich markets. Japan and the European Union in 2002 imported over 20,000 tons of shea-nuts worth \$ 3.3 million for the cosmetics industry; a piece of data which policy makers in ECOWAS could integrate into their visions for taking dividends of democracy to rural producers.

Trade and Context

Cross –border trade within Africa has received less attention, assumed less visibility in the area of public policy, and philosophical dignity among official economists, than cross-border conflicts and flows of refugees. In 1999 the United Nations High Commission for Refugees listed the following countries as the “top four refugee-hosting countries in Africa”:- Guinea: 489,000; Sudan;391,000;Tanzania: 343,900 and Ethiopia: 262,000 refugees. (Anatole: 2003: 15) The ranking almost corresponded with the number of countries they shared borders with, notably Sudan 9, Tanzania 8, Guinea 6 and Ethiopia 5. Soon after independence, Africa’s leaders and Africanist scholars were more concerned with inter-state conflicts over demarcations of borders inherited from colonial rule, with some scholars subsequently attributing internal failures in governance, including corruption, on “artificial borders” which divided ethnic nations which straddle international borders. The claim has been repeatedly asserted despite the fact that borders in the frontier states of the United States of America were probably the most artificial in the world, having been determined by military cartographers’ lines on a map. Post-colonial emphasis on export crops to former colonizer markets was aided by most African states (33 states) bordering the Atlantic and Indian Oceans, as well as the Mediterranean and Red Seas, respectively, and continued to draw official and Euro-centric scholarship away from cross-border intra-African trade.

The influence of the 1925 initiative by the Belgian colonial Government of establishing the Albert National Park astride the border of Ruanda-Urundi and Congo, followed by the 1932 and 1936 legislations in the United States and Canada, respectively, which established the Waterton-Glacier International Peace Park across their common borders, never really acquired effective visibility across official Africa to the extent of drawing effective attention to cross-border economic activities (TBNRM :7) In the 1980s, a new emphasis on developing economies and societies along inter-state borders was prompted more by security concerns, including curbing various forms of crime and flow patterns of small-arms, than on promoting trade for the economic integration Africa. (Oxford: 2001).

Clapham had asserted that to African leaders, colonial borders have not been important for economic development policy but as exclusive arenas for intra-border elites to farm and control their own patronage networks without the inconvenience of experiencing competition from wider areas:

“ African state boundaries were so rigidly maintained because – rather than in spite – of their artificiality. These boundaries defined and legitimated the particular kind of power structure which grew up in post-colonial African states, and provided the framework for the politics of patronage...” (Stutman: 2001:1).

It is, however, important to recall opposition by France to the continued federal integration of the West and Central African Federation, and also subsequent American and British assault, in the late 1960s and early 1970s, on the East African Community; as well as African rejection of white settler domination for the Federation of Rhodesia and Nyasaland in the 1950s and early 1960s. These attitudes postponed and diverted attention from Cross-border trade and segregated it to the “informal” sector.

Evidence of the depth of this segregation is provided by the United States’ Central Intelligence Agency, CIA, not being able to capture ‘the magnitude of informal cross-border trade in its 2002 data on import trade by a number of African Countries for which it found statistics. The data, for example, shows no imports from Nigeria into Benin, the Gambia, Togo, and Burkina Faso despite evidence of women traders boarding transport vehicles in Lagos with loads of goods bought in Nigeria for markets across ECOWAS states. The data also reports the bulk of imports as coming from outside Africa, with 13 out of the 18 countries probably getting shipments in along their Atlantic and Indian Ocean and Mediterranean coasts.

DATA ON INTER-STATE TRADE IN AFRICA

COUNTRY (2002)	AFRICA	OTHER
BURUNDI	TANZANIA 9.3% Kenya 7.7%	Saudi Arabia 12.3% Belgium 2.4% France 7.4%
CONGO DR	Nigeria 10.3% Kenya 5.3% South Africa 14.2%	Belgium 14.6% France 9.5% Germany 7.3% Netherlands 5.3%
The GAMBIA	Senegal 8.9%	Brazil 7.8% UK 6.5% Netherlands 5.4% India 4.9% Belgium 4.5% Hongkong 4.1%
BENIN		China 30.7% France 15.7% UK 4.8 Italy 4.2
SOMALIA	Djibouti 29.8%, Kenya 13.6%	Brazil 10.5 Thailand 4.7 UK 4.4
NIGER	Cote d’Ivoire 14.9% Nigeria 7.4%	France 16.8% China 9.8% US 5.2 Japan 4.6
MADAGASCAR	Mauritius 10.6% South Africa 5.9%	France 17.2% Iran 11 Bahrain 9.4 Hongkong 6.9

		China 4.1
MAURITANIA		France 18.5 Belgium 7.8 China 7 Spain 5.9 German 5.2
GUINEA	Coted'Ivoire II	France 18.7 Italy 8.9 US 8.2 Belgium 7.6 China 5.6 UK 5.2
MOROCCO		France 20.9 Spain 12.6 Italy 6.3 Germany 5.5 US 4.6 UK 4.1
TOGO		France 21.3 China 17 Netherlands 6.5 Germany 5.3 Italy 4.4
CONGO DR		France 21.3 Italy 8.5 Belgium 6 US 5.2 India 4.1
COTE d'Ivoire	Nigeria 16.6	France 22.7 China 19.5 Germany 8.9 Spain 5
TUNISIA		France 2.56 Italy 19.5 Germany 8.9 Spain 5
SENEGAL	Nigeria 8.7	France 25.6 Thailand 7.2 US 5.4 Germany 5.4 Italy 4.5 Spain 4
BURDINA FASO	Cote d'Ivoire 23 Togo 4.3	France 27.7
CAMEROON	Nigeria 12.8	France 28.2 US 8 Belgium 5.7 Germany 5.3 Italy 4.3

CENTRAL AFRICAN REP	Cameroon 4.5	France 30
		US 5.2
		Germany 4.3

SOURCE: CIA Word Fact book, December 2003.
http://www.nationmaster.com/graph-T/eco_imp_par
28/01/2005.

New Interest

Scholars who after the 1980s became preoccupied with the phenomenon of ‘failed states’ in Africa appear to have found new hope in the redemptive power of informal cross-border trade. One observer eulogized the trade thus:-

“confidence between business partners bound by religious or Kinship ties hold a guarantee more powerful than anything modern legislation can offer Understanding how unofficial trade works may be useful in constructing new policies on local integration in an effort to counter the marginalization of the continent in international trade” (5).

The African state had since independence betrayed the majority rural population and those in urban areas who were not looting national treasuries from positions in the civil service. Chinua Arcebe has sketched this betrayal with intense anger thus:-

“The gap between the highest and the lowest paid public servants in Nigeria is one of the widest in the whole world. Certainly nothing like it occurs in any country worthy of respect. And let it be understood that I am talking about salary alone. If we are to add innumerable perquisites which accrue legitimately to the people at the top such as subsidized housing, free access to fleets of official cars, free shopping spree abroad, etc and illegitimate perquisites such as uncontrolled acquisition of state land, procurement of market stalls under fictitious names for rental to genuine trades; even procurement for resale of government subsidized commodities such as rice, beer, cement, etc – if we were to add all these “invisible” emoluments to the salary, there would be no work in the dictionary adequate to describe the institutionalized robbery of the common people of Nigeria by their public ‘servants” (6).

Several analysts of African affairs described what Achebe depicted above as “*the politics of the stomach*”, and welcomed the further weakening of the failed African State by participants in the informal cross-border trade who were beating the corruption and greed of officials populating state bureaucracies and political offices.

A report by the Nordic Africa Institute, titled *Cross-Border Trade and the Parallel Currency Market: Trade and Finance in the context of Structural Adjustment* draw the following favourable conclusion:

“Cross-border trade offers by far the most efficient financial and commercial infrastructure that is presently available for regional trade. It could, given the appropriate policy framework, contribute to the rapid and massive expansive of markets for local industrial and agricultural goods.” (7)

The report notes that cross-border traders based in Kano and Lagos consist of those with connections to “state-supported business elites and officials”, as well as small-scale operators who have moved out of unemployment and falling incomes due to the effects of structural other reports from Southern Africa and ECOWAS. Evidence from SADC suggests that

Cross-border trade tends to expand markets for goods not manufactured or produced in the local rural or urban market. Goods from South-East Asia entering cross-border trade ‘tends to promote the expansion of global penetration of the West African Market.’ (8)

The World Food Programme and FEWSNET in June 2004 initiated a system of monitoring 24 borders between Malawi, Mozambique, Tanzania, Zambia, Zimbabwe and Democratic Republic of the Congo (DRC) to measure the volume of goods in informal cross-border trade.

Initial reports showed that 94 percent of the 34,000 metric tones of maize trade went into Malawi from her neighbours. The trade has benefited from Malawi (whose southern borders sticks into Mozambique like a tongue), because that Southern Zone of Malawi was the area of maize deficit while the northern sector of Mozambique had a good harvest from July 2004:

“Most of maize is carried across the border to the Malawi side by cyclists. During the peak marketing season for maize, July to September, the frequency and number of cyclists, at the Milange - Muloza border, it is estimated that up to 100 cyclists carrying three to four 50kg bags ferry the maize across the border every 30 minutes.” (9)

Zambian traders took over maize needs in the DRC from September 2004, exporting 220 MT. Tanzania and Zambia supplied 79% of the 36000 MT of rice which went into DRC; but without providing the total market to their own local producers:-

“Informal trade in rice is quite fluid with the countries exporting and importing from each other. On the one hand, some of the rice destined for the DRC are re-exports of East Asian rice from Zambia that comes from South Africa and Tanzania through the ports of Durban and Dar-es-Salaam”. (10)

There is evidence of small and medium entrepreneurs from West and Central Africa who are resident in South Africa selling handicrafts, curios and clothes from West and Central Africa, and textiles and shoes from East Asia. Over 70% of traders in cross-border trade are women, employ 1.2 people in their home businesses; support “on average 3.2 children as well as 3.1 dependants who were not children or spouses”, thereby linking cross-border trade to vital material and emotional interest.

Informal Cross-border Trade in beans

Source	Destination	July	Aug.	Sept.	Total
Tanzania	Zambia	59.4	89	274.2	422.6
Tanzania	DRC	57.6	17	688.2	762.7
Malawi	Tanzania	-	0.5	0.2	0.7
Tanzania	Malawi	4.5	33.2	28.9	66.6
Zambia	DRC	899.4	931	742	2,572.4
Zambia	Malawi	0	63.4	0	63.4
Malawi	Zambia	-	1.1	2.0	3.1
Zambia	Zimbabwe	0.1	0.3	1	1.4
Mozambique	Malawi	7.4	633	505.1	1,852
Malawi	Mozambique	0.7	330	60	290.1
Total trade (MT)		1735.6	2,098.5	2,301.6	6,135.7

Source: UN WFP & FEWSNET, ISSUE 1, JULY – SEPTEMBER 2004, P.5

of an over increasing human pool to the economic integration of the SADC Region. (II).

Borders as infrastructure

27 African Countries share borders with between 3 to 6 other countries. Mali and Niger, two neighbours in the Sahel zone, share borders with seven; Tanzania and Zambia, themselves neighbours in eastern Africa, share borders with 8, while Sudan and DRC share a maximum of 9 borders each. Niger and Mali have been plagued by civil war against Tuareg rebel groups, and drought has, since 1973, periodically decimated livestock populations and lost land to agriculture. Their populations have migrated both internally and southwards towards the Atlantic coastal belt; a zone which holds 8 percent of land area in the West Africa region.

These factors hinder the effective growth of cross-border trade and cripples their opportunity to maximally exploit the economic potential of the seven borders they each share with other countries. Zambia and Tanzania were (for the sake of Africa's commitment to ending racist colonialism and apartheid in Zimbabwe, Mozambique, South Africa, Namibia and Angola), fated with sharing eight borders each. Fighting invasions from Rhodesia (now Zimbabwe), Mozambique and South Africa, inhibited the growth of Cross-border trade from 1961 to 1994 when Mandela and the ANC marched out of apartheid into freedom. As the WFP/FEWSNE study shows, the two countries are already experiencing growing cross-border trade. Finally, Sudan and the DRC have borne the apparent curse of their vast sizes. Since independence in 1956 and 1960, respectively, both have suffered enormously destructive civil wars, corrupt dictatorships and collapse of agricultural production in vast sections of their countries. From 1965 to 1997 the Mobutu regime in the DRC (formerly Zaire), actively sponsored conflict and not cross-border trade with Angola. From 1997 to the present, the border with Rwanda, Burundi and Uganda has yielded conflict which has resulted in the death of over 3 million Congolese civilians. In the 1960s itinerant smugglers from Mali and Senegal lived in hotels in Kampala and drove very expensive cars bought with funds earned from gold and diamonds pirated out of Zaire. Since 1986 when Museveni assumed power in Uganda and border with southern Sudan has combined being trampled on the refugees from Sudan and young school girls and boys seized by the Lords Resistance Movement.

Between 1980 and 2003, the borders of the Mano River basin states: Guinea, Sierra Leone and Liberia carried horrendous conflicts which internally displaced a total of 762,000 and drove into each others borders a combined total of 250,000 refugees, (12). The war between Eritrea and Ethiopia; POLISAR 10 and Morocco over Western Sahara; the current scotched-earth conflict in the Darfur region of Sudan, and in eastern DRC all continue sad tale of conflict inhibiting the growth of Cross-border trade and thereby blunting the utility of Africa's borders as vital infrastructures for integration. NEPAD's commitment to ending conflict will open the gates of their potential.

State Structural Hindrances

Peberdy has drawn attention to negative state policies and practices which inhibit cross-border trade:-

“The overwhelming majority of these traders hold visitors visas that suggest they wish to travel and trade legally. *No. country in the region has a specific category of permit for traders.* Most have to provide paper work (extensive when getting a visa for South Africa in Zimbabwe), and Mozambicans have to pay relatively costly visa fees to enter South Africa. Interviewees found the increasing restrictions and demands for documents costly (in time and money), difficult to get, and a hindrance to their business.

Officials at borders and corrupt and traders often fail to benefit from reductions in tariffs. Nevertheless research suggest that while,

“Informal cross-border trade appears to play a relatively significant role in alleviating poverty and promoting women economic empowerment”,

states in SADC favour regulations and subsidies for supporting trade by big business corporations. For example, in South Africa “restrictions placed on the number of visitors that can be issued to a simple individual and special permission required to get a multiple entry permit”, constitute significant obstacles to the flow of cross –border trade. In the ECOWAS region the use of roadblocks as a means of harvesting illegal tax incomes, is a perennial obstacle to cross-border trade.

Conclusion

Informal cross-border trade has been ignored by African States while it remains a vital part of rural economic activity and invisible integration. It benefits from ethnic groups straddling Africa’s borders since it minimizes language and cultural barriers unlike mutually unintelligible official English and Portuguese used by the state between Tanzania and Mozambique, respectively, or border *anyin, nzima, awom, Sewfi, and baole* are local languages of trade spoken on both sides; while Hausa is used across the Niger-Nigeria border.*

Although research in SADC suggest that cross-border traders who either bring in products of sell and take back goods from South Africa for sale in their home market tend to have secondary school education, the majority of small scale cross-border traders have little education and therefore benefit from avoiding official channels of communication; or dealing with the lowest level of official down who rely on local languages for their work.

Conflict has inhibited the exploitation of the large number of borders which a high percentage of state shares. In general big corporate businesses have higher influence on official state policies while cross-border traders are politically weak. The potential for development from cross-border trade is high and the goals of integration of markets have been demonstrated in Central and Eastern Africa. There is a grave danger that the growth in the modality of food crops from Asia and other non-African regions (including highly subsidized goods from the European Union entering South Africa) may lead to decay of local production, including the de-industrialization of economies bordering South Africa; and ECOWAS.

* Examples in the ECOWAS region are Yoruba (spoken in Nigeria, Benin, Cote d’Ivoire, Ghana) Hausa (in Nigeria, Niger Ghana), Mandingo) in Guinea Bissau, Sierra Leone, Liberia) Tuareg in Niger, Mali, Burkina Faso) Masai (in Kenya, Tanzania) Luo (in Sudan Uganda, DRC, Kenya) Somali (IN Somalia, Ethiopia, Kenya) etc.

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