

# Infrastructure key to intra-African trade

West African traders demand investments in roads, rails and telecom

BY EFAM AWO DOVI

**K**en Ukaoha knows something about infrastructure and intra-Africa trade. He is the founder and chief executive officer of Kenaux International Concept, a shoe and garment manufacturing company based in Aba, southeast Nigeria. Kenaux's products sell in Nigeria and other African countries, including Ghana, South Africa and parts of Central Africa.

## Infrastructure challenges

The poor state of infrastructure is the bane of Africans doing business within Africa, says Mr. Ukaoha, who is also the president of the Association of Nigerian Traders. Despite decades of common market agreements within the Economic Community of West African States (ECOWAS), poor transportation continues to impede market access.

"We do not have railway to move merchandise from one country to the other. Sea-freighting goods is also a problem—the sea links are not there," Mr. Ukaoha told *Africa Renewal*, underscoring the need for domestic shipping lines that can transport goods across countries.

Mr. Ukaoha, who is also an expert in international trade law and globalisation, explained the difficulties in transporting goods among ECOWAS countries: "When I import raw materials like leather from Hamburg in Germany to Lagos in Nigeria, I pay 850 euros [\$986] for a 40-foot container. But the same container transporting our products from Lagos to Tema Port in Ghana costs 1,350 euros [\$1566]."

Road transportation, he adds, also presents challenges. "We don't have good roads, and in the mix of that, you experience a lot of hiccups along the route," including police and customs checkpoints, where bribery is common.

Even within countries, the state of infrastructure is so bad that business owners sometimes construct the roads leading to their factories, dig water boreholes or buy electricity generators for



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production. "All these make us uncompetitive," Mr. Ukaoha admits.

Speaking recently on the African Continental Free Trade Agreement (AfCFTA), Senegalese finance minister Amadou Ba affirmed the prospect of meaningful gains from the newly signed treaty.

"Our countries are individually and collectively committed," Mr. Ba declared, but he added a cautionary note that African policy makers must prioritize investments in regional infrastructure that catalyze integration and facilitate intracontinental trade.

"In Ghana, Margaret Lartey, an Accra-based tomato trader, has firsthand experience moving goods by road among different countries. She buys tomatoes from Burkina Faso, Côte d'Ivoire and different regions in Ghana to sell in Accra and is appalled by multiple police checkpoints on the road and extortion at the borders by police and customs officers.

In addition, transportation costs keep rising due to fluctuating fuel prices. "We used to transport a truck of tomatoes from Burkina Faso to Ghana for \$738, but this has gone up to \$843," Ms. Lartey grumbles."

Tomato trader, Margaret Lartey, in a market in Ghana. © Efam Awo Dovi

"Construction of road networks, telecom and rail will dramatically open and expand markets and grow business," notes Mr. Ukaoha optimistically. "If we have a cost-efficient and easy way of moving goods from Ghana to Nigeria and other parts of the [West African] region, that will be a market of more than 350 million people."

## Weakness in financial system

Some business leaders, however, fear the border-free agreement could harm local industries.

Trade liberalization, Mr. Ukaoha points out, could be a "killer" because a flood of imports, even from other African countries, may dislodge the local industry. "Unrestricted imports do not allow local producers to grow."

Ultimately, Mr. Ukaoha is sceptical about AfCFTA. "We have ECOWAS, the Southern African Customs Union,

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