

From CFA Franc to the Eco: what is the real interest of France in West Africa?

By

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Abstract

The CFA Franc currency union has widely been criticised as the last vestige of French colonialism in West Africa. The theory of currency unions suggests that their essence is to help facilitate trade and economic relations among member states. When such union derives its stability from an anchor currency that is external to its member countries, then its benefits are also extended to the anchor currency country. Evidence in this paper suggests that the CFA Franc currency union in West Africa, which has been in existence since 1962 has over time increasingly lost ground in its promotion of the trade relations between the CFA Franc Zone countries and France. Trade between the CFA Franc member countries has also consistently remained low since the establishment of the currency union. Recently, France has moved to decolonise the CFA Franc by agreeing to its name change to the Eco; withdraw its representation from the central bank of the CFA Franc member countries, and; discontinue the requirement that the CFA Franc countries maintain the majority of their reserves with the French Treasury. France will however continue to guarantee the convertibility and stability of the Eco. This raises the question: what is the real interest of France in West Africa?