

**COMPENSATION PROCEDURES FOR
LOSS OF REVENUE INCURRED BY
ECOWAS MEMBER STATES AS A
RESULT OF THE TRADE
LIBERALISATION SCHEME**

The High Contracting Parties

Mindful of articles 7, 8, and 9 of the Treaty establishing the Authority of Heads of state and Government and defining its composition and functions.

Mindful of article 48 of the treaty relating to compensation for loss of revenue registered incurred by a Member States as a result of trade liberalization.

Mindful of the protocol relating to the evaluation of loss of revenue registered by the ECOWAS Member States.

Mindful of protocol A/P1/7/96 relating to the conditions for the application of the Community levy.

Mindful of decision A/DEC.6/7/92 amending decision /1/5/83 relating to the adoption and implementation of a single ECOWAS trade liberalization scheme.

Mindful of decision A/DEC.19/5/80, dated 28 May, relating to the application of compensation procedures for loss of revenue incurred by the Member states.

Considering that one of the major obstacles to the implementation of the ECOWAS trade liberalization scheme stems from the inadequacies observed in the system adopted for the compensation of the loss of customs revenue.

Conscious that harmonization of the trade liberalization schemes operating in the sub-region is a necessary condition for the creation of a common market.

Desirous of enacting a protocol introducing a judicious and effective compensation system for loss of revenue.

Hereby agreed as follows:

ARTICLE 1:

For the purpose of this protocol,

“Treaty” Means the revised Treaty of the Economic Community of West African States signed in Cotonou, on 24 July 1993

“Community” Means the Economic Community of West African States whose creation was reaffirmed by article 2 of the Treaty

“Member State” Means a Member State of ECOWAS.

“Authority” Means the ECOWAS Authority of Heads of state and Government of established by article 7 of the Treaty.

“Council” Means the ECOWAS Council of Ministers established by article 10 of the Treaty.

“Executive Secretariat and Executive Secretary” Means the ECOWAS Executive Secretariat provided for and Executive Secretary appointed under article 17 and 18 of the Treaty respectively.

Article 2:

Under the terms of article 48 of the Treaty, compensation shall be paid to Member States incurring loss of customs revenue from imports as a result of the implementation of the ECOWAS trade liberalization scheme.

II. EVALUATION OF REVENUE LOST

Article 3:

Loss of customs revenue incurring by a Member state is defined as total shortfall in receipts recorded by the Member State as a result of its importation of approved originating industrial products.

Article 4:

Total loss of custom revenue incurred by an ECOWAS Member State importing industrial products originating from another ECOWAS Member State, as a result of the application of the preferential intra-community regime shall be assessed according to the following formula:

$$\text{CRL} = (\text{Cde} + \text{Str}) \times \text{Vcif}$$

Where

CRL	=	Customs revenue lost
Cde	=	Customs duty and taxes of equivalent effect
Str	=	Statistical taxation rate
Vcif	=	CIF value of product.

Article 5:

Shall be compensated, any customs revenue lost as a result of the imposition of import duties and taxes assessed on the basis of the formula stipulated in article 4 above. This provisions shall not be applicable to domestic taxes levied on locally produced goods or goods imported from within the community.

III DURATION:

Article 6:

The duration of the compensation mechanism is fixed at four (4) years, dating from 1 January 2002. Amounts payable as compensation shall

be calculated on a decreasing scale in the following manner:

100% of loss incurred, in 2002

80% of loss incurred, in 2003

60% of loss incurred, in 2004

30% of loss incurred, in 2005

0% of loss incurred, with effect from 1 January 2006.

Article 7:

Member States shall transmit to the Executive Secretariat, within a time-limit not exceeding six months from the date of reference, a list of customs declarations processed under the ECOWAS trade liberalization scheme, accompanied by the originals of the certificates of origin of each product, and copies of the declaration of release for consumption.

IV. COMPENSATION PROCEDURE:

Article 8:

The Executive Secretariat shall be given a time-limit of 90 days from the date of receipt of applications for compensation, to screen the applications, determine the amounts payable as compensation and effect payment.

Article 9:

Payment of compensation shall be effected by the Executive Secretary who shall render account thereof to the Council of Ministers.

V. FINANCING:

Article 10:

Compensation for loss of revenue incurred by Member States shall be financed from the proceeds of the community levy.

Article 11:

Pending the entry into full force of the community levy, the Executive Secretariat shall effect payment of the compensation, in consultation with the Member States, in accordance with the current rules.

VII. FINAL PROVISION:

Article 12: A m e n d m e n t a n d Revision

1. Any Member State may submit proposals for the amendment or revision of this protocol.
2. Any such proposals shall be submitted to the Executive Secretariat which shall notify the Member States, not later than thirty (30) days after receipt of the proposals. Amendments or revisions shall not be considered by the Authority unless Member States have been given at least one month's notice thereof.
3. Amendments or revisions shall be adopted by the Authority.

Article 13: Entry into force

1. This protocol shall enter into force provisionally upon signature by

Government. Accordingly, Signatory Member States and Executive Secretariat hereby undertake to start implementation of all provision of the protocol upon signature.

2. This protocol shall enter into force upon ratification by at least (nine) signatory state in accordance with the constitution procedures of each Member State.
3. This protocol and all instruments of ratification shall be deposited with the Executive Secretariat which shall transmit certified true copies to all Member States and notify them of the dates of deposit of instruments of ratification by the Member States and shall register it with the Organisation of African Unity (OAU), the United Nations Organisation (UNO), and other organization as the council may determine.

Article 14:

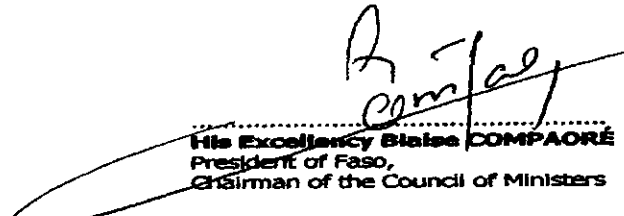
The protocol relating to assessment of loss of revenue and decision A/DEC.19/5/80 dated 28 May 1980, relating to the application of compensation procedure for loss of revenue and all the provisions therein shall be abrogated upon the entry into force of this protocol.

IN FAITH WHEREOF WE, THE HEADS OF STATE AND GOVERNMENT OF THE MEMBER STATES OF THE ECONOMIC COMMUNITY OF WEST AFRICAN STATES(ECOWAS) HAVE SIGNED THIS PROTOCOL IN SINGLE ORIGINAL IN THE ENGLISH, FRENCH AND PORTUGUESE LANGUAGES, ALL TEXTS BEING EQUALLY AUTHENTIC

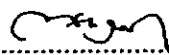
DONE AT DAKAR, THIS 31ST DAY OF JANUARY 2003.



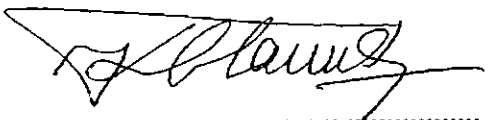
.....
His Excellency Mathieu KÉRÉKOU
President of the Republic of Benin



.....
His Excellency Blaise COMPAORÉ
President of Faso,
Chairman of the Council of Ministers



.....
H.E. Madam Fatima VEIGA
Minister of Foreign Affairs, Cooperation
and Communities,
For and on behalf of the President of
the Republic of Cape Verde



.....
His Excellency Laurent GBAGBO
President of the Republic of Côte d'Ivoire




.....
His Excellency Dr. Alhaji Yahya A.J.J. JAMMEH
President of the Republic of The Gambia




.....
His Excellency John Agyekum KUFUOR
President of the Republic of Ghana



.....
Hon. Lamine SIDIBE
Prime Minister, representing the
President of the Republic of Guinea



.....
**His Excellency Koumba Yala Kobde
NHANCA**
President of the Republic of Guinea-Bissau



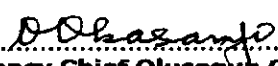
.....
H.E. Moses Z. BLAH
Vice President of the Republic of Liberia
For and on behalf of the
President of the Republic of Liberia



.....
His Excellency Amadou Toumani TOURÉ
President of the Republic of Mali



.....
His Excellency Mamadou TANDJA
President of the Republic of Niger



.....
His Excellency Chief Olusegun OBASANJO
President and Commander-In-Chief of the Armed
Forces of the Federal Republic of Nigeria



.....
His Excellency Maître Abdoulaye WADE
President of the Republic of Senegal



.....
**His Excellency Alhaji Dr. Ahmad Tejan
KABBAH**
President of the Republic of Sierra Leone



.....
His Excellency Gnassingbé EYADEMA
President of the Togolese Republic