



# ECOWAS TRADE LIBERALISATION SCHEME (ETLS)

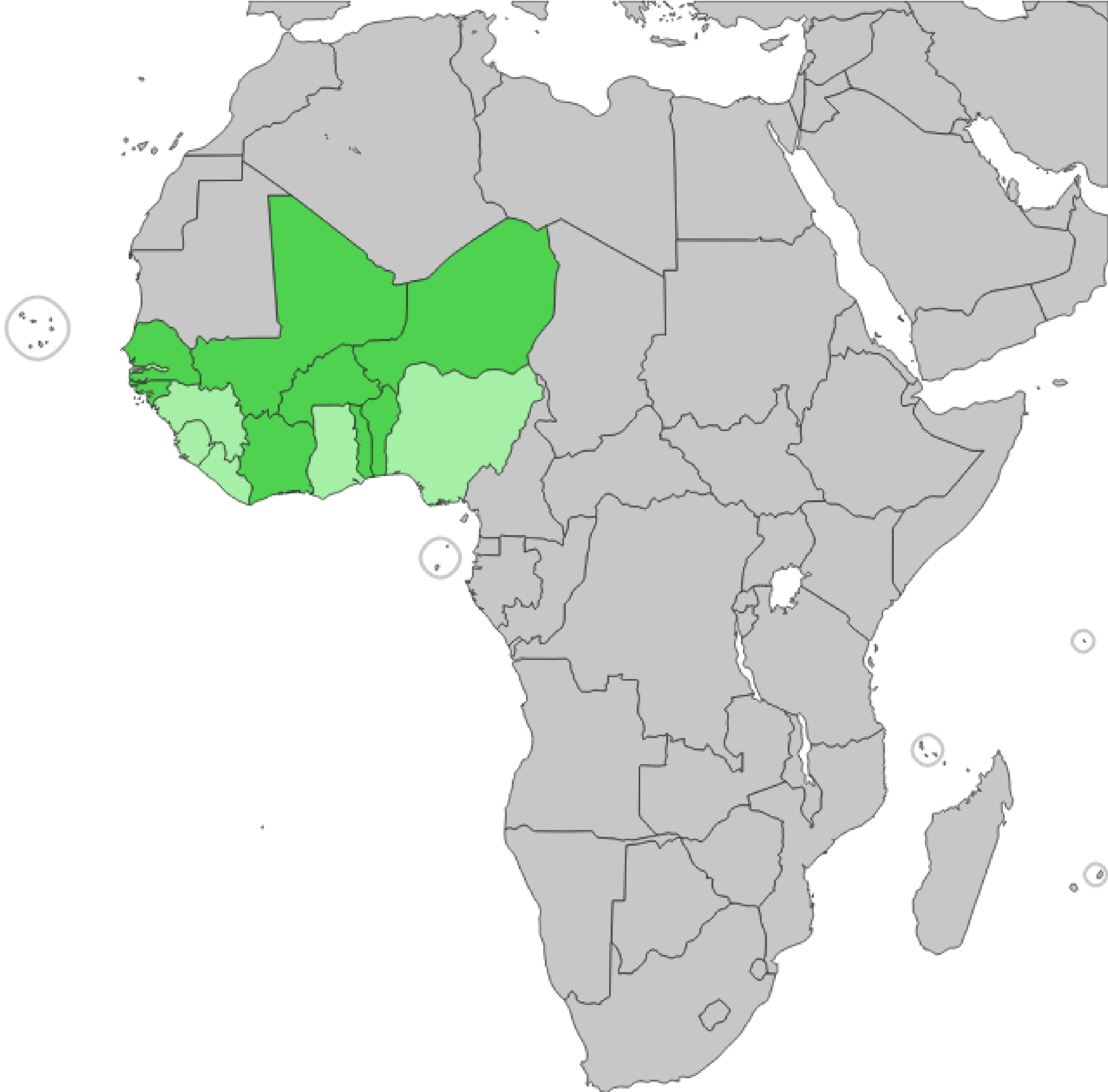
ADMINISTRATION | BENEFITS | CHALLENGES

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# Introduction

The Economic Community of West African States (ECOWAS) was established in 1975 as a collective response to the overriding need to encourage, foster and accelerate economic and social developments of the Member States. It was aimed at establishing an economic union in West Africa

## Establishment of a common market through:

- Liberalisation of trade by the abolition, among member states, of customs duties
- Adoption of a common external tariff and a common trade policy vis-à-vis third countries.
- The removal between member states, of obstacles to the free movement of persons, goods, service and capital, and to the rights of residence and establishment.
- The adoption of measures for the integration of the private sectors, particularly the creation of an enabling environment to promote small and medium scale enterprises.
- The establishment of an enabling legal environment.
- The establishment of fund for cooperation, compensation and development.

# ETLS: An Overview

ECOWAS Trade Liberalization Scheme (ETLS) was conceived and adopted in November 1976 at the Summit of Heads of State and Government in Lomé, Togo

Nigeria signed the Protocol on 29<sup>th</sup> May, 1979 and ratified it on 12<sup>th</sup> September, 1979.

The Scheme was effectively adopted in 1988 signaling its take off.

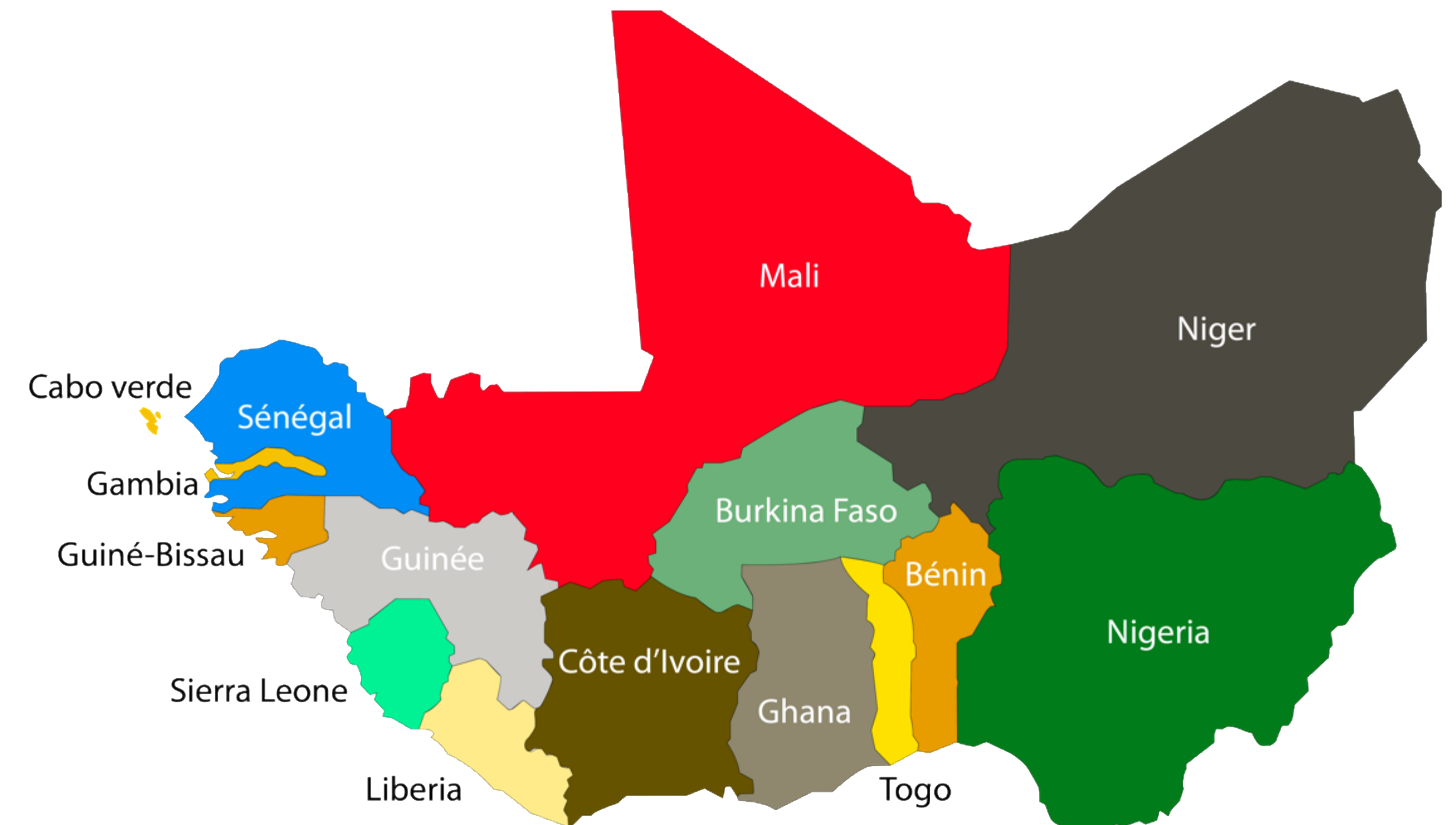
## Objective of the ETLS

ECOWAS Trade Liberalization Scheme (ETLS) was conceived with the main objective of strengthening economic development and cooperation among West African countries

# Membership of ECOWAS

With the exit of Mauritania in December 2000, ECOWAS have fifteen (15) member States namely:

Benin, Burkina – Faso, Cape Verde, Gambia, Guinea, Guinea Bissau, Liberia, Nigeria, Senegal, Sierra-Lone, Togo, Liberia, Ivory Coast, Ghana and Niger Republic.



# Provisions

## Article 3 (1) of ECOWAS revised Treaty of 1993

The aims of the Community are to promote co-operation and integration, leading to the establishment of an economic union in West Africa in order to raise living standard.

## Article 3 (2) the Community shall, by stages,

- ▶ Ensure the establishment of a common market through:
  - I. Liberalization of trade by the abolition of customs duties, non-tariff barriers.
  - II. Adoption of a Common External Tariff and a common trade policy vis-à-vis third countries;
  - III. Removal, between Member States, of obstacles to the free movement of persons, goods, service and capital, and to the right of residence and establishment;
- ▶ Establishment of an economic union through the adoption of common policies in the economic, financial social and cultural sectors,
- ▶ Creation of a monetary union.
- ▶ ETLs is therefore an incentive primarily geared towards export activities within the ECOWAS sub-region.
- ▶ It acts as the pull factor for production effectiveness and competitiveness
- ▶ Provides room for sustainability of the sub-region in the global community.

## Stages of Implementation

- ⊙ Consolidation of customs duties and charges of equivalent effects and non-tariff barriers.
- ⊙ Gradual liberalization of industrial products originating from Member States.
- ⊙ Gradual establishment of Common External Tariff.

# Basic Content of ETLS

- ETLS certified goods are expected to be cheaper and more competitive than goods imported from third States due to application of concessionary duties and removal of restrictions, etc.
- Goods to benefit from the Scheme are essentially - unprocessed goods such as animal, plant and mineral products that have not been industrially transformed; traditional handicrafts; and industrial products (processed or semi-processed).

## Rules of Origin

- Wholly produced: Fully produced in member states or having minimum of 60% local raw materials content;
- Change in Tariff Head: Not wholly produced in member states but substantial local transformation of the raw materials to warrant change in tariff classification from the finished goods;
- Value Addition: Not wholly produced but sufficient transformation to add at least 30% value.

## Proof of Origin

- Certificate of Origin (COO)
- The certificate is issued by an identified institution in the member states (NACCIMA in Nigeria).
- The burden of proof of Origin lies on the Member States and it is critical to the success of the Scheme.

# Mechanism for Implementation of ETLS

- Regulation C/REG.3/4/02 requires member states to establish National Approvals Committee (NAC).
- NAC screens applications and convey preliminary approvals for products and companies to participate in the Scheme.
- ECOWAS Commission further considers and approves the submissions made by NAC.
- ECOWAS Commission circulates the approvals to all member states to serve as guide.
- The National Approvals Committee (NAC) in Nigeria currently has its Secretariat domiciled at the Ministry of Foreign Affairs. Its membership include:
  - ✓ Ministry of Foreign Affairs – Chairman/Secretariat
  - ✓ Ministry of Commerce and Industry
  - ✓ Federal Ministry of Finance
  - ✓ Nigeria Customs Service
  - ✓ Nigeria Export Promotion Council
  - ✓ NACCIMA
  - ✓ MAN
  - ✓ SON, and
  - ✓ NAFDAC

# ETLS Application Process

- Enterprise Procedure: The enterprise sends its completed application form and all supporting documents to the ETLS Secretariat domicile at the Ministry of Foreign Affairs.
- National Approvals Committee Procedure: The ETLS Secretariat sends completed application forms to members of the National Approvals Committee (specially set up to scrutinize ETLS applications). The Committee holds a series of meetings and discussions to examine all ETLS applications brought before it at the time. Approvals or disapprovals are then recommended.
- The National Approval Committee embarks on factory inspection visit to the affected companies to establish the genuineness of their claims as reflected in the application
- The report of the Committee recommending approvals and disapprovals is submitted to the responsible Ministry which sends the report and dossiers on the recommended approvals to the ECOWAS Commission.
- The ECOWAS Commission reassesses the applications and if satisfied with the NACs approvals, sends out notification letters to all Member States informing them of the newly approved enterprises and products.
- Copies of the notice are thereafter forwarded to the ETLS Secretariat upon which an approval letter for admission into the ETLS is issued to affected companies
- It is after the notification letters are sent out, that approved enterprises obtain the Certificates of Origin for their approved products from relevant organization (NACCIMA)
- At this stage, the approved products can be exported freely within the region

## Documentation Requirements for admission into the ETLS

- Certificate of Incorporation
- Memorandum & Article of Association
- NAFDAC Product registration Certificate
- SON Product registration Certificate
- NEPC Exporters' Certificate
- Evidence of registration with MAN
- Evidence of registration with NACCIMA
- Completed ETLS Application Form
- Official Application letter



# NAC Terms of Reference

In addition to the primary responsibility of NAC, other terms of reference were given to it:

- ⦿ Set specific dates for filling applications;
- ⦿ Screen applications received for admission into ETLS using the approved guidelines/criteria set out in the Regulation establishing it
- ⦿ Follow-up through its Chairman, the list presented to ECOWAS Commission
- ⦿ Adopt any lawful strategy that will facilitate the discharged of the assigned responsibility.

# Nigeria's Participation ETLS

- ⦿ Over **850 Nigerian companies** with more **6,000 products** had been admitted into the Scheme.
- ⦿ Although Nigerian companies and products currently participating in ETLS is about **50%** of the regional total, it is obvious that we are still not maximizing our potential.
- ⦿ Currently, **Nigeria ranked 1<sup>st</sup>** with Ghana and Cote D'Ivoire ranking **2<sup>nd</sup>** and **3<sup>rd</sup>** respectively among ETLS beneficiaries.

## Basic Requirement for Admission of Products into the Scheme

- An approval letter from the ECOWAS National Unit. In Nigeria, it is issued by the Ministry of Foreign Affairs.
- ECOWAS/UEMOA Certificate of Origin. In Nigeria, NACCIMA issues this certificate.
- ECOWAS Export Declaration Form. In Nigeria, this is issued by the Nigeria Customs Service.

## Importing into Nigeria Under the ETLS

Enterprises who wish to import into Nigeria under the ETLS are expected to observe the following:

- Application to the Federal Ministry of Finance with evidence that exporting company is registered under the ETLS (List of Enterprise, COO and Proforma Invoice)
- Authorization letter from Nigeria Customs Service to designated Area Commands
- Approval is revalidated annually. Not one-off
- The import of above is to ensure goods imported originated from member country

# Benefits

- ⊙ Poverty alleviation
- ⊙ Access to a larger market
- ⊙ Removal of import duty
- ⊙ No quantitative restriction
- ⊙ Promotion of economic development
- ⊙ Take advantage of globalization
- ⊙ Facilitate harmonization of standards
- ⊙ Lower production cost
- ⊙ Compensation for loss of revenue.

# Challenges

- ⊙ Could become an instrument for dumping if not well implemented
- ⊙ Limited sub-regional market;
- ⊙ Absence or poor application of market driven strategies;
- ⊙ Poor implementation of protocol on Free Movement, Right of Residence and Establishment.
- ⊙ Poor sensitization drive;
- ⊙ Overdependence on Natural Resources;
- ⊙ Mono-cultural economies;
- ⊙ Infrastructural challenges;
- ⊙ High volume of informal trade;
- ⊙ Fear of domination;
- ⊙ Non-reciprocity of standards and certification

# ETLS Vs AfCFTA

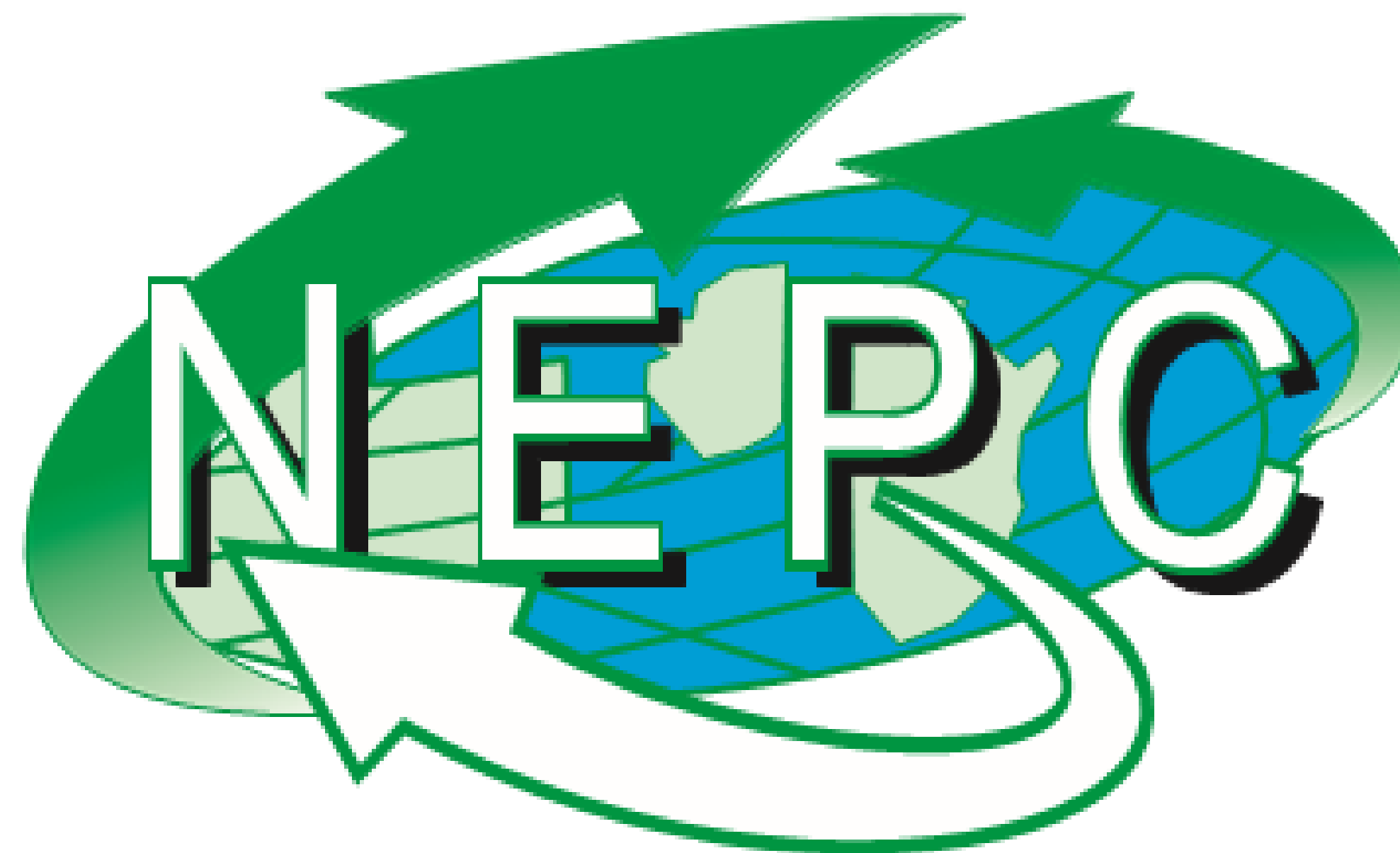
What will happen to ETLS with the commencement of the AfCFTA?

- ECOWAS and all other Regional Economic Communities in Africa are building blocks for the AfCFTA
- ETLS has achieved 100% liberalization as against the AfCFTA
- ETLS will continue to operate side by side with AfCFTA until the later achieve full liberalization
- There are better market opportunities for exporters from member States within the ECOWAS market

# Conclusion

- ⦿ Economic cooperation has become a dominant factor in contemporary international relations.
- ⦿ Nations are increasingly pursuing economic prosperity through bilateral and multilateral networks.
- ⦿ If the ECOWAS sub-region is to live up to its expectations, the ETLIS would have to be more aggressively implemented.

**Thank you for  
your attention**



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