



**EIGHTY-SEVENTH ORDINARY SESSION OF THE ECOWAS COUNCIL OF
MINISTERS**

Abuja, 9 - 10 December 2021

**REGULATION C/REG.18/12/21 RELATING TO THE DETERMINATION OF THE
COMPONENTS OF THE EX-WORKS PRICE AND THE VALUE OF NON-
ORIGINATING MATERIALS**

THE COUNCIL OF MINISTERS,

MINDFUL of Articles 10, 11 and 12 of the ECOWAS Treaty establishing the Council of Ministers and defining its composition and functions;

MINDFUL of Articles 3, 35, 36, 38 and 54 of the ECOWAS Treaty on the aims and objectives of the Community, the trade liberalization scheme, customs law, the Community tariff regime and the creation of economic union respectively;

MINDFUL of the decision A/DEC.6/7/92 to adopt and implement a single ECOWAS trade liberalization scheme;

MINDFUL of the Supplementary Protocol A/SP.1/06/06 of 14th June 2006 amending the said Treaty;

MINDFUL of the Supplementary Act A/SA.2/01/10 of 16th February 2010 on electronic transactions in the ECOWAS region

MINDFUL of the Supplementary Act A/SA.2/12/17 Adopting the ECOWAS Customs Code of 16th December 2017

MINDFUL of Supplementary Act A/SA.6/12/18 relating to mutual assistance and cooperation between the customs administration of ECOWAS member States and the collaboration between them and the ECOWAS Commission in customs matters

MINDFUL of the Supplementary Act A/SA.7/12/18 of 22nd December 2018 fixing community rules of origin and procedures applicable to goods originating in the Economic Community of West African States (ECOWAS).

BEARING IN MIND the Guidelines of the Authority of Heads of State and Government issued in Lomé on 10th December 1999, on the need to coordinate the integration programs of ECOWAS and the West African Economic and Monetary Union;

TAKING INTO ACCOUNT the recommendations and instructions of the sixteenth (16th) meeting of the ECOWAS/UEMOA Joint Technical Secretariat in September

2017, on the need to harmonize the legal texts relating to the application of preferential tariffs in the community.

CONSIDERING that, in general, any request for preferential tariff treatment must be based on the rules of Community origin in accordance with Additional Act A / SA.7 / 12/18 of 22nd December 2018 establishing the rules of Community origin and procedures applicable to goods originating in the Economic Community of West African States (ECOWAS);

CONVINCED of the need to make the rules of origin more flexible and understandable for better application by economic operators in the community.

FOLLOWING VALIDATION by the meeting of experts held in Abidjan on 28 May 2021;

FOLLOWING THE APPROVAL OF THE ECOWAS MINISTERS OF FINANCE held in Accra, on 12th November 2021.

UPON THE OPINION OF THE ECOWAS Parliament at its Second Ordinary Session held in Abuja from 30TH November to 18TH December.

ENACT

CHAPTER I: GENERAL PROVISIONS

Article 1 DEFINITION

“Commission” means the Commission of the Economic Community of West African States whose creation is reaffirmed by Article 2 of the Revised Treaty signed at Cotonou on July 23, 1993;

“Ex works price” The price paid for the product to the manufacturer, in whose enterprise the last working or processing took place, including the value of all the materials used and after deduction of any internal taxes which are or may be refunded when the product obtained is exported.

“FOB value” includes all costs related to the loading of the goods on board the ship, aircraft or any other vehicle, which are added to the ex-works price;

“Value of material” the customs value at the time of importation of the non-originating materials used or, if this value is not known and cannot be verified, the first verifiable price paid for the materials.

Article 2: Purpose

This Regulation defines the method of calculating value addition (ad valorem) which is one of the criteria for determining community origin in accordance with Supplementary Act A / SA.7 / 12/18 of 22nd December 2018, fixing the community rules of origin and procedures applicable to goods originating in the Economic Community of West African States (ECOWAS).

CHAPTER II: DETERMINATION OF THE CALCULATION OF THE VALUE OF NON-ORIGINATING MATERIALS (VNOM)

Article 3: Determination of the ex-works price

1)The ex-works price of a product is the sum of the following components:

- a. Direct production costs:
 - i. Raw materials used of Community or foreign origin;
 - ii. Consumable cost;
 - iii. Packaging cost;
 - iv. Salaries and wages
 - v. Transport, logistics
 - vi. Works, supplies and external services
 - vii. Financial costs

b. Profit

2)The following do not form part of the determination of the ex-works price:

- a. income tax;
- b. value added tax;
- c. Turnover tax.

Article 4: The applied basis of the value of non-originating material in the price of the final product

The value of non-originating materials used is based on the Free on Board (FOB) value of the product.

Article 5: The method of calculating the value-added criterion (ad valorem)

The value added sets the maximum percentage of non-originating materials that can be used in the manufacture of a product. The final product obtained is considered to be originating provided the non-originating materials do not exceed a certain threshold.

VNOM

Non-originating material threshold (%) = ----- x 100

Ex-works price

The maximum threshold of the value of all non-originating materials used, based on the Free On Board (FOB) value shall not exceed is 68% of the Ex-Works Price.

CHAPTER II Final Provisions

Article 6 ABROGATION

This Regulation abrogates and replaces any previous contrary provisions.

Article 7 ENTRY INTO FORCE AND PUBLICATION

This regulation shall enter into force upon signature.

It will be published by the Commission in the Official Journal of the Community within thirty (30) days of the date of its signature by the Chairperson of the Council of Ministers. It will also be published by each Member State, in its Official Journal, within the same deadline as above.

DONE AT ABUJA, THIS 10TH DAY OF DECEMBER 2021

A handwritten signature in blue ink, consisting of several overlapping loops and curves, positioned above a dotted line.

H.E SHIRLEY AYORKOR BOTCHWEY

CHAIRPERSON

FOR THE COUNCIL