ANNEX 1

BENIN

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I. ECONOMIC ENVIRONMENT

(1) MAIN FEATURES

1. Because of Benin's structural weaknesses, its economy remains vulnerable to external shocks. Economic growth still essentially depends on trends in agriculture, where the level of mechanization continues to be fairly low. Consequently, the Beninese economy's overall performance remains heavily reliant on weather factors and on the global price for cotton, still Benin's main export. Benin also depends to a large extent on imports for its energy needs; in 2005, the electricity imported covered 87.7 per cent of total requirements, while domestic production (99.1 per cent thermal energy) relied on supplies of hydrocarbons. Furthermore, the cost of domestically generated electricity was two times higher than that of imported electricity.[1]

2. Some 57 per cent of the population, estimated to be almost 8.5 million in 2009, live in rural areas (Table I.1), underlining the importance of the primary sector as a source of jobs and income. The structure of Benin's GDP has in fact remained unchanged since 2003; services and agriculture continue to dominate the economy, while manufacturing and mining are still at an embryonic stage. Despite the considerable potential of mining resources, there is very little exploitation of the subsoil. The country's geographical situation opens up significant opportunities for transport, transit and tourism. In general, services consist of re-exports to the huge market in Nigeria; according to estimates by the BCEAO, the value of re-exports (both official and informal) represented more than 8 per cent of GDP over the period 2004-2009. Overall, the informal sector still plays an important role.

3. As a least developed country (LDC), Benin receives external support in the form of debt cancellation, which frees up internal resources to finance large planning projects and social programmes. According to figures from the BCEAO, multilateral debt relief, amounting to a total of CFAF 570.3 billion in 2006, has greatly reduced the outstanding external debt to GDP ratio; additional bilateral and multilateral cancellations for a total of CFAF 3.9 billion were granted in 2009. Benin nevertheless still depends on transfers from abroad, notably development aid, for its long-term financing. On average, 21.1 per cent of total government spending was financed by external resources during the period 2003-2009, half of it in the form of grants.

4. Although the country has an ambitious social programme, poverty in Benin still gives cause for concern and social services only provide limited cover. The average poverty rate (with wide regional variations) was estimated to be 33.3 per cent in 2007, compared to 28.5 per cent in 2002[2], although it has gone down compared to the figure for 2006 (37.2 per cent). The literacy rate among young people and adults has risen since 2002, but is still fairly low, 52.4 per cent and 40.5 cent, respectively, in 2007. The prevalence rate for HIV/Aids went from 1.3 per cent in 2002 to 1.2 per cent in 2007.[3]

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[1] BCEAO (2007).
[2] UNDP (2009).
[3] World Bank Group, online information. Viewed at: http://ddp-ext.worldbank.org/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=6.

Table I.1
Basic economic indicators, 2003-2009

	2003	2004	2005	2006	2007	2008	2009[a]
Miscellaneous							
Population (million)	7.0	7.2	7.4	7.7	8.0	8.2	8.5
In rural areas (% of total population)	60.8	60.3	59.7	59.0	58.2	57.5	56.7
Total public debt (% of GDP)	41.1	39.5	41.3	22.1	14.9	24.0	26.7
Total external debt (% of GDP)	40.3	38.6	40.3	21.0	11.3	14.0	14.8
Debt servicing (% of exports of goods and services)	6.7	3.5	3.8	3.0	2.6	3.3	5.4
Gross official reserves (in import months, goods and services)	11.1	8.7	11.4	6.5	7.5	7.9	7.2
Real GDP (US$ million, at 1999 prices)	3,049.8	3,463.0	3 624.6	3,721.1	4,247.0	4,779.6	4,646.1
GDP at market prices (US$ million)	3,557.2	4,050.9	4,358.0	4,705.1	5,511.9	6,642.4	6,598.9
Sectoral distribution of GDP				Percentage of GDP			
Agriculture, livestock, forestry, fishing and hunting	32.1	32.3	32.3	32.4	31.4	32.4	32.4
Agriculture	22.2	22.3	22.3	22.7	21.9	22.8	22.7
Livestock	5.9	6.0	5.8	5.7	5.6	5.5	5.7
Forestry, fishing and hunting	4.0	4.0	4.2	4.0	3.9	4.0	4.0
Industry	13.7	13.3	13.3	13.0	13.0	12.6	13.1
Mining and quarrying	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Manufacturing	8.3	7.8	7.8	7.5	7.5	7.2	7.6
Electricity, gas and water supply	1.2	1.2	1.2	1.2	1.1	1.0	1.0
Construction and public works	4.0	4.1	4.0	4.1	4.2	4.2	4.3
Services	44.4	44.2	44.3	44.6	45.5	45.2	44.7
Tradable services	35.9	35.4	35.6	35.8	36.6	36.7	36.2
Wholesale and retail trade	16.9	16.6	16.8	16.8	17.0	17.5	17.0
Transport, storage and communications	7.8	7.6	7.6	7.9	8.4	8.4	8.2
Banking and insurance	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Other tradable services	9.3	9.3	9.3	9.2	9.3	8.9	9.1
Non-tradable services	10.3	10.5	10.4	10.5	10.7	10.1	10.3
Financial intermediation services measured indirectly	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.8
Import duties and taxes and VAT	9.8	10.2	10.1	10.0	10.1	9.9	9.8
National accounts				Percentage of GDP			
Final consumption	89.8	87.8	90.4	88.9	92.9	91.1	92.6
Private	79.7	78.6	80.2	79.3	83.8	81.6	82.7
Public	10.1	9.3	10.2	9.7	9.1	9.5	9.9
Gross fixed capital formation	19.5	19.4	19.4	19.6	19.9	20.1	20.1
Public	6.6	6.1	6.3	4.9	7.8	6.5	10.3
Private	13.0	13.3	13.1	14.7	12.1	13.6	9.8
Variation in inventory	0.8	1.3	-1.2	1.0	0.8	0.5	0.4
Exports of goods and services	20.0	19.4	17.7	20.2	24.5	24.5	21.3
Imports of goods and services	30.1	27.9	26.3	29.7	38.1	36.1	34.3
Gross national savings	11.2	11.7	12.9	12.4	11.5	12.6	11.2
Gross domestic savings	6.7	6.7	9.6	6.8	6.1	7.2	7.4
Prices and interest rates							
Inflation (CPI, % change)	1.5	0.9	5.4	3.8	1.3	7.9	2.2
Discount rate (end of period, annual percentage)	4.5	4.0	4.0	4.3	4.3	4.8	..
Interest rate (12 months)	3.5	3.5	3.5	3.5	3.5	3.5	..

	2003	2004	2005	2006	2007	2008	2009[a]
Exchange rates							
CFAF/US$ (annual average)	581.2	528.3	527.5	522.9	479.3	447.8	472.2
Real effective exchange rate[b] (end of period, % variation)	8.4	2.4	2.2	1.1	0.9	4.7	..
Nominal effective exchange rate[b] (end of period, % change)	8.8	4.4	-0.5	-0.3	2.6	1.6	..
Public finances				Percentage of GDP			
Revenue and grants	18.5	19.0	20.1	25.8	25.2	21.3	20.9
Current revenue	16.6	16.4	18.1	22.3	21.0	19.5	18.5
Tax revenue	14.9	14.6	16.5	18.2	19.4	17.2	16.1
Direct and indirect taxes	7.2	7.3	7.5	8.0	8.9	7.8	7.7
Total expenditure and net lending	22.0	20.1	21.1	23.8	29.5	23.0	25.7
Total current expenditure	15.6	13.9	15.8	15.4	18.3	15.0	15.8
Current primary expenditure	15.0	13.6	15.3	15.2	17.7	14.7	15.3
Wages	5.1	5.5	5.9	5.8	6.7	6.1	7.2
Pensions and scholarships	1.2	1.2	1.3	1.4	1.4	1.2	1.3
Current transfers	3.7	3.1	3.7	4.0	5.2	4.0	3.5
Other current expenditure	4.9	3.8	4.5	4.0	4.4	3.3	3.2
Interest	0.6	0.3	0.4	0.2	0.6	0.3	0.5
Capital expenditure	6.6	6.1	5.2	8.4	11.3	6.5	9.4
Net loans	-0.1	0.0	0.1	0.0	0.0	1.5	0.5
Overall fiscal balance (payment order basis, excluding grants)	-5.4	-3.6	-2.9	-1.5	-8.5	-3.5	-7.2
Overall fiscal balance (payment order basis, including grants)	-3.5	-1.0	-0.9	2.0	-4.3	-1.7	-4.7
Change in arrears	0.0	-0.4	-2.6	-2.4	-0.7	-0.6	-0.9
Payments during supplementary period	0.8	-0.5	3.1	2.9	0.0	-3.3	-1.2
Balance (cash basis, excluding grants)	-4.7	-4.5	-2.4	-0.9	-9.2	-7.4	-9.2
Financing							
Domestic financing	0.0	0.1	-2.1	-5.1	1.7	3.7	4.7
External financing	4.0	4.4	4.5	6.1	7.4	3.7	4.6
Errors and omissions	0.0	-0.3	0.1	0.1	1.6	-0.6	2.1

.. Not available

a Estimates.
b A minus sign (-) indicates depreciation

Source: Beninese authorities; IMF, Country reports Nos 09/252, 08/287, 08/124 and 08/84. Viewed at: www.imf.org; BCEAO, Statistics Yearbook 2007; Annual Reports 2007 and 2008. Viewed at: http://www.bceao.int/; WAEMU, *Rapport annuel*, 2007; and WAEMU, *Rapport de la surveillance multilatérale - Annexe statistique*, December 2009. Viewed at: http://www.uemoa.int/Publication/Surv_Multilaterale.htm.

(2) RECENT ECONOMIC TRENDS

5. During the review period, Benin's economy progressed at a generally sustained pace (joint report, Table I.1), despite an unfavourable international environment marked by strong inflationary pressure and a real appreciation in the CFA franc. This performance reflects, in part, the combined effects of the measures taken by the authorities, including tax relief, in order to revive agriculture and attract private investment; the continuation of the major infrastructural improvements also contributed to this performance. Nevertheless, Benin could not avoid the negative impact of the global financial crisis, which caused a slowdown in its economic growth in 2009.

6. At the fiscal level, Benin simultaneously granted targeted exemptions from certain duties and taxes[4] and introduced the single tax identification number (IFU).[5] The reorganization and partial computerization of the tax authority helped to ensure a large increase in revenue compared to 2004. This upward trend is also attributable in part to the increase in imports (Table I.1), and the inclusion of income from customs escort charges in the fiscal revenue. In 2009, however, Benin did not observe the WAEMU-defined reference threshold for the tax ratio (17 per cent) because of the slowdown in economic activity and the reforms intended to make the informal sector pay tax by giving tax reductions. As of January 2009, the authorities lowered the following: profits tax (from 35 per cent to 25 per cent for natural persons, 38 per cent to 30 per cent for legal persons engaged in business, and 38 per cent to 25 per cent for legal persons in industry); the employer's contribution on wages (from 8 per cent to 4 per cent for natural and legal persons, and from 4 per cent to 2 per cent for private educational establishments); and the graduated tax on wages and salaries (a 5 per cent reduction on the rate applied to all taxable income brackets).[6] Additional incentives were given for start-ups and to employers upon recruitment of their first wage-earner (Chapter III(4)(i)).

7. The increased mobilization of revenue was not accompanied by a sustained reduction in the budget deficit (excluding grants), which persisted throughout the period 2003-2009 (Table I.1). After initially falling, it rose from 1.5 per cent of GDP in 2006 to 7.2 per cent in 2009 because of substantial government spending as a result of the food crisis and the projects to improve basic infrastructure. In general, the financial support given by development partners has not sufficed to offset the deficit; the only surplus (of 2 per cent) in the fiscal balance (including grants) was in 2006. Total government debt rose from 14.9 per cent of GDP in 2007 to 26.7 per cent in 2009. Benin has been able to diversify its sources of financing by means of Treasury bills and bonds on the regional market; in 2009, the external debt represented 55.6 per cent of total debt, compared to 94.9 per cent in 2006 (Table I.1). Although it has risen since 2008, mainly because of the fall in global demand, external debt servicing as a ratio of exports of goods and services has remained at fairly low levels.

8. In Benin, price trends are similar to the general trend recorded within WAEMU, particularly as regard periods of intense inflationary pressure caused by shortages of foodstuffs and oil price peaks at the global level. The latter have a very marked impact on inflation because of the domestic economy's structural dependence on thermal energy. Confronted with inflationary pressure, between December 2007 and August 2008 the authorities suspended the collection of customs duty and VAT on certain fast-moving consumer products such as cement, rice (25 per cent broken), condensed milk, wheat, wheat flour, tomato concentrate, sugar, edible pasta, reinforcing steel, and hydrocarbons. During the same period, there was also a mechanism for approving the price of most of these products (except wheat, domestically produced wheat flour, and "Belle Hollandaise" milk[7]). The Beninese authorities consider that the revenue foregone as a result of these measures was around CFAF 30.1 billion (1 per cent of GDP) in 2008. Deemed to be ineffective, these temporary measures were replaced by measures intended to protect the vulnerable sections of the population, for example, free distribution of rice and maize seeds, the sale of cereals at reduced prices, and the sale of fertilizer

[4] Fiscal incentives (except for those related to externally financed government procurement and BCEAO consolidated securities) granted in 2009 amounted to CFAF 70.4 billion (2.3 per cent of GDP), including CFAF 10.9 billion (0.35 per cent of GDP) for agricultural inputs. In 2008, the respective amounts were CFAF 43.2 billion (1.5 per cent of GDP) and CFAF 4.1 billion (0.14 per cent of GDP), respectively.

[5] Decree No. 2006-201 of 8 May 2006 creating the single tax identification number (IFU) and the national directory of persons, institutions and associations. According to this decree's provisions, the authorities and the natural and legal persons concerned had to have an IFU by 30 June 2006 (Article 9).

[6] The tax revenue foregone as a result of the reduction in the rate of domestic taxes (following these reforms) was estimated to be CFAF 16.9 billion (0.5 per cent of GDP) in 2009.

[7] The prices of locally produced wheat flour and "Belle Hollandaise" milk were not approved because their cost price was way above that for similar products.

at subsidized prices. In order to improve food security in the medium term, the authorities have given producers more support and facilitated their purchase of agricultural machinery through subsidies and tax reductions. The easing of global oil prices and food prices, together with the introduction of an emergency food security programme (PUASA), enabled Benin to achieve an annual inflation rate of 2.2 per cent in 2009.

9. After falling slightly at the beginning of the review period, the balance-of-payments current account deficit then grew significantly to reach 8.6 per cent of GDP in 2009 (Table I.2). This increase is mainly attributable to the deterioration in the balance of trade in goods and services. The export trend was marked by fluctuations in prices and in cotton production, while imports doubled in value between 2004 and 2009. The strong rise in imports was caused by the sustained increase in purchases of capital goods and energy products, as well as higher global prices for oil and foodstuffs. The reason for the deterioration in the services balance was mostly transport, especially freight, and the improved surplus under the travel heading was too small to reverse the overall trend.

10. As a member of WAEMU, Benin applies its common monetary and exchange policies (joint report, Chapter I). In 2009, Benin fulfilled three of the four so-called first tier primary convergence criteria established within the Union, only failing to meet the basic fiscal balance criterion.

Table I.2
Balance of payments, 2004-2009
(US$ million)

	2004	2005	2006	2007	2008	2009[a]
Current balance	-287.9	-226.2	-216.3	-494.5	-535.9	-568.4
Trade balance[b]	-273.3	-287.4	-310.2	-555.2	-607.4	-647.4
Exports (f.o.b.)	568.6	578.2	735.5	1,046.8	1,282.3	1,102.1
Cotton	214.8	176.3	98.5	138.1	176.2	136.6
Imports (f.o.b.)	-842.0	-865.6	-1,045.7	-1,602.0	1,689.1	1,554.9
Petroleum	-148.6	-127.0	-160.3	-272.1	-177.8	-161.0
Services (net)	-71.2	-85.3	-135.2	-199.1	-161.9	-170.3
Credits	215.6	193.8	217.1	301.5	348.1	278.9
Debits	-287.2	-279.1	352.3	500.6	510.0	449.2
Transport (net)	-139.7	-141.4	-187.6	-283.1	-297.2	-260.5
Freight (net)	-127.8	-128.5	-168.3	-257.9	-269.5	-236.1
Travel (net)	89.3	76.4	82.0	134.8	171.9	130.2
Other services (net)	-21.2	-20.3	-29.6	-50.7	-36.8	-40.0
Income (net)	-36.9	-17.8	-29.5	-8.8	-11.4	-10.0
Interest on public debt	-17.6	-16.3	-14.0	-12.5	-11.8	-15.7
Transfers (net)	93.5	164.4	258.6	268.5	244.7	259.2
Private	68.3	120.6	151.5	153.6	163.9	143.4
Public	25.2	43.8	107.1	115.0	80.8	115.8
Capital and financial operations account	181.9	307.7	442.9	758.7	607.2	471.6
Capital transfers	80.4	121.9	1,154.9	175.9	108.1	100.8
Financial operations	101.5	185.8	-712.0	582.8	499.1	370.6
Direct investment	65.1	53.5	54.9	261.4	173.7	92.5
Portfolio investment	-5.1	3.8	5.7	67.6	21.0	63.7
Other investment	41.5	128.5	-772.6	253.7	304.4	214.3
Net errors and omissions	-9.7	11.8	24.1	30.7	11.2	0.0
Overall balance	-116.2	93.1	250.9	295.0	82.4	-96.8

	2004	2005	2006	2007	2008	2009[a]
Indicators (%)						
Balance of goods/GDP	-6.7	-6.6	-6.6	-10.1	-9.1	-9.8
Current account balance/GDP	-7.1	-5.2	-4.6	-9.0	-8.1	-8.6
Overall balance/GDP	-2.9	2.1	5.3	5.4	1.2	-1.5

a Estimates.
b The authorities revised their method of estimating regional exports as of the data for 2007.

Source: BCEAO.

(3) TRENDS IN TRADE AND INVESTMENT

(i) Trade in goods and services

11. The breakdown and geographical distribution of Benin's trade appears hard to identify owing to the large informal economy and the re-export trade. According to the statistics available, there has not been any major change in the structure of trade since 2003 (Tables AI.1 and AI.2 and Chart I.1). The leading imports are food products (especially rice and chicken meat), fuel, electricity, machinery, vehicles, textiles, cement, medicines and agricultural inputs. The boom in the price of oil and foodstuffs on international markets between 2006 and 2008 affected the trend in their respective shares of the total value of imports. The share of intra-ECOWAS trade in Benin's total imports is also said to have felt the effects of this phenomenon, standing at around 24 per cent up to 2006, falling to 15.9 per cent in 2008, and then rising to 17.8 per cent in 2009. On average, WAEMU's share was 13.2 per cent over the period 2003-2009, although there was a dip (10.6 per cent) in 2008. The European Union, notably France and the Netherlands, are still the main source of imports from outside the community, followed by China, Thailand and Malaysia (Table AI.3 and Chart I.2).

12. Cotton still occupies first place among Benin's exports, although its share fell from 67.9 per cent in 2003 to 29.6 per cent in 2009. The export of certain food products (especially fruit and oil) and tobacco, on the other hand, showed a sharp increase. Agricultural performance, however, is still to a large extent governed by weather factors and the revenue earned from selling cotton depends on fluctuations in global prices. Manufactures only play a small role, even though exports of iron and steel have increased. According to the statistics available, Benin exports most of its goods to Africa and Asia. Exports to other ECOWAS members tripled over the period under review, mainly a reflection of the development of trade relations with Nigeria; the intra-Community share of the total value of Benin's exports was 51.4 per cent compared to 16.5 per cent in 2003. The share of exports within WAEMU, on the other hand, experienced wide fluctuations, but declined from 9.9 per cent in 2003 to 8.7 per cent in 2009. Since 2003, China has become the main destination for products of Beninese origin, replacing the European Union; India, Viet Nam and Indonesia are also important export markets for Benin (Table AI.4 and Chart I.2).

(ii) Foreign direct investment

13. Despite a relatively stable political and macroeconomic context, flows of foreign direct investment (FDI) to Benin have not always kept pace with their potential dynamism. The business climate remains somewhat difficult, *inter alia* because of the red tape involved in running businesses, inadequate protection of property rights and frequent power cuts. Recent reforms have started to ease the fiscal burden and to improve arbitration and mediation mechanisms. Benin did not, however, make any notable progress in most of the components of the World Bank's Doing Business indicator over the period 2004-2010. Despite a slight improvement, there is still no permanent mechanism for dialogue between government structures and the private sector. According to economic operators, the

lack of any formal consultation forum is the main cause of the lack of consistency in reforms to attract investment.

14. The FDI trend in Benin over the period 2003-2009 (Table I.2) essentially reflects the implementation of the State's policy of withdrawing from production, and the more frequent use of public-private partnerships to carry out large-scale public works. Despite the absence of a definitive regulatory framework, substantial investment has been made in mobile telecommunications; projects to exploit Benin's subsoil should also take off in the near future.

(4) OUTLOOK

15. Benin's economy, still little diversified, remains vulnerable to external shocks, including weather factors and fluctuating commodity prices on global markets. This vulnerability is made worse by Benin's virtually total dependence on imports to meet its electricity and petroleum needs. The extent of these structural weaknesses suggests that, in the medium term, the financial and trade imbalances are likely to persist. Recourse to external financing, including support from development partners, will continue to play an important role in Benin's economic development.

16. In addition to the emergency food security support programme (PUASA), the Beninese authorities have drawn up a broader strategic framework aimed at diversifying activities in the primary sector. Its effective implementation should, in time, lessen the country's overwhelming reliance on cotton. In addition, increased production of food crops, which has already begun, will to a certain extent help in controlling inflationary pressures if there are no external shocks such as higher global prices for petroleum products.

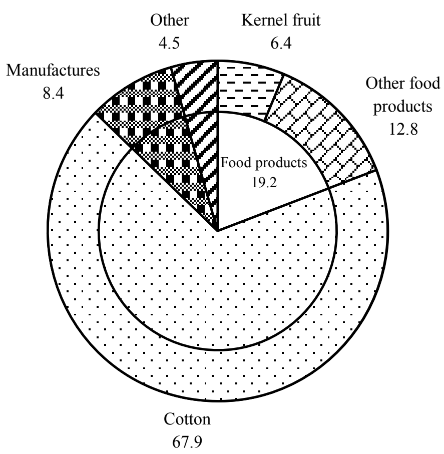
17. The overall direction of Benin's economic policy is aimed at increasing productivity by strengthening the basic infrastructure and modernizing agriculture. The multiyear programme's goal is an average annual rate of growth of 4.7 per cent over the period 2010-2014 and a gradual rise in the fiscal burden (up to 21.1 per cent by 2014). Nevertheless, even though closer control of government spending is also envisaged, if there is no effective mobilization of the expected grants and loans, expenditure on implementing various planning projects could jeopardize the projections for a surplus in the basic financial balance.

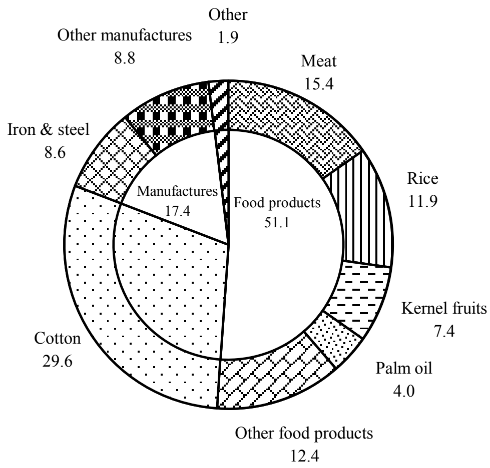
Chart I.1
Structure of trade in goods, 2003 and 2009

Percentage

2003 **2009**

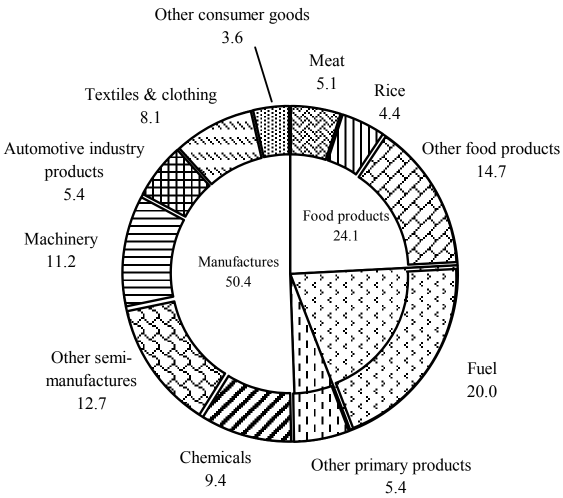
(a) Exports (f.o.b.)

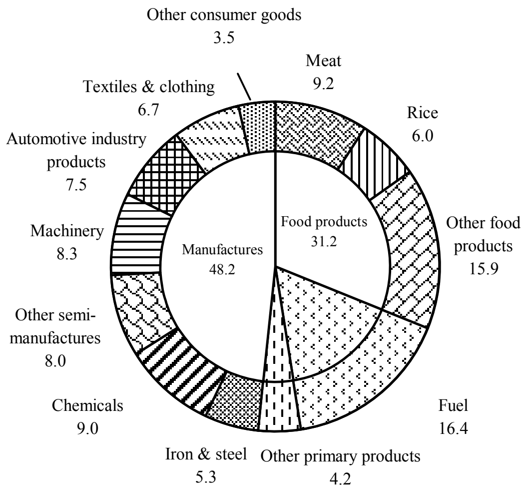




Total: US$271.6 million **Total: US$451.0 million**

(b) Imports (c.i.f.)





Total: US$886.2 million **Total: US$1,574.1 million**

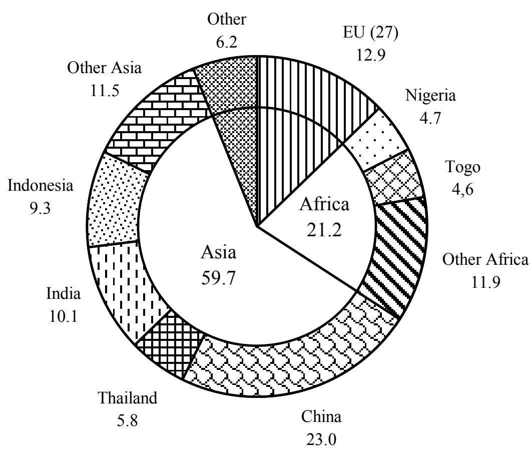
***Source*: WTO Secretariat calculations, based on data taken from the UNSD Comtrade database (SITC Rev. 3) and data provided by the Beninese authorities.**

Chart I.2
Direction of trade in goods, 2003 and 2009

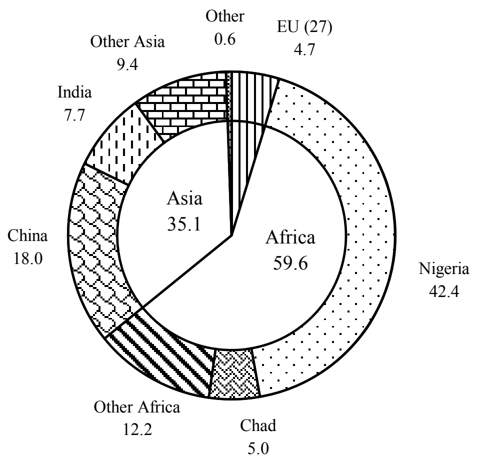
Percentage

2003 **2009**

(a) Exports (f.o.b.)

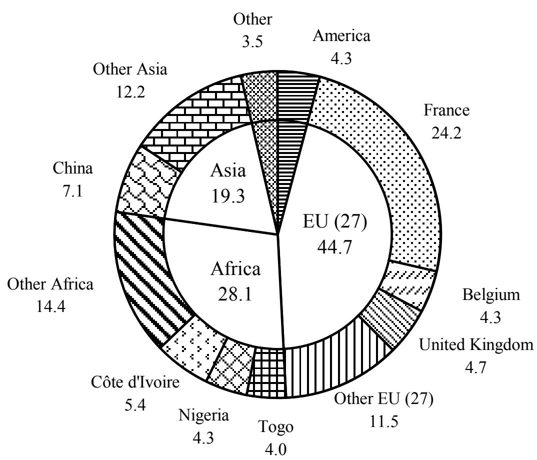


Total: US$271.6 million

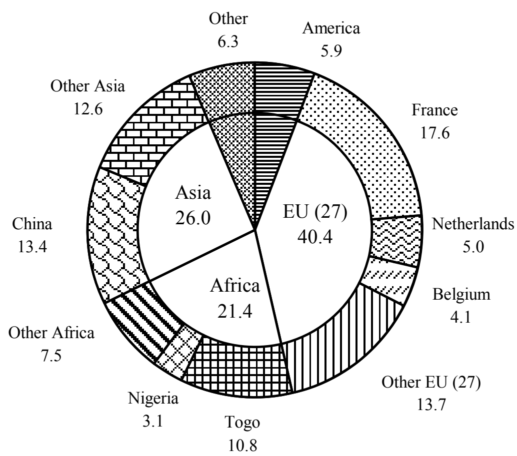


Total: US$451.0 million

(b) Imports (c.i.f.)



Total: US$886.2 million



Total: US$1,574.1 million

***Source*: WTO Secretariat calculations, based on data provided by the Beninese authorities.**

II. TRADE AND INVESTMENT REGIMES

18. Since the previous review of Benin's trade policy (TPR) in 2004, only a few new legal texts on trade and investment have come into effect. Although Benin's legal texts are in principle published in the *Official Journal*, they are not yet systematically posted on the official website open to the public. The Government has gradually started to streamline procedures for promoting international trade and investment. Between 2004 and 2010, however, most of the components in the World Bank's Doing Business indicator did not show any notable improvement in Benin, which explains its much lower ranking compared to neighbouring countries in 2010 (Benin came 172nd out of 183 economies in 2010).[8] Consideration is being given to reforms to make the administrative and regulatory framework for business less rigid. The Government acknowledges that there are too many institutions involved in promoting trade and investment and that their activities overlap so it is considering bringing all the investment promotion structures together and creating a single agency to replace the current three "single windows". The Government is also revising the implementing decrees for ordinances so as to redefine the scope of the Investment Code.

(1) EXECUTIVE, LEGISLATURE AND JUDICIARY

19. Benin's Constitution has not changed since it was adopted in December 1990.[9] Under its Constitution, the President of the Republic is elected by direct universal suffrage (first-past-the-post ballot in two rounds) for a once-renewable five-year term. Executive power is vested in the President, who appoints the members of the Government and determines their responsibilities. The current President has been in office since 2006 and the next presidential elections are due to be held in March 2011. The President of the Republic appoints the other members of the Government. There have been three ministerial reshuffles since 2006; Table II.1 shows the ministries in office at the time this report was drawn up.

20. The National Assembly exercises legislative power and controls the activities of the Government; laws, including those determining the State's income and expenditure targets, have to be adopted by the National Assembly. The National Assembly comprises 83 deputies elected by direct universal suffrage for four years, who may be re-elected. The latest elections were held on 31 March 2007. In exceptional circumstances, the Government may issue ordinances valid for a limited period (Articles 68 and 69 of the Constitution). Ordinances are adopted by the Council of Ministers and take effect upon publication, although in principle they lapse if the draft law on their ratification is not adopted by the Assembly. Implementing decrees for legislation voted by the Assembly are adopted by the Council of Ministers and are immediately enforceable. The President may also put any draft law on a matter of national interest to a referendum.

Table II.1
Principal ministries and institutions dealing with international trade and foreign investment, May 2010

Ministries and their institutions	Internet address
Government's website	http://www.gouv.bf
Foreign affairs, African integration, francophonie and Beninese overseas	http://www.maebenin.bj (not operational)
Agriculture, livestock and fishing	..
Ministry of Trade	http//www.mic.bj
Ministry of Tourism and Crafts	..

8 Doing Business, online information. Viewed at: http://english.doingbusiness.org/CustomsQuery/Default.aspx?excel=false.

9 Law No. 90-032 of 11 December 1990. Viewed at: http://www.bj.refer.org/benin_ct/cop/assemble/constitution/constitution.html.

Ministries and their institutions	Internet address
Economy and Finance	http://www.finances.gov.bf
Directorate-General of Customs and Indirect Taxation (DGDDI)	http://www.douane-benin.bj/
Industry	http//www.mic.bj
Small and medium-sized enterprises and promotion of the private sector	..
Attorney General, Ministry of Justice, Legislation and Human Rights	..
Ministry of Energy and Water Resources	..
Ministry of Petroleum and Mining Prospection	..
Ministry responsible for small and medium-sized enterprises and promotion of the private sector	..
Ministry attached to the President of the Republic responsible for information and communication technology	..
Ministry attached to the President of the Republic responsible for the maritime economy, maritime transport and port reform	http://ecomaritimebenin.net/
Ministry attached to the President of the Republic responsible for land transport, air transport and public works	..
National Institute of Statistics and Economic Analysis	http://insae-bj.org/

.. Not available.

Source: Information provided by the authorities.

21. All laws, regulations and orders are published in French in the *Official Journal*. There is not yet any official government website containing Benin's legal texts although the Government is seeking financing to implement this project.

22. International trade agreements and treaties, covered by Title IX of the Constitution, are negotiated, signed and ratified by the President of the Republic. They can only be ratified or approved by means of a law adopted by the National Assembly. Ratified treaties or agreements (for example, the WTO Agreement) take precedence over domestic laws once they have been published in the *Official Journal*, provided that each agreement or treaty is implemented by the other party. Such acts are immediately applicable and automatically enforceable, even though only the approval of the treaty or agreement is the subject of the law and not the transposition of its provisions. Accordingly, only the act ratifying the WTO Agreement was published in the *Official Journal* and not the text of the Agreement itself.[10] Under this monistic regime, the WTO Agreement can be directly cited in legal proceedings in the event of a trade dispute, although this has never been the case so far.

23. Judicial power is vested in the Supreme Court, the courts and tribunals set up pursuant to the Constitution. The Supreme Court is at the apex of the judicial pyramid, followed by the appeal courts, the lower courts and conciliation tribunals. It coexists with two other high judicial instances: the Constitutional Court[11] and the High Court of Justice.[12] The Supreme Court has competence for administrative and judicial matters and the State's accounts. Its decisions are final and are binding on the Executive, the Legislature and all other judicial bodies. The Government may consult it on any administrative or legal matter. At the request of the President of the Republic, it may take part in drafting or amending any legislative or regulatory text before it is put before the National Assembly.

[10] The WTO Agreement was ratified by Decree No. 95-241 of 5 September 1995. The provisions in the Agreement apply automatically.

[11] The Constitutional Court rules on the constitutionality of laws and regulatory acts, and is the regulatory body for the functioning of government institutions and activities (Article 114 of the Constitution).

[12] The High Court of Justice is empowered to judge the President of the Republic and members of the Government for acts deemed to be high treason and for offences committed in connection with their responsibilities.

24. The commercial chambers in the lower courts have competence for trade matters, which are heard there in the first instance. Each appeal court also has a specialized chamber for ruling on appeals relating to trade disputes and its decision is final.[13] Countries belonging to the Organization for the Harmonisation of Business Law in Africa (OHADA), including Benin, have entrusted the Organization's Common Court of Justice and Arbitration (CCJA) with hearing appeals relating to trade disputes.[14] Any party wishing to turn to arbitration, the terms for which can be found in the CCJA's arbitration regulations, must send a written request to the Secretary General for the Court's arbitration, together with the requisite fee.

(2) TRADE POLICY FRAMEWORK

(i) Institutional framework

25. A number of ministries are involved in drafting and implementing trade policy, including the Ministry of Trade, the Ministry of Industry, the Ministry of Small and Medium-Sized Enterprises, and the Ministry responsible for development. The Ministry of Finance and the Economy also plays a leading role in trade policy and investment matters, especially as regards the customs administration and supervising government procurement. One of the Ministry's representatives takes part in ministerial meetings of the franc zone, in WAMU and WAEMU. The Ministry is also responsible for the financial aspects of ACP/EU relations.

26. Coordination among these ministries could be improved, notably in order to facilitate the design and implementation of trade facilitation and Aid for Trade (AFT) projects. Moreover, the Ministry responsible for trade is not systematically invited to discussions on development aid, held under the auspices of the Ministry responsible for development; as a result, AFT projects have not been systematically integrated into national development plans (Chapter V).

27. In order to ensure that activities to develop its international trade are in fact incorporated into its national development plans, Benin participates in the process initiated under the Enhanced Integrated Framework (EIF), for which a steering committee was set up in January 2009 under the auspices of the Ministry of Trade. The focal point is the Directorate-General of Foreign Trade. In February 2010, the national implementation unit was in the process of being set up (Chapter V).

28. Numerous agencies, associations, single windows and other entities are involved in enterprise creation and promoting investment (see Investment Regime below) and international trade. Those responsible for promoting international trade have recently been reorganized. The Beninese Trade Promotion Agency (ABePEC) emerged from the amalgamation of the Benin Foreign Trade Centre (CBCE) and the Business Opportunities Observatory (OBOBAF), and has been placed under the responsibility of the Minister responsible for trade; 80 per cent of its financing comes from the national budget and 20 per cent from supplying services. Its main task is to develop and promote trade between Benin and the rest of the world, particularly by providing information on export markets and assisting participation in trade fairs.

29. The Association for the Development of Exports (ADEx), an independent body bringing together exporters under the wing of the Ministry responsible for industry, provides investors with financial support for conducting strategic market surveys on products for export, thereby reinforcing

[13] Article No. 61 of Law No. 2001-37 of 27 August 2002 on the organization of judicial matters in Benin.

[14] The following countries are members of OHADA, whose headquarters are in Abidjan: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo.

their export potential. The National Export Council (CNEX) is a private entity that provides technical assistance for export; the National Shippers' Council of Benin (CNCB) is a government body under the Ministry responsible for maritime transport and helps shippers with transport operations and port transit.

(ii) Broad outlines of trade policy

30. Regional economic integration within WAEMU and ECOWAS is at the heart of Benin's trade policy (joint report, Chapter II). Another major objective of Benin's trade policy is to integrate the promotion of international trade and investment into its poverty reduction strategy (PRS), which guides the whole of Benin's aid policy (Chapter V). Having focused its development strategy on the private sector as the engine for growth, the Government is trying to attract investment, *inter alia* through new legislation on foreign investment; additional resources devoted to developing industrial free zones (see below); and a revised administrative, regulatory and legal framework.

31. Benin became a GATT Contracting Party on 12 September 1963 and a Member of the WTO on 22 February 1996. It is recognized as a "least developed country" (LDC). It is not a member of any plurilateral agreement. Benin has been particularly active at the WTO in relation to the subsidies given by some WTO Members for trade in cotton (joint report, Chapter IV). Since 2004, Benin has also made some notifications to the WTO (joint report, Table II.1), but these are incomplete. For example, there are no tariff or statistical data on imports for the years 2008 and 2009 in the WTO Integrated Database (IDB). Benin could adopt a systematic joint notification procedure with other WAEMU members so as to keep joint notifications up to date more efficiently and at lower cost.

(3) CONSULTATION BETWEEN THE GOVERNMENT AND THE PRIVATE SECTOR

32. The Government has regular dialogue with the private sector and with its major donors (the "Technical and financial partners" - TFPs). For international trade and investment, however, this dialogue is on an ad hoc basis and the private sector would like to see a formal framework for consultation on trade policy issues set up, with meetings to be held at fixed dates and publication of the outcome of the discussions. The existing structures include a consultation framework on fiscal matters, set up in 2008 by an order. Among the other forums, the Presidential Council for Investment (see below) is convened by the President of the Republic. There is also a committee that meets on APE negotiations. An order also provides for a forum on WTO negotiations, but this is not at present operating.

33. Government-private sector meetings are held regularly at the instigation of the Benin Chamber of Commerce and Industry (CCIB). In existence for over a century (1908), the CCIB is the principal public body supporting the private sector. Its task is to represent and protect the interests of economic operators *vis-à-vis* government authorities, national private institutions and outside bodies. It advises the authorities on questions of relevance to economic matters and takes up with the Government all issues intended to improve the working conditions of economic operators. It also participates in legislative and regulatory work. It makes a detailed website available to the public and this is updated regularly with the principal economic activities in Benin (Table II.2). Since 2003, the Centre for Arbitration, Mediation and Conciliation has been hosted by the CCIB.[15] In order to protect investment, the Centre provides settlement procedures; makes a list of approved mediators/conciliators and arbitrators available to parties; and enables justice to be done more rapidly and more flexibly and in a way that is better adapted to the nature of the dispute.

[15] Decree No. 2003-347 of 1 September 2003.

Table II.2
Institutions providing support for trade and investment, May 2010

Entity	Task	Website
Beninese Trade Promotion Agency (ABePEC)	To promote trade between Benin and the rest of the world	www.abepec.bj
Export Development Association (ADE)	Financial support for the conduct of strategic market surveys on products for export	..
Benin Chamber of Commerce and Industry (CCIB)	Represents the private sector	http://www.economiebenin.org
Business Formalities Centre		..
Investment Promotion Centre		www.cpibenin.com
GUFE		..
National Export Council (CNEX)	Technical assistance for export	..
Council of Private Investors in Benin (CIPB)	Self-financed association of investors	www.cipb.bj

.. Not available.

Source: Information provided by the authorities.

34. The CCIB plays an active role in promoting industrial, business and services activities, but does not deal with agricultural products or handicrafts. The National Chamber of Agriculture is responsible for promoting agriculture, while the inter-departmental chambers of various trades represent and promote craftsmen *vis-à-vis* government authorities.

(4) INVESTMENT REGIME

35. The Government seeks to encourage investment in Benin, including foreign investment, *inter alia* by overcoming the delays and other administrative and regulatory constraints that are typical of the investment regime in Benin. Since 2008, new laws have been adopted to encourage large-scale investment, and efforts are under way to lessen the overlapping among the various institutions in charge of promoting investment in Benin.

36. The Investment Code, which is the main legislation in this area, guarantees national treatment: State-owned or private enterprises, whether Beninese or foreign, have the same rights and are also subject to the same obligations. There is no limit on foreign participation in the capital of a company set up in Benin in the sectors covered by the Code. Foreign companies wishing to engage in activities in Benin must domicile their head office and keep their accounts in Benin. Nevertheless, according to OHADA provisions, they may set up branches, whose life span may not exceed two years, after which they must be incorporated into a company established in one of the OHADA member States.

(i) Legislation

37. Companies approved under the 1990 Investment Code are entitled to various fiscal incentives under several regimes depending on the number of jobs created and the amount invested. Regime A is for investment of up to CFAF 500 million (€762,000) and requires the creation of at least five permanent jobs for Beninese nationals. Regime B (up to CFAF 3 billion, at least 20 jobs) offers the same benefits as Regime A. Regime C, the so-called "fiscal stabilization" regime, covers investment of CFAF 3 to CFAF 50 billion (€4.5 to €76 million, more than 20 jobs). There is also a special regime for companies supplying services.

38. The Code was amended in 2004 and again more recently in July and November 2008.[16] On that date, in a special meeting of the Council of Ministers, the Government adopted two ordinances with a view to introducing an additional "Regime D" for "heavy investment"[17] (from CFAF 50 to CFAF 100 billion, or €76 to €152 million); and a Regime E for "structural" investment exceeding CFAF 100 billion (ordinance of November 2008). These new regimes make no mention of creating a minimum number of jobs. For Regime E, the incentives are negotiated directly with the Government and are the subject of an agreement.

39. During the start-up phase, the Code principally gives customs incentives, for example, exemption from customs duty (but not from the municipal tax, the statistical tax, the customs stamp duty, the community solidarity levy or the community levy) on: (i) machinery, equipment and tools to be used specifically for production or exploitation; and (ii) spare parts specifically for the equipment imported, up to an amount corresponding to 15 per cent of the c.i.f. value of the equipment.[18] Companies providing services are only entitled to a 75 per cent reduction of import duties and taxes.

40. During the operating phase, the company is given exemption for spare parts, inputs and fuel.

41. As far as internal taxation is concerned, during the period of the investment, the company is given exemption from the business tax and property tax on buildings and on land. During the operational phase, the investor must file an application in order to receive the concessions as of the first year of production and for a period that depends on the zone where the business is established. The concessions include exemption from the business tax and the property tax on developed and undeveloped land; exemption from the employers' contribution on the salaries of expatriate staff properly declared in accordance with the regulations in force in Benin; and above all exemption from the industrial and commercial profits (BIC) tax.

42. The period for which the concessions are given depends on the zone in which the beneficiary company is established: five years for the city of Cotonou and the surrounding area within a radius of 25 km.; seven years for the urban areas of Porto-Novo, Parakou, Abomey and Bohicon; and nine years for other areas in Benin. For Regime D, the period of concessions has been extended and includes: a start-up or maximum investment period of five years, plus an operating period of 12, 13 or 15 years depending on the zone.

43. At the end of this period, companies approved under Regimes C and D are also entitled to fiscal stabilization as regards the rate and method for determining the base for taxes other than the BIC throughout the period of entitlement. Service suppliers are not eligible for tax exemptions during the operating phase.[19] When the concessions under the special regime end, the company must

[16] Law No. 90-002 of 9 May 1990, amended by Law No. 90-033 of 24 December 1990, Decree No. 98-453 of 8 October 1998 and Order No. 38/MPREPE/DC/SG/DPI/SACI of 9 December 1998. The Code, and its accompanying legislation, do not appear to be available on the official website.

[17] Ordinance No. 2008-04 of 28 July 2008.

[18] The articles excluded from the duty free regime under the Investment Code are building materials, office equipment, household electrical appliances and equipment, private tourism vehicles, air conditioning equipment, except for centralized air conditioning, petroleum products, except for fuel lubricants, diesel fuel to be used as a raw material and bituminous products. Raw materials and packaging imported in connection with the Code's incentives are subject to the customary duty regime. Nevertheless, drawback may be allowed in accordance with the provisions in the Customs Code for imported raw materials and packaging used to manufacture products exported and subject to compliance with the customs regulations.

[19] Article 59 of Law No. 90-033.

continue its activities for at least five years otherwise it has to reimburse the State for the concessions granted during the entitlement period.

44. The principle of the Code is to stimulate the creation of local value added. Activities that consist of buying for resale in the same state or repackaging and wrapping finished goods are, therefore, not entitled to the concessions. Up to 2008, there had to be at least 50 per cent value added in order to receive the concessions. This figure has, however, been lowered to 30 per cent in the new ordinances. The Code requires beneficiaries to have a minimum of 60 per cent Beninese nationals on the payroll.[20] Investors must also comply with the national or international quality standards applicable to the goods and services that are the subject of their activities; protect the environment; keep SYSCOA (West African Accounting System)-compliant accounts; respect the approved investment programmes; allow controls by the authorities; and be registered in the Commercial Register.

45. The scope of the Code is intended to be as broad as possible in order to attract private investment, including from outside the country. A special regime applies to services activities, although several services activities are not listed in Article 1 of the implementing decree[21], thereby excluding a wide range of services activities (for example, distribution, business services) from the potential benefits. According to the authorities, investors may obtain ad hoc exceptions while awaiting the revision of the Code's scope. Some services sectors such as telecommunications or energy are covered by sectoral codes. Industries processing agricultural, animal or mining products of domestic origin are entitled to special tax concessions, such as exemption from registration fees.[22] Equipment for hotels approved under the Code and entitled to exemption from import duties and taxes is regulated separately.[23]

(ii) Institutional framework

46. Any company seeking approval for a preferential regime under the Investment Code must make an application to the Benin Investment Promotion Centre (CPI). The application for approval under the Investment Code, accompanied by 20 copies of all the documentation required, is sent to the Minister in charge of development. It is then transmitted for consideration and decision to the CPI, currently placed under the Ministry of Planning, Development and Evaluation of Government Action (MPDEAP). A technical investment commission (CTI), for which the CPI acts as the Secretariat, examines the application and approves projects. The Investment Control Commission (CCI) ensures that the regulatory requirements (number of local jobs, value added, etc.) are met.[24]

47. Since 1997, the Business Formalities Centre (CFE), a single window within the CCIB, has also been responsible for formalities concerning the creation of businesses, their modification or dissolution.[25] In October 2008, there was an evaluation of the CFE, with support from the Millennium Challenge Account through its programme for poverty reduction through accelerated growth. Based on this evaluation, on 20 October 2009 the Government adopted Decree No. 2009-542

[20] *Ibid*., Articles 33, 35 and 36.

[21] Companies providing health and education services, handicrafts and public works, tourism and hotel and restaurant services; industrial maintenance; cultural, artistic and audiovisual production and environmental protection.

[22] Articles 48 of Law No. 90-002 and 32 of Decree No. 98-453.

[23] Swimming pool equipment; capital appliances and machinery; sound, radio and television appliances; operating equipment; transport equipment; sanitary equipment and appliances (Interministerial Order No. 1289/MF/MI/CT).

[24] Chapter III and Title IV of Law No. 90-002 and Titles VII and VIII of Law No. 98-453.

[25] Decree No. 97-292 of 19 June 1997.

setting up the single window for business formalities (GUFE), a public administrative body under the supervision of the Ministry of Trade, which will ultimately replace the CFE and be given more resources so as to lessen the number of formalities to be completed in order to start a business, modify it or wind it up. According to the Decree, the GUFE will be the only intermediary between economic operators and government authorities. It will be financed through a State subsidy and fees for supplying its services.[26]

48. In addition to the CFE/GUFE and the CPI, since 2007 Benin has also had a Presidential Council for Investment, with an administration and a secretariat, whose task is to make proposals to the President of the Republic with a view to enhancing the business climate, particularly through closer dialogue between the Government and investors. According to the ABePEC, which is also involved in supporting companies investing in Benin, the introduction of this presidential structure will enable "the alarming indicators on the business climate in Benin to be corrected".[27] As mentioned above, the Council deals directly with investors in projects exceeding CFAF 200 billion.

49. Aware of the fact that too many institutions are involved in promoting investment (CFE, GUFE, CPI, Presidential Council), the Government is currently consolidating them in order to set up a single investment and export promotion agency (APIEx). It is also revising the implementing decrees for the ordinances so as to redefine the scope of the Investment Code.

(iii) Settlement of investment-related disputes

50. Any dispute regarding the interpretation or application of the Investment Code may be brought before the Dispute Settlements Commission, whose terms of reference are spelled out in the Code. The Commission deals, *inter alia*, with disputes concerning the validity, interpretation or application of the approval decree. Appeals can also be made to the International Centre for Settlement of Investment Disputes (ICSID). According to the ICSID database, Benin has signed agreements and treaties on the protection of investment. Those with the Federal Republic of Germany (1978), Great Britain (1986), and Switzerland (1973) are in effect.[28] According to the Beninese authorities, investment promotion and protection agreements have also been ratified with: Belgium-Luxembourg, Burkina Faso, Chad, Egypt, Ghana, Guinea, the Libyan Arab Jamahiriya, Mali, the Netherlands and South Africa.

51. In order to strengthen the legal framework for investment and provide additional security for capital, particularly from abroad, in 1993 Benin ratified the Convention establishing the Multilateral Investment Guarantee Agency (MIGA).[29] The latter's website shows that only two projects in Benin have received MIGA guarantees: the SPACETEL telecommunications project in 2002 and a project to rehabilitate the Hôtel de la Plage in Cotonou in 2009.

(5) INDUSTRIAL FREE ZONE REGIME

52. The Finance Law authorizing the creation of an industrial free zone in Benin (ZFI)[30] dates back to 1999. In September 2003, the first ZFI was defined to the east of Cotonou, in the Sèmè-Podji division near the border with Nigeria. It covers a total area of 230 hectares, which can be extended to

[26] CCIB online information. Viewed at: http://www.ccibenin.org/.
[27] ABePEC online information. Viewed at: http://www.abepec.bj.
[28] ICSID online information. Viewed at: http://icsid.worldbank.org/ICSID/Index.jsp.
[29] MIGA online information. Viewed at: http://www.miga.org/.
[30] Online information from the Benin ZFI Administrative Board. Viewed at: http://www.a-zfibenin.com/. The legal texts were consulted on this site.

500 hectares. The law on its organization and operation was approved in 2005[31], but owing to lack of financing the ZFI was still in the process of being set up in 2010.[32] Since 2007-2009, funds have been allocated for the effective development of the zone and the first company producing lead started operations, with a second being set up. The ZFI option adopted by Benin is to combine geographically defined free zones and free points or free enterprises which, if they meet the criteria, can be established anywhere in Benin and be entitled to the incentives applicable. As at May 2010, there were seven approved free points, which have been operating since 2009. The ZFI is managed by a public limited company called the "ZFI Administrative Board". It receives an annual fee (to be determined) from each approved company and developer, defines and implements a development, promotion and financial viability programme.

53. The following are eligible for the incentives: industrial companies producing goods for export and those which produce goods and services exclusively for the former. The companies must: (i) guarantee that at least 65 per cent of their annual production will be exported; (ii) give priority for permanent jobs to Beninese nationals with qualifications equivalent to those of non-Beninese; and (iii) give priority to raw materials, equipment and supplies of Beninese origin provided that they are equally competitive. Any company that has benefited from a preferential regime under the Investment Code may only be given ZFI status five years after the preferential regime has ended. Up to a maximum of 35 per cent of output may be sold in Benin subject to payment of MFN import duties and taxes. For the activities covered by their approval, companies are given tax concessions as of the date of signature of the agreement (Table II.3). Companies under the ZFI regime are also entitled to: (i) use their own telecommunications network; (ii) generate energy for their exclusive consumption; and (iii) hold foreign currency accounts.

Table II.3
Tax concessions under Benin's industrial free zone regime

Measure	Concessions
Import duties and taxes (excluding municipal tax)	Exemption upon import of machinery, equipment and tools; spare parts specifically for the equipment imported; raw materials and semi-finished goods; products to be used for packaging and wrapping processed products; fuel; lubricants; building materials; office furniture and office consumables; electric generators and parts; telecommunications equipment; appliances for air conditioners in companies approved under the ZFI regime and cold stores. For goods vehicles purchased by the companies, there is a 60% reduction on these duties and taxes. Only the municipal tax is payable upon export.
Industrial and commercial profits tax (BIC)	Exemption for the first 10, 12 and 14 years, respectively, for geographical zones 1, 2 and 3. Reduction to a 20% rate (normal rate 25% or 30% depending on the case) for five years as of the 11th, 13th and 15th years, depending on the zone.
Employers' contribution	4% rate on salaries for 5 years.
Income tax on securities	5% rate for 5 years.
Property tax on developed and undeveloped land, business tax	Exemption for 10 years.
VAT	Exemption for the delivery of semi-finished or semi-processed goods, packaging, works and services supplied to the approved enterprise. Export at zero rate.

Source: Law No. 2005-16 of 8 September 2005 establishing the ZFI regime.

[31] Law No. 2005-16 of 8 September 2005 establishing the ZFI regime.
[32] Article 5 of Law No. 99-001 of 13 January 1999 containing the finance law for 1999.

III. TRADE POLICIES AND PRACTICES BY MEASURE

(1) INTRODUCTION

54. Benin has fully applied the WAEMU CET since 31 January 2000; other community duties and taxes are only levied on imports not originating in WAEMU or ECOWAS. The rules of origin of these two regional groups, already harmonized to a large extent, are also applied in Benin. The WAEMU regulations concerning the customs value of goods, including the provision on using reference values, has been applied at the national level since 2003. It would appear that Benin does not systematically use reference values but rather negotiated minimum values (between importers and the customs authority) for certain products.

55. In addition to the levies harmonized at the community level, goods crossing the border are subject to many other duties and taxes, including those levied by the CNCB, at an overall amount that varies according to the customs regime and the mode of transport. In Benin, there is still a system for preshipment inspection of imports. Furthermore, customs clearance procedures, including the customs escort for goods in transit, remain complex and open to irregularities; they are also still hampered by connectivity problems.

56. A number of schemes for exemption from import duties and taxes have been approved and/or renewed annually since the second Review of Benin's trade policy. Benin also continues to apply a mechanism for a standing advance payment on the BIC (AIB), to which imports of goods and services are also subject. For service providers not fiscally resident in Benin, it nevertheless represents a non-refundable tax. An ecotax on polluting activities was introduced in Benin in 2004, but is not necessarily applied neutrally.

57. Benin has renewed the moratorium on the import, marketing and use of genetically modified organisms for a further five-year period, which will end in 2013. Several temporary bans on imports coming by land or river have been introduced since 2004 for certain fast-moving consumer goods; customs clearance of the goods in question takes place at a limited number of entry points, or even solely in the port of Cotonou. In addition, the import and transit of bovine meat, suspended since 2001, started again under a prior authorization regime. It is still prohibited to export unprocessed teak wood or charcoal.

58. A draft law on competition, based on the community legislation and recognizing the exclusive areas of competence of the WAEMU Commission, is being drafted. The State still controls the price of certain staple goods (bread, water, electricity, hydrocarbons, pharmaceuticals and school supplies). Despite an ambitious programme for the State's withdrawal, the effective liberalization of the economy moves ahead slowly. The State still intervenes in order to guarantee or support domestic industry in important sectors and some monopolies remain, particularly in the services sector.

59. Benin has not signed the WTO Agreement on Government Procurement. To comply with WAEMU rules, it reinforced its legal and institutional framework for government procurement in 2009, but the implementing decrees for these new regulations have not yet been adopted. A preference for companies in the WAEMU area is planned.

60. Benin ratified the revised Bangui Agreement (1999) in 2003. Its regulatory framework for copyright was reinforced in 2006, with provision for legal proceedings and penal sanctions. The Beninese Copyright Bureau (BUBEDRA) is studying the possibility of taxing media for reproducing literary or artistic works directly at the customs cordon.

(2) MEASURES DIRECTLY AFFECTING IMPORTS

(i) Registration

61. All economic operators wishing to import goods for commercial purposes must obtain an importer's licence from the Ministry of Trade.[33] This is renewable annually and also serves as a professional trader's licence. It is issued subject to payment of a flat rate admission fee (CFAF 30,000), payable to the Directorate-General of Foreign Trade, and also the compulsory subscription to the CCIB.[34]

62. Goods under all customs regimes must be declared to Customs and exemption from import duties and taxes does not remove this obligation. A detailed declaration must be filed either by the licensed customs broker (or forwarding agent) or directly by the importer. The latter, however, must possess a customs clearance authorization.[35] The following documents are required for customs procedures: importer's licence; invoice; freight note; insurance certificate (Chapter IV(5)(iv)(b)); and, where applicable, the preshipment inspection certificate, certificate of origin or phytosanitary certificate.

(ii) Customs procedures

63. In principle, customs clearance procedures are computerized using the ASYCUDA++ system.[36] The computerized network currently operates in six of the 32 existing customs posts and records 90 per cent of declarations at the national customs cordon electronically; by August 2010, it should have been extended to a further 12 posts.[37] The unsatisfactory reliability of the connection infrastructure, however, obliges the computerized customs posts to devote considerable resources to entering hard copies of the declarations manually.[38] Putting into operation a single window for foreign trade in the port of Cotonou, an essential project for the port's competitiveness, seems to be jeopardized by connectivity problems and the compatibility of computer systems.

64. Customs declarations are processed according to a risk assessment method that provides for four channels: green (ready for clearance), blue (deferred control), yellow (inspection of documents) and red (physical inspection).[39] The main factors taken into account for the risk assessment are: the

[33] Law No. 90-005 of 15 May 1990, as amended by Law No. 93-007 of 29 March 1993, and Decree No. 93-313 of 29 December 1993.

[34] When a company is set up, the initial payment to the CCIB is CFAF 50,000 for Beninese nationals and CFAF 150,000 for foreigners. The subsequent annual subscriptions are determined according to the economic operator's turnover, on a degressive scale.

[35] Natural or legal persons wishing to make detailed declarations on their own behalf without exercising the profession of customs broker must obtain a customs clearance authorization. This is granted by the Ministry of Finance on a temporary and revocable basis for transactions concerning the goods specified.

[36] The ASYCUDA computerized customs system was introduced into Benin with aid from the Commission of the European Union as part of its foreign trade-related statistical cooperation activities. UNCTAD provided Customs with the PROLOGUE software. In principle, this allows the customs tariff, customs regulations and the databases to be managed. For customs clearance, ASYCUDA allows declarations to be entered and checked, verification of payment of duties and taxes, and keeps the customs accounts.

[37] IMF (2009).

[38] In order to speed up customs clearance procedures in the Customs Revenue Office at Cotonou-Port, the authorities have introduced a time-limit of one hour for dealing with each hard copy declaration. Circular Note No. 1016/DGDDI/CP/PRCC/DOUANES of 6 July 2006.

[39] In general, the green channel is for vehicles in transit to countries in the hinterland, with a fixed value, vehicles and goods for the destination State in the hinterland, and used vehicles going to coastal countries with a fixed value. Goods declared to be in transit to a country in the hinterland (except for those for the

importer; the person making the declaration; the type; the import regime; the country of origin or source of the goods; the nationality of the carrier; the mode of transport; and the currency of the invoice. Currently, this system is only operating in the port of Cotonou. Moreover, the authorities acknowledge that updating the risk management criteria is often delayed because the committee responsible for drawing them up only meets irregularly.

65. There is a clearing credit mechanism in Benin, pursuant to the provisions in the community Code (joint report, Chapter III(2)(i)); the relevant increment is three per thousand of the total amount of the duties and taxes payable.[40] According to the authorities, in most cases the processing of a customs declaration should not take more than two days; the average time taken according to the World Bank's *Doing Business* 2010 report, however, is four days.[41] Private operators consider that the real results in terms of transparency and rapidity of customs clearance are well below the ambitions proclaimed by the Customs Directorate.[42] Administrative procedures and customs escort of goods are complex and open to irregularities. This malfunctioning lessens the attraction of Benin and the port of Cotonou compared to other ports in the subregion as a centre for transit to landlocked countries[43] or to the large market in Nigeria.

(iii) Preshipment inspection and customs valuation

66. Benin still has a system of compulsory preshipment inspection.[44] Since October 1994, the company BIVAC International[45] has been responsible for inspection and conformity assessment for all imports whose f.o.b. value exceeds CFAF 2 million (shipments by road) or CFAF 3 million (shipments by air or sea). Partial shipments are inspected if the total value of the order exceeds the corresponding threshold. In order to detect such fragmentation, an intent to import (IDI) must be declared for any order of a value exceeding CFAF 500,000; imports whose value falls between this threshold and the threshold for compulsory inspection are subject to random checks.[46] The IDI (which is valid for six months) is issued by the BIVAC office in Benin, at the importer's request (accompanied by the importer's licence and two copies of the pro forma invoice). The IDI identification number must be shown on the price information certificate (CRP) sent to the importer within five working days if the inspection is satisfactory and also on the goods inspection certificate (CIM), which the BIVAC transmits to Customs at the same time through the computer network (ASYCUDA++) and in hard copy. The IDI is also one of the supporting documents required by the

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Government), used vehicles for coastal States whose value exceeds the fixed value, and goods for Benin going to industrial warehouses or for temporary admission for inward processing are directed to the blue channel. In the red channel, there is systematic physical inspection of the container vehicles, personal effects, and fabrics and clothing of Asian origin. Other goods are dealt with through the yellow channel.

[40] Circular Note No. 1015/DGDDI/CP/PRCC/DOUANES of 6 July 2006.

[41] The data used in the *Doing Business 2010* report date from 1 June 2009. Viewed at: http://www.doingbusiness.org/Documents/CountryProfiles/BEN.pdf.

[42] DGDDI online information, "Rapport général de la table de concertation douane - opérateurs économiques des 23 et 24 septembre 2008". Viewed at: http://www.douane-benin.bj/Actualites/Nouvelles/rapgenefinal.html.

[43] Burkina Faso, Mali and Niger in particular.

[44] Decree No. 91-23 of 1 February 1991. Benin has notified its laws and regulations on preshipment inspection to the WTO (WTO document G/PSI/N/1/Add.5 of 3 February 1997).

[45] The latest contract (No. 224/DNMP/SP/SMP) between the Beninese Government and BIVAC International (Bureau Veritas) dates from 25 August 2005.

[46] BIVAC online information, "Programme de Vérification des Importations - Bénin, Guide pour les Importateurs". Viewed at: http://www.bureauveritas.com/gsit.

Treasury for a foreign exchange authorization if the transaction implies a payment outside the WAEMU.[47]

67. In general, inspection takes place in the exporting country within three working days and the fees are paid by the Beninese Government. BIVAC's fees amount to 0.60 per cent of the f.o.b. value (agreed between Customs, BIVAC and the importer if need be) of the goods inspected, with a minimum of CFAF 85,000 per inspection certificate issued.[48] On this basis, a standing charge is applied to all imports whose f.o.b. value does not exceed CFAF 14.2 million, i.e. 85,000/0.006; in such cases, the Beninese Government would pay the amount up to 2.83 per cent of the value of goods imported by air or sea and up to 4.25 per cent of the value of those imported by road. For an LDC such as Benin, there could be a fairly large number of transactions not exceeding CFAF 14.2 million, which means that the fees would be much higher than 0.60 per cent. In addition, the customs authority does not have to accept the certified value.

68. WAEMU's customs valuation regulations have been in effect in Benin since 2003 (joint report, Chapter III(2)(i)).[49] Despite the requirement to make an individual notification to the WTO and the technical support offered by the WAEMU Commission[50] to member States, Benin has not submitted any notification or given any clarification in this regard. The authorities state that they do not have a list of reference values, as required by the WAEMU provisions. Minimum values are, however, reportedly negotiated between the importers and the customs authorities for certain products such as rice and edible oils.

(iv) Rules of origin

69. Benin applies the WAEMU rules of origin, whose basic provisions are harmonized with those of ECOWAS (joint report, Chapter III(2)(iii)). The national approval committee deals jointly with approvals for entitlement to the WAEMU and ECOWAS preferential schemes. If need be, economic operators are asked to file two applications for approval simultaneously.[51] If the application is approved, a certificate of origin is issued by the Ministry in charge of industry and endorsed by the customs service. The list of approved products, together with the accompanying documentation, is sent to the respective WAEMU and ECOWAS Commissions for transmission to member States. In 2009, the number of enterprises in Benin approved under the WAEMU tariff preference scheme (since it entered into force) was 58 for a total of 328 products; 47 companies and 209 products were approved under the ECOWAS scheme. Over the period 2003-2009, an annual average of two companies (22 products) were approved for the WAEMU preferential scheme for the first time; the corresponding approvals for the ECOWAS scheme involved three companies (19 products) each year. These figures show that the extent to which these two preferential schemes are utilized is fairly small.

[47] The same procedure applies to inspection at the destination pursuant to a ministerial authorization; this is recorded in BIVAC's computer system so that an identification number can be given.

[48] The corresponding parameters in effect from 2002 to 2005 were 0.70 per cent and CFAF 100,000.

[49] Ordinance No. 2002-25 of 31 December 2002 on the Finance Law for 2003 and Order No. 101/MFE/DC/SGM/DGDDI/DAR of 17 September 2002, implementing as of 1 September 2002, Regulation No. 5/99/UEMOA of 6 August 1999 on customs valuation of imported goods. The Beninese authorities applied the Brussels Definition of Value until 31 December 2002.

[50] Directive No. 03/2002/CM/UEMOA of 23 May 2002.

[51] Applications, accompanied by 12 copies of the approval documentation, must be filed with the Directorate of Regional Integration in the Ministry of the Economy and Finance. A fee of CFAF 100,000 is payable at the time of filing. Viewed at: http://www.finances.bj/spip.php?article698.

70. Benin has not sent the WTO any notification concerning preferential or non-preferential rules of origin.[52]

(v) Customs levies

(a) Overview

71. The WAEMU CET has been in effect in Benin since 31 January 2000 and, according to the authorities, it is fully applied (joint report, Chapter III(2)(ii)(a)). Benin also imposes other community duties and taxes (joint report, Chapter III(2)(ii)(b)); the authorities state that they have never applied the special import tax (TCI). In addition to the community levies, Benin's regime includes a large number of other duties and taxes such as the customs seal fee, the fiscal export levy, the special re-export tax, the computer fee[53], the statistical tax[54], the temporary import tax, and the vehicle tax. Customs escort is mandatory for goods in transit and also involves fees, levied on each transport vehicle. Over the period 2004-2008, all these levies at the customs cordon accounted for over 50 per cent of the Government's fiscal revenue.[55]

72. Depending on the mode of transport, goods may be subject to certain additional charges, including those levied by the handling companies, the Autonomous Port of Cotonou, and the CNCB. The latter levies a commission of 1.8 per thousand on all goods imported or exported by sea, irrespective of the port of loading or unloading.[56] Goods in transit or exempt from all duties or taxes do not have to pay this commission. Some goods may be entitled to exemptions granted by the Ministry responsible for finance under a national interest programme (for example, imported agricultural inputs). In addition, any cargo loaded or unloaded in the Autonomous Port of Cotonou must be accompanied by a cargo monitoring slip issued by the CNCB upon payment of €25 (for Europe and Africa) or €100 (for Asia, America, the Middle East, and the Pacific).[57] Commercial vessels operating in the Autonomous Port of Cotonou have to pay the CNCB a financial contribution of CFAF 400/tonne on imports and CFAF 300/tonne on exports; solid and liquid bulk goods pay a uniform rate of CFAF 100/tonne. These numerous charges raise the cost of import and export transactions.

(b) Bindings

73. Benin's bindings, including those inherited from the colonial period, affect 40 per cent of its tariff lines (joint report, Table III.1). For the majority of agricultural products, the ceiling rate is 60 per cent; some products such as vegetable oils (HS 1507-1522), wheat starch (HS 1108.11) and

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[52] WTO document G/RO/67 of 25 November 2008.

[53] The computer fee was introduced in 2000 and is levied at a standard rate of CFAF 2,000 through the customs declaration on all goods imported into Benin under the regime providing for conditional relief from customs duties and taxes, as well as goods exported or re exported.

[54] The statistical tax amounting to 5 per cent of the customs value replaces the statistical fee (joint report, Chapter III(2)(ii)(b)) for the following regimes: re-export in the same state for goods imported into Benin; transit to non-landlocked countries; simple or special temporary admission; and exemption from import duties and taxes. This tax is not levied if the goods are put up for consumption under the common law regime. Law No. 2002-25 of 31 December 2002.

[55] These levies do not include: general income tax; the advance on profits tax; the special standing advance; excise duty; radio tax; television tax; non-refundable security for the guarantee fund; and municipal tax.

[56] For imports, the tax base is the c.i.f. value, for exports it is the f.o.b. value.

[57] According to the CNCB, this difference is justified by the much larger volume of trade with European and African countries. The fees also reflect the cost of CNCB's representation in ports on other continents.

maize (corn) starch (HS 1108.12) are bound at 100 per cent. The bindings made before the Uruguay Round are at a lower rate.[58] In addition, 24 four-digit tariff lines in HS Chapter 25[59] were bound at 50 per cent during the Uruguay Round, while the previous tariff bindings for non-agricultural products were 4 per cent to 75 per cent. Other duties and taxes were bound at 19 per cent. Currently, for some 27 per cent of the lines bound, the MFN rates applied by Benin exceed the bound levels, sometimes by as much as 20 percentage points.

(c) Domestic taxes

74. As far as VAT is concerned, Benin applies a single rate of 18 per cent, which corresponds to the median of the range determined at the community level (joint report, Chapter III(2)(ii)(e)). The threshold for VAT liability in Benin is CFAF 40 million for sales and CFAF 15 million for providing services.[60] There are, however, many exemptions; those granted under the Investment Code appear to be contrary to the relevant WAEMU regulations (joint report, Chapter III(2)(ii)(d)).[61]

75. Benin imposes excise duty on the import and consumption of the following products: tobacco and cigarettes (30 per cent), non-alcoholic beverages excluding water (3 per cent); alcoholic beer and cider (10 per cent); wine (15 per cent); liqueur and champagne (30 per cent); wheat flour (1 per cent); perfumery and cosmetic products (5 per cent); and edible fats and oils (1 per cent). Some of these rates were revised upwards in 2009 in accordance with the relevant new WAEMU directive, although the rate for alcoholic beer and cider remains below the minimum threshold defined at the community level.[62] To comply with the WAEMU regulations, as of 1 January 2004[63] the *ad valorem* rates applicable to hydrocarbons were replaced by a special tax whose rate may be amended by means of regulations depending on fluctuations in global oil prices.

76. An ecotax on polluting activities was introduced in Benin on 1 January 2004[64] and was imposed on the following products up to the end of 2008: tyres (0.5 per cent of the c.i.f. value), disposable plastic packaging (1 per cent of the c.i.f. value), clinker (CFAF 10/tonne of cement produced), and vehicles in transit or put on the road in Benin.[65] The scope of the ecotax was amended

[58] These are milk, not concentrated or sweetened, dairy cream not concentrated or sweetened, concentrated milk without sugar or added sugar, bound at 7 per cent, as well as cereal flour (of wheat, spelt and meslin), bound at 5 per cent.

[59] The tariff lines are: SH 2502; 2503; 2504; 2505; 2506; 2507; 2508; 2509; 2510; 2511; 2512; 2513; 2514; 2515; 2516; 2517; 2518; 2524; 2525; 2526; 2527; 2528; 2529 and 2530 (Schedule of concessions XLVIII).

[60] Online information from "Investir en zone franc". Viewed at: http://www.izf.net/pages/benin/4635/.

[61] Law No. 2003-23 of 26 December 2003 containing the Finance Law for 2004. The following are exempt from VAT for imports, production and sale: medical products, certain staple food products (bread, maize, milk, potatoes, vegetables for sowing, cereals (except rice), tubers, pulses, and garden produce), fish and food industry waste, and breeding animals. Other exemptions are allowed under the Investment Code (Chapter II(4)(ii) and the industrial free zone regime (section (3)(iv) and Chapter II(5)).

[62] The amendments concern the rates for tobacco and cigarettes (previously 10 per cent), and alcoholic beverages (previously 10 per cent).

[63] Law No. 2003-23 of 26 December 2003. The tax is calculated as follows: premium petrol - CFAF 65 /litre; regular petrol - CFAF 55/litre; petroleum - CFAF 0/litre; diesel fuel - CFAF 20/litre; lubricants (oil) - CFAF 17/litre; fuel oil - CFAF 0/litre; greases - CFAF 23/kg.; liquefied petroleum (butane) - CFAF 0/kg.

[64] Law No. 2003-23 of 26 December 2003.

[65] For taxation purposes, vehicles in transit were divided into three categories: light vehicles (CFAF 500); vans (CFAF 1,000); and heavy goods vehicles (CFAF 3,500). Vehicles put on the road in Benin pay the following: vehicles with traction on two or three wheels (CFAF 300 annually); light vehicles

on 1 January 2009; the products concerned and the criteria for its imposition are shown in Table III.1.[66] Despite the amendments introduced, the discriminatory treatment applied to certain imports or goods in transit was renewed. The ecotax levied on sulphur in transit to Niger was suspended in 2010.[67]

77. The AIB is still in force in Benin, in accordance with the community provisions (joint report, Chapter III(2)(ii)(e)).[68] Its scope is broader than that in the harmonized regime within WAEMU inasmuch as it also applies to the supply of services. In the latter case, deductions at source must be made by regular taxpayers when making payments to non-registered operators; the amount deducted must be handed over to the Tax Revenue Office at the latest on the 10th of the month following the imposition.[69] This requirement involves additional administrative costs for some economic operators because of the parallel application of AIB to their sales and to the payment of their invoices.

Table III.1
Ecotax, 2009

Product	Rate applied
Batteries and accumulators	0.5% of the c.i.f. value or the local production cost
Disposable recipients and packaging other than in plastic and containing various products	0.5% of the c.i.f. value
Empty disposable recipients and packaging, other than in plastic	0.25% of the c.i.f. value
Sulphur under the transit regime	CFAF 25/kg.
Tobacco and cigarettes	5% of the c.i.f. value or the local production cost

Source: Law No. 2008-09 of 30 December 2008.

78. During the period under review, the rate and the scope of the AIB were modified. Between 2004 and 2009, it applied at a flat rate of 3 per cent of the value[70] of imports, purchases on the domestic market and the supply of services in Benin. Since January 2009, taxpayers with a single tax identification number have to pay 1 per cent, while non-registered operators pay 5 per cent.[71] Moreover, according to the provisions in force, from 2004 to 2008 the AIB did not apply to imports by taxpayers that had paid their tax commitments during the previous year; the Directorate-General of Taxation and Public Property was supposed to draw up a list for this purpose annually. In 2008, imports during the first year of operation of newly established companies were also entitled to this exemption; start-ups, particularly when they were being formalized, were exempt from the AIB for all their operations.[72] In 2009, newly established companies were also made exempt from payment of the AIB on their domestic purchases, while large enterprises that could prove that their tax situation was in order were exempt for their imports, domestic purchases and the remuneration paid to them as

(CFAF 1,000 per vehicle and per technical inspection); vans and taxis (CFAF 500 per vehicle and per technical inspection); and heavy goods vehicles (CFAF 3,000 per vehicle and per technical inspection).

[66] Law No. 2008-09 of 2 January 2009.

[67] Law No. 2009-28.

[68] These levies can be deducted from the profits tax, but this only applies to taxpayers subject to a real taxation regime.

[69] Law No. 2003-23 DU of 26 December 2003. The AIB paid by service providers not domiciled in Benin cannot be deducted from any other tax. Since January 2010, the amount of the deduction (from the amounts to be paid after a reduction of 60 per cent) is set at 25 per cent for natural persons and 30 per cent for legal persons. The rates previously applied were 35 per cent and 38 per cent, respectively.

[70] The value includes all taxes with the exception of VAT, but this exception is not mentioned in Law No. 2008-09 of 2 January 2009 and does not appear in the relevant WAEMU directive.

[71] Law No. 2008-09 of 2 January 2009.

[72] Law No. 2007-33 of 27 December 2007.

service providers.[73] Notwithstanding these changes, Benin's AIB regime remains complex, particularly for companies that only have limited administrative capacity.

79. Benin also continues to impose a special standing advance (AFS) of CFAF 50,000 on each used vehicle imported or in transit.[74] The trigger for the AFS is the vehicle's unloading or crossing of a land border. The amount paid can be deducted from the profits tax owing. Since 2006, this advance has been abolished for transit going to Burkina Faso or Niger.[75]

(d) Duty and tax concessions

80. In addition to the WAEMU and ECOWAS preferential tariff schemes (joint report, Chapter III(2)(ii)), Benin allows duty and tax reductions and exemptions under the Investment Code (Chapter II(4)) and the industrial free zone regime (Chapter II(5)). Several regimes giving exemption from import duty have been introduced and are renewed each year (Table III.2). Over the period 2004-2009, the revenue foregone as a result of exemptions at the customs cordon amounted to CFAF 140.7 billion, or around CFAF 23.5 billion (0.9 per cent of GDP) on average each year.

Table III.2
Exemptions, 2004-2009

Goods imported	Concession	Period of application
Computer equipment (including software)[a]	Exemption from customs duties and taxes and VAT.	2004-2009
New vehicles for public passenger transport[b]	Exemption from all duties and taxes, except the community solidarity levy, the community levy, the statistical tax and the municipal tax.	2004-2009
Agricultural inputs, equipment and phytosanitary instruments[b]	Exemption from import duties and taxes except for the statistical fee.	2004-2008
Agricultural machinery and materials[b]	Exemption from import duties and taxes except for the statistical tax and the customs stamp duty.	2005-2008
Materials for building social and low-cost housing[b]	Exemption from import duties and taxes and VAT.	2007
Materials for building medium category and luxury housing[b]	50% exemption from import duties and taxes and VAT.	2007
New equipment and materials for building petrol stations, roadside petrol pumps, and petroleum and gas oil tanks[b]	Exemption from import duties and taxes and VAT.	2007-09
New tanker lorries for the distribution of petroleum products	Exemption from import duties and taxes and VAT.	2008-2009
Equipment and materials for rural electrification projects[b]	Exemption from import duties and taxes and VAT, except for the community solidarity levy, the community levy and the statistical tax.	2008
Four-stroke motorized bicycles and spare parts[b]	Exemption from import duties and taxes and VAT, except for the community solidarity levy, the community levy and the statistical tax.	2008

a Pursuant to Law No. 2000-24 of 28 December 2006, this exemption does not include the community solidarity levy, the community levy and the statistical tax.

b The exemption also applies to products manufactured or purchased locally.

Source: Beninese authorities.

[73] Enterprises whose annual turnover exceeds CFAF 300 million are deemed to be "large" regardless of the nature of their activities.
[74] Law No. 2000-21 containing the Finance Law for 2001.
[75] Law No. 2005-42 of 5 January 2006.

81. A special temporary admission regime is still in effect for imports of materials to be used to carry out public works.[76] This regime is granted upon request with the duties and taxes payable being calculated on the basis of the period of amortization of the equipment and the time it is to be used in the customs territory; part of the duty (7 per cent) must be paid when the goods are declared at the customs cordon.

(vi) Prohibitions, quantitative restrictions and licensing

82. Some imports are banned pursuant to international agreements or for public safety or public health reasons, for example, turkey rumps.[77] The import and transit of poultry and poultry products from countries affected by avian flu have been temporarily banned since September 2005.[78] In accordance with the precautionary principle, Benin decided upon a five-year moratorium on the import, marketing and use of genetically modified organisms or their by-products on national territory. In the absence of a legal framework and the necessary scientific and technical competence to ensure biosafety, the moratorium has been renewed for a further five years.[79] According to the authorities, import by the public of several plants and plant products is also banned in order to prevent parasite attacks from outside (Table III.3).

Table III.3
Plants and plant products banned for import, 2009

Name	Details[a]
Acacia spp.	Non-thorny species
Allium spp. (garlic, onions and other alliaceae)	Except dormant bulbs and seeds
Pineapple spp.	Except the fruit
Banana (Musa spp.) and other musaceae	Except fruit originating in Africa
Coffee (Coffea spp.)	Except green and roasted coffee for consumption not originating in Central America, Australia or neighbouring countries
Cocoa (Theobroma cacao), bombaceae, sterculiaceae and tiliaceae	Except roasted beans
Sugar cane (Saccharum officinarum and Saccharum spp.)	In any form
Citrus and citrinae	Except refrigerated, dried or fresh fruit, without stalks or leaves
Coconut (Cocos nucifera)	Except coprah and processed products
Cotton (Gossypium spp.)	Except processed products without seeds
Datura spp.	In any form
Pulses in grains (Phaseolus spp., Pisum spp., etc.)	Except seeds, fruit and grains for consumption
Mango (Mangifera indica) and anacardiaceae	Except seeds and fruit
Opuntia spp.	In any form
Oil palm (Elaeis guineensis)	In any form
Date palm (Phoenix dactlifera)	Except dried and fumigated dates
Papaya (Papaya carica)	Except seeds and fresh fruit
Pepper (Pipper nigrum)	Except processed products
Ornamental rosaceae of the genera Chaenomeles, Cotoneaster, Crataegus, Cydonia, Pyracantha, Sorbus, Stranvoesia	In any form
Tobacco (Nicotiana spp.)	Except processed products
Tea (Camellia sinensis)	Except processed products
Plants or parts of plants in a growing medium (soil)	In any form

a Unless specifically mentioned, the import of these plants and plant products is banned in any form (propagating material, fruit or seeds).

Source: Plant protection service.

[76] Order No. 02g/MF/DC/DDDI of 9 February 1993.
[77] Interministerial Order No. 347/MCAT/MDR/MSP/CAB/DCE/DCI of 24 December 1990.
[78] Interministerial Order No. 889/MAEP/MICPE/MFE/MSP/DG/SGM/DE/S of 13 December 2005.
[79] Regular meeting of the Council of Ministers of 12 March 2008. Viewed at: http://www. fraternite-info.com/spip.php%3Farticle961+b %C3 %A9nin+importation+ciment+agr %C3 %A9 %C3 %A9&c d=3&hl=en& ct=clnk&gl=ch.

83. Measures to control the import of certain products may be introduced for reasons of safety, protection of public health and morality, or because they are strategic. Pursuant to the WAEMU regulation in force (joint report, Chapter III(2)(iv)), the Ministry of the Environment and the Ministry of Trade each year decide on the quota for imports of ozone-depleting substances, after consulting operators in the trade. A special authorization issued by the Directorate-General of Foreign Trade[80] is required to import such substances and is valid for six months. According to the authorities, the Foreign Trade Directorate has never given such an authorization because there has been no demand from economic operators.[81]

84. The import of used material and capital goods for non-profit purposes requires a prior authorization from the Ministry of Trade. In principle, no automobile may be imported unless it was previously used for less than ten years for tourism vehicles and 13 years for goods vehicles. In addition to meeting Benin's anti-pollution standards, used motorized bicycles and motorcycles imported into Benin must comply with the following limits concerning their previous period of use: three years for four-stroke engines and one year for two-stroke engines.[82] Used tyres (second hand) may not be imported if their tread is worn by more than 50 per cent.[83] In practice, these requirements are not imposed.

85. The import of frozen foodstuffs of animal origin not originating in ECOWAS is only allowed through the Autonomous Port of Cotonou or Cotonou International Airport.[84] Since the previous Trade Policy Review, temporary bans on import by road or river have been introduced for some fast-moving consumer products (Table III.4). The goods concerned must clear Customs in a limited number of customs offices and in the case of wheat flour the sole point of entry is the port of Cotonou. The authorities state that the majority of these measures are to protect human health by preventing the introduction of tainted food products through land borders where controls are less strict. In 2009, for example, the import and transit of bovine meat and its by-products from any origin, banned since 2001, recommenced subject to prior authorization from the Livestock Directorate.[85]

86. Some goods can only be imported by authorized importers, because of their particular and/or strategic nature or to ensure adequate supplies on the domestic market and guarantee their quality. Imports of products belonging to the following groups require authorization: narcotics; psychotropic substances; laboratory reagents; edible plant products; pharmaceuticals; medical equipment; explosives; toxic and corrosive products; products subject to spontaneous combustion; inflammable products and fuels (Chapter IV(3)(i)(b)); fertilizer; cement; radioactive products; and liquids with a flashpoint.

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[80] Order No. 002/MEHU/MICPE/MFE/DC/SG/DE/SEL/DEE/SR of 8 January 2003.

[81] As a signatory to the Montreal Protocol, Benin has undertaken to ban the production and import of chlorofluorocarbons as of January 2010; the relevant draft law is being prepared.

[82] Decree No. 2004-708 of 30 December 2004 regulating the import of used motorized bicycles and motorcycles into the Republic of Benin.

[83] Decree No. 2000-671 of 29 December 2000.

[84] Decree No. 91-50 of 29 March 1991 regulating the import of foodstuffs of animal origin.

[85] Order No. 162/MCAT/MDR/MSP/MFE/DC/DCI/DE of 26 December 2000, repealed by Order No. 57/MC/MAEP/MS/MEF/DAC/SGM/DGCI/DPCI/DE/SA of 24 July 2009.

Table III.4
Temporary import bans, 2009

Import banned	Product	Legislative text
By road or river	Wheat flour[86]	Order No. 30/MICPE/DC/SG/DCCI/DC of 23 May 2006
By road	Vegetable oil Rice Sugar Frozen fish Frozen meat and offal	Order No. 1357/MFE/DC/SGM/DGDDI/DAR of 8 November 2004
By road	Refrigerated fish Refrigerated meat and offal Refrigerated or frozen dead poultry	Order No. 640/MFE/DC/SGM/DGDDI/DAR of 26 May 2005
By road	Edible oils (of any origin)	Order No. 115/MDEF/MIC/DC/SG/DGDDI/DGCI/DGCE of 8 November 2006[a]

a Order No. 87/MIC/MEF/DC/SG/DGDDI/DGCE/DGCI of 18 December 2007 did not include the temporary ban on edible oils originating in WAEMU and ECOWAS.

Source: Ministry of Trade.

(vii) Standards, technical regulations and accreditation procedures

87. Benin's regulatory framework for standardization and quality management dates back to 1997.[87] The Beninese Standardization and Quality Management Centre (CEBENOR) has been in operation since January 2000 with responsibility for coordinating the development of national standards and for accreditation and certification activities in Benin. Controlling compliance with standards, however, is not one of its responsibilities.[88] CEBENOR is a government body under the supervision of the Ministry responsible for industry, but has its own legal status and financial autonomy; it is currently being transformed into an autonomous body. CEBENOR is the focal point for regional and international harmonization of standards and related activities; it has accepted Annex III to the WTO Agreement on Technical Barriers to Trade.[89] If the CEBENOR had its own website it could be more effective in promoting awareness and quality in Benin.

88. The Directorate of Metrology and Quality Control (DMCQ), within the Ministry in charge of industry, also has a role in drawing up and disseminating Beninese standards.[90] The four main thrusts of its activities are: ensuring the reliability of measuring instruments; promoting the quality of industrial products; improving the climate for commercial activities; and ensuring fairness in commercial transactions. Among the DMCQ's responsibilities are controlling the quality of industrial products imported or manufactured for sale in Benin, and providing expertise for any arbitration of a dispute concerning measuring, measuring instruments and the amounts measured. It is empowered to seize any non-conforming goods. In addition, the Directorate of Food and Applied Nutrition (DANA), within the Ministry of Agriculture, Livestock and Fisheries, has the task, *inter alia*, of coordinating food and nutrition-related activities at the national level and analysing and controlling foodstuffs. It monitors compliance with the Codex Alimentarius standards and provides the permanent secretariat for Benin's National Codex Alimentarius Committee.

[86] In addition to the customary documents, customs clearance and release for consumption formalities require the submission of: a quality analysis certificate; a consumption certificate for the country of manufacture; and the certificate of origin from the country of manufacture.

[87] Decree No. 97-520 of 17 October 1997, revised by Decree No. 2002-310 of 11 July 2002.

[88] Order No. 026/MICPE/DG/SG/CEBENOR/SA of 21 March 2002 defining the responsibilities, organization and operation of the Beninese Standardization and Quality Management Centre (CEBENOR).

[89] WTO document G/TBT/CS/N/142 of 14 May 2002.

[90] Order No. 092/MICPE/DC/SG/DMCQ/SA of 23 August 2005 defining the role, organization and operation of the Directorate of Metrology and Quality Control (DMCQ).

89. Under CEBENOR coordination, Beninese standards are drawn up by technical committees (either sectoral or ad hoc) composed of representatives of producers, consumers, academics, and other interested parties. Public interest is protected by means of a public enquiry before any draft standard is finalized. In principle, international or regional standards (joint report, Chapter III(2)(v)) can be transposed in Benin through the publication of a national legal text, but any difference with the original standard must be indicated. The number of national standards currently in effect in Benin is 149, all of which are voluntary. In order to protect animal and plant health and consumers, the authorities apply international technical regulations; there are no national technical regulations for the time being. The conformity of imported goods with mandatory standards (technical regulations) must be certified by a body recognized in Benin.[91] In addition, there is a mutual recognition agreement on standardization between Benin and Nigeria, although it is not properly implemented.

(viii) Sanitary and phytosanitary measures

90. There has been little change to the legal framework for sanitary and phytosanitary protection since Benin's second Trade Policy Review in 2004. The principal legislative texts in this area are shown in Table III.5.

91. Sanitary and phytosanitary safety in Benin is the responsibility of a large number of entities, which could be made more efficient through an integrated coordination mechanism. The Ministry of Agriculture, Livestock and Fisheries is the principal competent authority for animal health, phytosanitary protection, and the quality of agricultural products and those of animal origin. The Ministry of Public Health is responsible for sanitary protection, hygiene and basic sanitation. The Beninese Codex Alimentarius Committee was set up in 1985 and brings together several actors directly or indirectly involved in controlling foodstuffs.[92] Benin still does not have a national SPS committee to coordinate the various structures; an SPS enquiry point was set up in the Directorate of Agriculture in 2005, but its operation is hampered by obsolescent equipment and the lack of a website to disseminate information.

Table III.5
SPS regulatory framework, Benin

Legislative text	Description
Law No. 84-009 of 15 March 1984	Establishing the control of foodstuffs
Decree No. 85-241 of 14 June 1985	Additives used in foodstuffs, content of contaminants and undesirable substances in these foodstuffs, materials in contact with the food and cleaning products for these materials
Decree No. 85-242 of 14 June 1985	Labelling and presentation of foodstuffs
Decree No. 85-243 of 14 June 1985	Hygiene in the production and marketing of foodstuffs
Decree No. 85-245 of 14 June 1985	Responsibilities, composition and functioning of the National Codex Alimentarius Committee
Law No. 87-015 of 21 September 1987	Public Hygiene Code (Articles 36 to 45 and Article 156 with regard to penalties)
Law No. 91-004 of 11 February 1991	The Republic of Benin's phytosanitary regulations
Decree No. 92-258 of 18 September 1992	Detailed rules for implementation of Law No. 91-004 of February 1991

[91] The following bodies are currently recognized: the National Centre for Public Works Testing and Research (CNER-TP), DANA, the Directorate for the Promotion of Quality and Preparation, the Directorate of Energy and the Directorate of Pharmacy and Diagnostics.

[92] The National Codex Alimentarius Committee is composed of the representatives of the following ministries and bodies: the Ministry of Agriculture, Livestock and Fisheries; the Ministry of Health; the Ministry of Trade; the Ministry of Higher Education and Scientific Research; the Chamber of Industry and Commerce; the Association of Food Processing Industries; and the Consumers' Association.

Legislative text	Description
Order No. 85 MDR/DC/CC/CP of 22 April 1993	Professional hygiene required for the sale of phytopharmaceuticals and their use by providers of services
Order No. 186 MDR/DC/CC/CP of 22 April 1993	Labelling, packaging and technical notice for authorized pharmaceuticals
Order No. 187 MDR/DC/CC/CP of 22 April 1993	Content of applications for authorization, testing and approval of phytopharmaceuticals
Order No. 188 MDR/DC/CC/CP of 22 April 1993	Criteria for authorization and use in agriculture of phytopharmaceuticals containing certain hazardous substances
Interministerial Order No. 255/MDR/MF DC/CC/CP of 19 May 1993	Ban on the use in agriculture of active ingredients contained in phytopharmaceuticals
Order No. 302 MS/DC/SA of 6 February 1995	Responsibilities, organization and functioning of the Directorate of Hygiene and Basic Sanitation
Interministerial Order No. 128 MDR/MF/DC/CC/CP of 7 March 1995	Phytosanitary control of plants and plant products upon import or export
Order No. 591/MDR/ DC/CC/CP of 26 October 1995	Professional authorization required for the sale of phtyopharmaceuticals and their use by providers of services
Order No. 592/MDR/ DC/CC/CP of 26 October 1995	General conditions for the use of certain fumigants in agriculture and special provisions on methyl bromide and hydrogen phosphide
Order No. 593/MDR/ DC/CC/CP of 26 October 1995	Content of applications for authorization, testing and approval of phytopharmaceuticals
Interministerial Order No. 40/MCAT/MDR/MSPSCF/ MEHU/MF/DC/DCI/DCE of 23 May 1997	Ban on the import and sale in the Republic of Benin of anti-mosquito insecticides containing active ingredients and chemical products harmful to human health and the environment
Order No. 251/MDR/ DC/CC/CP of 29 July 1997	Authorization of phytopharmaceuticals
Decree No. 97-616 of 18 December 1997	Implementation of Law No. 87-015 of 21 September 1987 containing the Public Hygiene Code
Decree No. 97-624 of 31 December 1997	Structure, composition and functioning of the Sanitary Police
Order No. 1106 MSP/DC/SGM/DPP/CASES/SA of 22 February 2000	Creating a local sanitary brigade in each commune
Order No. 245 MAEP/D-CAS/SGM/DRH/DPQC/SA of 30 July 2007	Rules for the organization and procedures for quality control, market preparation and traceability of agricultural products of plant origin

Source: Viewed at: http://www.bj.refer.org/benin_ct/Droit/site1_1/hygienesante.html.

92. An authorization is required to import, manufacture and use pesticides (phytopharmaceuticals) in Benin. Requests for authorization for sale, testing or approval must be sent to the National Committee for the Approval and Control of Phytopharmaceuticals (CNAC).[93] If the application is accepted, the approval authorization is issued in an order by the Minister responsible for agriculture. There are two types of approval: provisional approval for sale (APV) lasting four years; and approval-authorization (AH) for a period of ten years. Benin has not yet transposed the WAEMU and ECOWAS provisions with a view to ensuring the free movement of approved phytopharmaceuticals (joint report, Chapter III(2)(vi)); the requirements on approval of imported products and the relevant procedures apply irrespective of the country of origin. In addition, Benin is drawing up national rules for fertilizers and seeds in conformity with the relevant WAEMU provisions.

[93] The fees applicable are: CFAF 200,000 for examination of the application for a product (CFAF 100,000 for renewal); and CFAF 500,000 for professional approval of a single distributor or applicator for a product (CFAF 250,000 for renewal).

93. The import of plant products for consumption requires a permit (valid for six months for the product concerned), issued by the Ministry in charge of agriculture.[94] The import permit and phytosanitary certificate issued by the exporting country are required when the goods enter Benin for the purposes of documentary checks, but these do not replace conformity control. Samples are taken from each batch to be sold on the Beninese market: the Directorate for the Promotion of Quality and Market Preparation of Agricultural Products (DPQC) checks the quality of the packaging and market preparation, while the Directorate of Agriculture (DAGRI) checks for the presence of parasites.[95] The fees charged by the DPQC range from CFAF 100 to CFAF 1,200/tonne, depending on the product; DAGRI inspects imported products free of charge. For the time being, Benin does not have sufficient administrative capacity to introduce a risk management scheme for the purpose of granting import permits. The authorization and control procedure is the same for all imports irrespective of the country of origin (including ECOWAS/WAEMU member States).

94. Benin also has an optional phytosanitary control scheme for exports in order to provide a health guarantee for plants and plant products exported. The DPQC is responsible for issuing quality certificates for the products and the fees charged are the same as those for import controls. The DAGRI gives phytosanitary certificates (valid for 14 days) subject to payment of CFAF 300/tonne of the product inspected, plus CFAF 1,500 for application forms for the certificate. The phytosanitary certificate issued appears to comply with the international model defined in the Rome Convention and with the requirements of the importing country.

95. With the exception of one notification of emergency measures in 2006, Benin has not notified the WTO of any phytosanitary or phytopharmaceutical control measures since 1997 (Table III.6). Since October 2007, Benin has regularly taken part in meetings of the WTO Committee on Sanitary and Phytosanitary Measures; prior to this it only participated in subregional training workshops for national experts.

Table III.6
SPS notifications, December 2009

Document	Date of distribution	Key words
	Regular notifications	
G/SPS/N/BEN/1	07/04/1997	Human health; environment
G/SPS/N/BEN/2/Corr.1	20/05/1997	Plant protection
G/SPS/N/BEN/3	29/04/1997	Human health; pharmaceuticals
G/SPS/N/BEN/4	29/04/1997	Human health; pharmaceuticals
	Notifications of emergency measures	
G/SPS/N/BEN/5	28/07/2006	Human health; avian flu

Source: WTO Secretariat.

(ix) Packaging, marking and labelling requirements

96. Benin applies certain international provisions on labelling, for example, the Codex Alimentarius standards for food and the FAO directives on indicating the risk of

[94] The fees applicable are: CFAF 1,500 for an application form for an import permit and CFAF 500 for the fiscal stamp.
[95] If teams from these two bodies do not act together, two samples are taken. Goods in transit are not inspected.

phytopharmaceuticals.[96] In general, Benin's regulations require that a description of the contents, instructions for use and the name and address of the manufacturer or distributor should appear clearly and legibly in French. Infant formula must mention that breastfeeding is to be preferred to bottle feeding and have a warning against the risks of inappropriate preparation.[97] In addition to the general information, labels on phytopharmaceuticals must show the risk level by means of a coloured band at the bottom of the label and indicate the sales authorization or approval number. Sellers who have been given approval may insert in products put on the market a technical notice in French covering one to a maximum of four pages summarizing and supplementing the information on the label.[98]

97. In accordance with the principles laid down in the WHO Framework Convention on Tobacco Control, cigarettes may only be sold in Benin in packets that clearly show, in legible characters on the front and back the health warning "Tobacco seriously endangers health".[99]

(x) Contingency measures

98. Benin has no domestic legislation on anti-dumping, countervailing or safeguard measures. There are provisions at the community level (joint report, Chapter III(2)). According to the authorities, Benin has never taken any such measures.

(xi) Other measures

99. In Benin, buffer stocks of food crops (cereals) are kept by the National Food Security Support Board (ONASA) to provide emergency aid to vulnerable sections of the population (Chapter IV(2)(iii)). These stocks are built up according to the annual projections made by ONASA; there is a minimum threshold for stocks of maize (500 tonnes nationwide), deemed to be essential for food security.[100] Furthermore, companies holding a special authorization to import and sell refined petroleum products must build up and permanently maintain a buffer stock of each category of product imported equivalent to at least 20 per cent of the volume put up for sale by the company over the preceding 12 months.

(3) MEASURES DIRECTLY AFFECTING EXPORTS

(i) Registration and customs procedures

100. Goods to be shipped must have a customs export declaration, the only document allowing the goods to leave Benin. As is the case for imports, an approved customs broker must be used. Unlike imports, exports do not have to undergo preshipment inspection. In 1993, Benin abolished export

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[96] Law No. 84-009 of 15 March 1984 and its implementing decree 85-242 of 14 June 1985 on labelling; Order No. 186 MDR/DC/CC/CP of 22 April 1993, on labelling, packaging and the technical notice for approved phytopharmaceuticals.

[97] Decree No. 97-643 of 31 December 1997, containing the regulations for sale of maternal milk substitutes and infant formula.

[98] Conseil et Assistance consultancy (2008).

[99] Law No. 2006-12 of 7 August 2006 containing the regulations on the production, sale and consumption of cigarettes and other tobacco products. Viewed at: http://www.abp.gouv.bj/affiche_dep.php?num_depeche=2137.

[100] In 2009, the stocks managed by ONASA comprised 7,450 tonnes of maize, 65 tonnes of sorghum and 2,029 tonnes of rice; a sum of CFAF 500 million is earmarked in the State's budget.

duty, but a fiscal exit duty of 3 per cent f.o.b. still applies to cocoa beans, crude oil and precious metals.[101]

101. There are no internal taxes on products intended for export or re-export; products and services exported are subject to VAT at a zero rate, with the usual consequences.[102] Some taxes, supposed to reflect the cost of the services rendered, are levied on an *ad valorem* basis on goods exported or in transit (Table III.7). The computer fee is also levied on exports and re-exports, just as for imports, even those exempt from import duty (section (2)(v)(a)). There are schemes intended to encourage the creation of value added in products for export (for example, drawback, temporary admission).

Table III.7
Summary of taxes on exports, re-exports and goods in transit, 2009
(percentage of f.o.b. value)

Scheme	Municipal tax	Statistical tax	Special re-export tax	Guarantee fund	Total[a]
Transit to landlocked countries	n.a.[b]	n.a.	n.a.	0.25	0.25
Transit to coastal countries	0.85	5	n.a.	0.25	6.1
Re-export	0.85	5	4[c]	0.25	10.1
Single temporary admission	0.85	5	n.a.	n.a.	5.85
Special temporary admission	0.85	5	n.a.	n.a.	5.85
Export of indigenous products	0.85	n.a	n.a.	n.a.	0.85

n.a. Not applicable.

a Customs stamp duty is payable on all receipts issued by the customs authority for duties and taxes paid on entry or exit at a rate of 4 per cent of the amount of the receipt.
b The municipal tax on goods in transit to landlocked countries was suspended in January 2009.
c The special re-export tax (TSR) was reduced from 8 to 4 per cent in 2009 (Order No. 1068/MEF/DC/SGM/DGDDI/DAR of 13 August 2009). The following products (HS tariff lines) are subject to the TSR: milk (0402910000); vegetable oils (1511901000 and 1511909000); sugar (1701911000 to 1701919000); edible pasta (1902110000 to 1902400000); alcoholic beverages, including beer (2203001000 to 2205900000 and 2207200000 to 2208900000); new tyres (4011100000 to 4011990000); new inner tubes (4013100000 to 4013900000); fabrics (5001000000 to 5516940000, 5801100000 to 5811000000 and 6001100000 to 6006900000); and reinforcing steel (7214990000).

Source: Information provided by the Directorate-General of Customs and Indirect Taxation.

(ii) Goods in transit

102. Because of Benin's geographical situation, international transit trade is an important source of revenue. Goods of any origin in transit do not pay import duties or taxes, but are subject to other *ad valorem* levies, whose aggregate total can vary depending on the final destination (Table III.7). A non-refundable contribution of 0.25 per cent to the guarantee fund set up by ECOWAS is paid to the CCIB. In 2006, the municipal tax on goods in transit to Burkina Faso or Niger was abolished, but reintroduced in 2008; it was again suspended in 2009 for transit to all "countries in the hinterland" (Burkina Faso, Mali, Niger).[103] Goods in transit may also have to pay a customs seal fee (CFAF 25 per seal).

103. Since May 2006, the customs escort has once again become a Customs prerogative, whereas previously it was provided by private operators. Operators are obliged to have their convoys escorted

[101] Online information from the Government of the Republic of Benin. Viewed at: http://www.gouv.bj/spip.php?article578.
[102] Zero rate VAT does not apply to the supply of tourism services.
[103] Laws No. 2005-42 of 5 January 2006, No. 2007-33 of 27 December 2007 and No. 2008-09 of 2 January 2009.

at a cost levied on each transport vehicle as follows: a monitoring and control fee (RSC) of CFAF 50,000, plus a convoy assembly tax of CFAF 25,000 for staying in the assembly area before the convoy leaves. There is an escort to coastal countries every day of the week except Sundays and holidays; there are convoys to landlocked countries every Tuesday, Thursday, Friday and Saturday.[104] In 2008, the revenue from the customs escort represented 4 per cent of the State's fiscal revenue, compared to 3.2 per cent in 2007.

104. According to the authorities, a deposit consisting of the municipal tax, the statistical tax, the customs stamp duty and the special standing advance (section (2)(iv)(c)) must be made for vehicles in transit to landlocked countries, but is refunded when proof is provided that the vehicle has legally left Beninese territory. This mechanism, whose main objective is to combat false declarations, could be a hindrance for economic operators. Moreover, overseas-registered transport vehicles of a weight of 1,500 kg. or more have to pay a road tax of CFAF 5,000, plus the customs stamp duty; overseas-registered vehicles for private use have to pay a temporary import tax of the same amount. In addition, sulphur and all vehicles in transit became subject to the ecotax in 2004 (section (2)(iv)(c)), but vehicles were made exempt from 1 January 2009 onwards and the tax on sulphur going to Niger was suspended in 2010.

(iii) Export prohibitions and controls

105. Following a shortage on the domestic market and in order to protect natural resources, since 1997[105] exports of unprocessed teak wood and charcoal have been banned. There also appear to be bans on the export of cottonseed and food crops. These temporary measures also apply to exports to other WAEMU countries. The export of precious metals requires approval from the Minister of Finance, unless the articles only contain a small quantity of metal, weigh less than 500 grammes or comprise a maximum of ten gold pieces or are exported by the Treasury or the BCEAO.

106. Pursuant to the Memorandum of Understanding between Benin and Nigeria (Badagry Memorandum) of 14 August 2003, Beninese Customs also ensures compliance with the export bans in force in Nigeria. Accordingly, there is a long list of products[106] which cannot be exported to Nigeria, although informal re-export is still widespread.

(iv) Export subsidies and promotion

107. In 1997, Benin notified the WTO that it did not have any national export subsidization scheme[107]; the absence of such measures, as well as domestic support measures, was confirmed in 1998[108], but no update has been received since then. The Investment Code and the ZFI regime,

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[104] DGDDI online information, "Création de la section spéciale chargée de l'escorte douanière des véhicules d'occasion en transit au Bénin". Viewed at: http://www.douane-benin.bj/Actualites/Publications/SectionSpecialeEscorte/Escorte.htm.

[105] Interministerial Order No. 008/MCAT/MDR/DC/DCE/SRE of 29 July 1997 on detailed rules for the export of teak wood and other forest species.

[106] These are: sorghum; millet; wheat flour; gypsum; vegetable oil in bulk or in drums; anti-mosquito coils; retreaded or used tyres; slot machines; used clothing; used refrigerators and air conditioners; used compressors; cement in bags; vehicles of any type (by road); vehicles over eight years of age; textiles of any type (by road); printed fabrics (ankara); goods in containers (by road); frozen chickens; cassava and its by-products; fruit juice; mineral water (whether or not aerated); pickaxes; spaghetti and noodles (edible pasta cut in thin strips); biscuits of any type; tablets and similar articles (by road); confectionery (sweets, chocolates); exercise books; envelopes; beer in bottles or cans.

[107] WTO document G/SCM/N/1/BEN/1 of 13 January 1997.

[108] WTO documents G/SCM/N/38/BEN of 30 September 1998 and G/AG/N/BEN/1 of 27 October 1998.

however, give various reductions, exemptions or other fiscal incentives (including import duty) that include imported raw materials and packaging to be used to manufacture products for export (Chapter II(4) and (5)).[109] In addition, since 2004, exports of worked or manufactured products from free zones and free points by companies approved under the ZFI regime have only had to pay the municipal tax.[110] The impact of the ZFI regime is still modest, however, with 12 approved companies in 2009.

108. The bodies responsible for promoting exports are the ABEPEC and the CCIB, which hosts an exporters' group (Chapter II(2)).

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

109. In order to foster the development of the formal sector and raise living standards, Benin has continued with its policy of incentives, mainly of a fiscal or customs nature. In addition to the benefits given under the Investment Code (Chapter II(4)) and the ZFI regime (Chapter II(5)), exemptions are also given for the import and purchase on the domestic market of certain specific inputs and capital goods (section (2)(iv)(d)). Since 2009, during their first year of operation legally constituted start-ups do not have to pay profits tax and the relevant advance when importing (section (2)(iv)(c)), or the business tax, the single trade tax and the employers' contribution on wages. Developers are also exempt from the latter tax for two years on the salaries paid for each new job created provided that the employee is declared with the National Social Security Fund.[111] According to preliminary data from the authorities, the entry into force of these measures has led to a large increase in the number of physical persons registered.[112]

(ii) Competition and price control regime

110. Although Benin does not have any domestic competition policy framework, a draft law based on the relevant community legislation and recognizing the exclusive areas of competence of the WAEMU Commission is being drafted. It covers consumer protection as well, and provisions on transparency in the market and unfair competition are also planned. Currently, domestic policy on competition is drawn up and implemented by the Directorate of Competition and Suppression of Fraud within the Ministry of Trade, which is the focal point for the Advisory Committee on Competition set up within the framework of cooperation with WAEMU.

111. An ordinance dating from 1967[113] establishes the principle of free pricing throughout Benin subject to regulation in case of need. At present, the prices of bread, water, electricity, inputs for cotton (fertilizer and insecticide)[114], refined petroleum products, pharmaceuticals, and articles and supplies for schools are controlled by the State.[115] The Directorate-General of Internal Trade in the Ministry of Trade uses a number of methods to intervene, for example, determining: maximum prices (bread and refined petroleum products)[116]; profit margins (school articles)[117]; and multiplier factors

[109] Articles Nos. 32 and 48 of Law No. 90-002 on the Investment Code and Ministry of Industry and Trade Information Note on industrial free zones.
[110] Law No. 2003-23 of 26 December 2003.
[111] Law No. 2008-09 of 2 January 2009.
[112] Directorate-General of Taxation and Public Property (2009).
[113] Ordinance No. 20/PR/MFAEP of 5 July 1967 regulating pricing and stocks.
[114] Order No. 65/MICPE/DEC/SG/DCCI of 2 December 2004.
[115] UNCTAD (2007).
[116] Decree No. 2004-432 of 4 August 2004.

(medicines and pharmaceuticals).[118] The price of inputs for cotton, especially fertilizer, insecticide and other phytosanitary products, are determined by stakeholders and approved by the Government. Similarly, before coming into effect, the price of cement determined by each stakeholder must receive written approval from the Minister responsible for trade.[119]

112. In response to the accelerated inflation affecting certain fast-moving consumer products, between December 2007 and August 2008 Benin had a temporary scheme for approving their prices (Chapter I(2)).

(iii) State trading, State-owned enterprises and privatization

113. Benin has not yet notified the WTO of its State trading enterprises within the meaning of Article XVII of the GATT.[120] An ambitious programme has been introduced for the State's withdrawal from economic activities, but after several years the effective liberalization of the economy is proceeding at a slower pace. According to the strategic direction, defined in November 2006, structural reforms should focus on the following priority sectors: energy, telecommunications, cement, ports and cotton.[121] The State still intervenes, however, in order to guarantee or support domestic production in sectors that are important and/or strategic for the country (Table III.8).

114. In the financial services sector, privatization has almost been completed: of the 13 banks and financial institutions in operation, at the end of 2008 the State only held 10 per cent of the capital of Benin's Banque de l'habitat. As part of the programme to upgrade the facilities at the Autonomous Port of Cotonou, in September 2009 Benin gave a concession for the building and management of a new container terminal (Chapter IV(5)(2)(a)). The State also sold 65 per cent of the capital of the National Timber Board (ONAB) to private operators in December 2009, together with its holding (51 per cent) in the Onigbolo Cement Company in March 2010.

115. The reforms under way in the agricultural sector, particularly in the cotton subsector, have led to the emergence of certain semi-public structures in which the State continues to play an important role. The sale of the ginning branch of the National Agricultural Promotion Company (SONAPRA)[122], which came into effect on 11 October 2008, led to the creation of the Cotton Development Company (SODECO), the majority of whose equity capital (66.4 per cent) was not transferred to the private sector. Moreover, the State also has a holding in the equity capital of the Agricultural Inputs Purchasing Pool (CAI), set up in December 2008 in order to ensure supplies of inputs and phytosanitary products for all crops in Benin. Although the 2004 reorganization in the areas of energy and post and telecommunications led to the creation of separate bodies such as the Beninese Electricity Company (SBEE)[123], the Beninese National Water Company (SONEB), the

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[117] Order No. 1995-84/MCT/CAB/DCP/SRC of 12 June 1995.

[118] Decree No. 2001-244 of 16 July 2001.

[119] Order No. 1504/MIC/DC/SG/DCCI/SAPPSC of 20 July 2006.

[120] WTO document G/L/898 of 20 October 2009.

[121] Council of Ministers No.: 09/PR/SGG/Com/Extra/2007. Viewed at: http://www.finances.bj/spip.php?article287.

[122] Following the reorganization, SONAPRA's main task will be to coordinate all action undertaken to promote agricultural subsectors.

[123] The product of the division of the electricity and water companies, the SBEE is being reorganized with a view to its future privatization. From 1 September 2007 to 30 June 2008, the SBEE was given exemption from customs duties and taxes and VAT on petroleum products (whether imported or purchased locally) to be used to supply its electricity generators. The State also converted some CFAF 14 billion of the company's debt to the Treasury into capital and ensured servicing of its debt of CFAF 15.7 billion with the West African Asset Management Company (SOAGA).

Beninese Post Office and Bénin Télécoms, the liberalization that should have ensued has been delayed.[124] The State in fact still has a monopoly of certain postal services, fixed telephony and the sale of water, although the latter should be transferred to local authorities.

Table III.8
State intervention in the economy, 2010

Company	Sector	Share held by the State	Details
Société nationale pour la promotion agricole (SONAPRA)	Promotion of agricultural subsectors	100%	Role redefined following the sale of the ginning branch
Société pour le développement du coton (SODECO)	Cotton ginning	66.4%	Semi-public company
Centrale d'achat des intrants agricoles (CAI)	Supply of inputs	45%	Semi-public company
Port Autonome de Cotonou (PAC)	Port services	100%	Management contract for the two future container terminals
Société béninoise des manutentions portuaires (SOBEMAP)	Port services	100%	Privatization not yet envisaged
Conseil national des chargeurs du Bénin (CNCB)	Port services	100%	Privatization not yet envisaged
Compagnie béninoise pour la navigation maritime (COBENAM)	Maritime transport	100%	Reconstruction planned
Organisation commune Bénin-Niger (OCBN)	Rail transport	51%	Grant of a concession under way
Centre national d'essais et de recherches des travaux publics (CNERTP)	Public works	100%	Reorganization has not yet begun
Société béninoise d'énergie électrique (SBEE)	Electricity services	100%	Rehabilitation under way
Société nationale des eaux du Bénin (SONEB)	Water services	100%	Privatization not yet envisaged
Société des industries textiles du Bénin (SITEX)	Processing of cotton lint (unbleached)	100%	State aid of around CFAF 1.5 billion in 2010
Compagnie béninoise des textiles (CBT)	Processing of cotton lint (unbleached)	49%	Bilateral Benin-China
Loterie nationale du Bénin (LNB)	Lottery	100%	
Société de gestion des marchés autonomes de Cotonou (SOGEMA)	Market management	100%	
Centres d'action régionale pour le développement rural, 6 departments	Extension services	100%	
Office national de soutien et de stabilisation des prix des produits agricoles (ONS)	Securing and raising the income of agricultural producers	100%	
Office national d'appui à la sécurité alimentaire (ONASA)	Food security	100%	
Office national du bois (ONAB)	Management of State-owned plantations and development of the forest economy	35%	Sale of 65% in December 2009
Office béninois de recherches géologiques et minières (OBRGM)	Development of resources in the subsoil	100%	
Institut géographique national (IGN)	Topography and cartography	100%	
Office de radiodiffusion et télévision du Bénin (ORTB)	Radio and television broadcasting	100%	
Bénin Télécoms SA (BT SA)	Telephony and Internet	100%	Privatization project under way
La Poste du Bénin SA (LPB SA)	Postal and financial services	100%	
Office national d'imprimerie et de presse (ONIP)	Printing and press	100%	
Office de gestion du stade de l'amitié (OGESA)	Sports facilities	100%	
Centre national de production de manuels scolaires (CNPMS)	Production of teaching manuals and documents	100%	

[124] In addition, the regulatory framework governing telecommunications, information and communication technology and postal services is still being drawn up. A transitional authority regulates the sector pending the adoption of the code of electronic communications and postal services.

Company	Sector	Share held by the State	Details
Centre national hospitalier et universitaire (CNHU)	Clinical care and training	100%	
Hôpital de Ouidah	Medical care	100%	
Hôpital Mère enfant lagune (HOMEL)	Medical care	100%	
Hospitals, 4 departments (Atacora, Borgou, Oueme and Zou)	Medical care	100%	
Société des ciments d'Onigbolo (SCO)	Cement works	0%	Benin's share (51%) sold in March 2010
Sucobé (formerly Société sucrière de Savè)	Sugar production	49%	Management lease
Société nationale de commercialisation des produits pétroliers (SONACOP) SA	Import, storage and distribution of hydrocarbons	35%	
SOBEBRA (formerly La Béninoise)	Brewery	8%	
Africaine des assurances (formerly SONAR)	Insurance	5%	
Continental Bank Bénin	Banking	0%	The 43.6% held by the State was sold in September 2008.
Banque de l'habitat	Banking	10%	
SERHAU-SEM	Regional housing and urban planning studies	10%	
Appontement pétrolier du Bénin (ORIX)	Petroleum deposit	40%	
Caisse autonome d'amortissement (CAA)	Financial intermediation	100%	Manager of the public debt

Source: Directorate of Management and Control of the State's Portfolio, Ministry of the Economy and Finance.

(iv) Government procurement

116. In 2009, Benin's arrangements for managing procurement by the Government were reorganized in order to bring them into line with the relevant community rules (joint report, Chapter III(3)(iii)), although the relevant implementing decrees have not yet been adopted. According to the new provisions, the principles of freedom of access and equal treatment will be underpinned by an express ban on any discrimination based on the nationality of the bidders or their legal status. Bearing in mind the malfunctioning noted in the course of several enquiries[125], the new Code governing government procurement and the award of public service concessions[126] should reinforce transparency, reorganize how contracts are awarded and monitored and lessen arbitrary procedures.

117. In addition to having broader scope, the Code requires the separation of responsibilities for regulation, control and awarding of contracts; no person may belong to more than one structure with different functions. According to these new provisions, regulation is the responsibility of the National Commission for Regulating Government Procurement, which has become the authority for regulating government procurement attached to the Office of the President of the Republic. The National Directorate for Control of Government Procurement, within the Ministry of Finance, has a central supervisory role with a network of decentralized structures. The regulatory framework also provides for the appointment of the persons responsible and the creation of committees for awarding contracts in each contracting authority.

[125] Afrik.com, "Des dysfonctionnements dans la gestion des marchés publics au Bénin", 21 November 2007. Viewed at: http://www.afrik.com/article12982.html; *l'Araignée presse*, "Dossier Cen-Sad: Le Directeur national des marchés publics a fait économie de vérité", 22 July 2009. Viewed at: http://blesshnet.com/heberg/laraignee/lesw2/modules.php?name=News&file=article&sid=4325&mode=thread&order=0&thold=0.

[126] Law No. 2009-02 of 26 January 2009, enacted on 4 September 2009.

118. Two principal modes of awarding contracts are determined in the Code: invitation to tender and direct negotiation (private agreement). Invitations to tender may be open, restricted or involve two stages.[127] An open invitation to tender is the rule and the use of any other procurement method must be exceptional and justified by the contracting authority.[128] Contracts for intellectual services are awarded following a consultation and the submission of proposals. Currently, the thresholds for the award of contracts following an invitation to tender are defined as follows: supplies, office automation (CFAF 10 million); intellectual services (CFAF 30 million); works/building (CFAF 40 million). For lower amounts, a request for an estimate is possible provided that the principles of non-discrimination in respect of access and treatment of the bidders is respected. The National Directorate for the Control of Government Procurement carries out a posteriori random checks on orders for amounts below the minimum threshold; for the moment an average of one such check is made every year because human resources are limited and computerization is inadequate.

119. Invitations to tender and notices of pre-selection must be the subject of a call for competition published, in accordance with a model document and in the same terms, in the government procurement journal and in any other national and/or international publication. The medium to be retained if there are differing dates of publication has not yet been defined. The publication of notices and invitations can also be transmitted electronically; unless otherwise provided in the invitation, bids can also be communicated to the contracting authority electronically.

120. In accordance with the community provisions, Benin's regulations allow for a preference (not exceeding 15 per cent of the amount of the bid) for bids submitted by bidders whose fiscal residence is within the WAEMU area. This can only be granted subject to certain additional criteria: traceability of at least 30 per cent of the value added within the WAEMU for the goods supplied; community origin for at least 30 per cent of the inputs or the personnel employed for public works, buildings or industrial facilities; and in the case of supply of services, the contribution by citizens from the Union must amount to over 50 per cent of the total value of the services. Furthermore, companies and groups of operators must provide evidence that WAEMU citizens participate in the equity capital (over 50 per cent) and/or control of governing boards (at least 50 per cent). According to the authorities, no such preference has yet been granted. In addition, Benin has never applied national preferences.

(v) Protection of intellectual property rights

121. Like the other members of WAEMU, Benin belongs to the African Intellectual Property Organization (OAPI), which was established by the Bangui Agreement (joint report, Chapter III(3)(iv)). The revised Bangui Agreement (1999) was ratified by the Beninese authorities on 6 November 2003.[129] It applies as a domestic law in Benin and is automatically enforceable; there is no domestic legal instrument for its implementation. Benin has also been party to the Convention establishing the World Intellectual Property Organization (WIPO) since 9 March 1975.

[127] A restricted invitation to tender can only be made if the special nature of the goods, works or services to be provided means that there is only a limited number of competent suppliers or providers. Only complex procurement may justify an invitation to tender in two stages. In any event, if at least three bids have not been received when the time-limit expires, the period for submitting bids may be extended by 15 calendar days. An invitation to tender is only valid if, at the end of the supplementary period, the contracting authority has received at least one bid deemed to be admissible and in conformity.

[128] The National Directorate for Control must ensure that, for each financial year, the total amount of contracts awarded by a contracting authority by means of simple agreement does not exceed 10 per cent of the total amount of government procurement contracts awarded in Benin.

[129] Law No. 2003-19 of 22 October 2003 and its Implementing Decree No. 2003-452 of 6 November 2003.

122. The National Industrial Property Centre (CENAPI), a specialized office in the Ministry of Trade, acts as the national liaison structure for the OAPI in Benin. Its main task is to centralize and transmit to the OAPI applications for patents, utility models and property (trademarks, industrial designs and trade names) filed in Benin. It also has a role to play in promoting awareness of the importance of industrial property, whose trends it follows at the international level.

123. The BUBEDRA, part of the Ministry of Culture, is responsible for managing copyright and related rights.[130] Benin's regulatory structure gives authors economic and moral rights; even if the original work has been sold, authors of graphic or three-dimensional works (and their heirs) have an inalienable right to a share of the profit from any subsequent sale of the work at public auction or through a dealer.[131] If an offence is committed, the BUBEDRA may bring legal proceedings; penalties may take the form of a term of imprisonment (from three months to two years) and/or a fine (from CFAF 500,000 to CFAF 10 million).[132] Although the legislation does not provide any special measures applicable at the customs cordon, in principle the customs services are empowered to act ex officio if copyright is infringed (Article 89). Manufacturers and importers of media used to reproduce literary or artistic works must pay fair remuneration, levied and distributed by the BUBEDRA. Discussions between the BUBEDRA and the Directorate-General of Customs are currently under way with a view to establishing a mechanism for collecting this remuneration at the customs cordon. Benin's regime does not make any distinction between Beninese and foreign owners of copyright. The latter, however, must prove their authorship and their membership of a collective management association in order to be given national treatment.

124. In 2008, Benin set up a National Commission to Combat Piracy of Literary and Artistic Works (CNLP) to deal with this widespread phenomenon, particularly as regards musical and cinematographic works.[133] The CNLP is a multi-disciplinary technical support body attached to the BUBEDRA and is responsible for strategic and prospective consideration of ways of combating piracy, as well as having an information and awareness role. Since it was set up, the CNLP has been involved in drawing up regulations for the creation of departmental anti-piracy squads, as well as in the introduction of such structures in all the provinces.

[130] Decree No. 93-194 of 25 May 1993, amended by Decree No. 2007-115 of 9 March 2007.

[131] Law No. 2005-30 of 10 April 2006.

[132] UNESCO (2009). Benin does not have any special courts for copyright and intellectual property and in general the lower level courts hear such cases.

[133] Decree No. 2008-578 of 20 October 2008.

IV. TRADE POLICIES AND PRACTICES BY SECTOR

(1) INTRODUCTION

125. During the period under review, the need for a consistent trade policy strategy in Benin was also felt at the sectoral level. Agricultural production stagnated, partly because there was no clear and stable production policy. Demographic pressure, combined with the stagnation in production, contributed to the vast increase in food imports. The energy crisis became worse because of the lack of investment and frequent power cuts are still a common feature of economic activities; most petrol is imported illegally from neighbouring Nigeria. Benin has experienced an unprecedented crisis in telecommunications and postal services. Moreover, unpaid insurance premiums represent one third of the turnover of insurance companies. On the other hand, a long-term strategy to liberalize and encourage investment, particularly from abroad, is starting to bear fruit, especially in relation to ports and building and public works.

(2) AGRICULTURE, LIVESTOCK AND FORESTRY

(i) Overview

126. There are three climatic zones in Benin: almost the whole of the north is above 10°N and is a semi-arid Sudan-type zone with an average temperature of 27.5°C, where annual rainfall ranges from 900 mm. to 1,100 mm. and there is a relatively high rainfall deficit. The major economic activities are raising livestock, and growing cotton - which is the country's leading export - and shea nuts; farms cover an average of ten hectares. The centre of Benin (from 7° to 10°N) is a zone of forests and humid savannah, with very marked temperature fluctuations, an average of 27°C, with average yearly rainfall of 1,200 mm. The south of the country (between 6°30′ and 7°N) is a sub-equatorial zone where annual rainfall can reach 1,500 mm. and the annual average temperature is 26.5°C, with annual average relative humidity of 75 per cent.[134] Most of the land cultivated in the centre and the south is devoted to producing food crops, particularly yams, cassava, maize, tomatoes, pineapples and groundnuts, in addition to cotton. The population is particularly dense in the south (100 to 200 inh/km^2 compared to 15 to 30 inh/km^2 in the north). In the south, farms cover an average of five hectares.

127. Most of Benin's population lives in rural areas, and is engaged in agriculture or raising livestock. Agricultural products account for 80 per cent of Benin's exports and contribute 35 per cent to its GDP formation. Agriculture is still mainly family-based, although important changes appear to be under way. Land and labour are the two most important factors in agricultural production. The introduction of new technology (improved varieties, use of mineral fertilizers) and machinery is slow because of the lack of financial resources and agricultural output suffers from the obsolescence of the production methods used. According to the FAO, generalized use of animal-drawn machines would allow the area under cultivation to be doubled as a minimum. The FAO also draws attention to the relatively large losses caused by the lack of storage and processing infrastructure and the inadequacy of the cold chains for preserving perishable products. All these factors raise the cost of transactions and accentuate the fluctuations in the price of food crops over the year. The poor state of the roads in some parts of the country prevents agricultural products from reaching markets. Consequently, a large section of the population, particularly in rural areas, still lives from subsistence agriculture.

128. According to FAO statistics, there appears to have been a sharp drop in the production of the main crops between 2003 and 2007, except for maize. The major products in value terms, namely

[134] FAO online information, "La diversité biologique agricole au Bénin". Viewed at: http://www.fao.org/docrep/008/y5667f/y5667f0h.htm.

cotton lint, yams, cassava, and groundnuts, all saw their production drop in volume terms over the period, despite the notable increases between 2000 and 2003 (Table IV.1). Production of maize, dried beans, cashew nuts, paddy rice and pineapples, on the other hand, showed a substantial increase, denoting a certain diversification of agricultural production to other subsectors that are perhaps more profitable.

Table IV.1
Production of food crops and principal crops, 2000-2007
('000 tonnes)

	2000	2001	2002	2003	2004	2005	2006	2007
Maize	750.4	685.9	797.5	1,237.8	842.6	864.7	671.9	931.6
Sorghum	155.2	165.3	182.6	203.5	163.8	169.2	156.3	117.3
Millet	36.3	34.9	40.7	45.5	..	..	..	..
Rice (paddy)	49.2	54.9	63.2	76.3	64.7	78.3	71.0	73.0
Cassava	2,350.2	2,703.4	3,154.9	3,951.9	2,955.0	2,861.4	2,524.2	2,284.1
Yams	1,742.0	1,701.0	2,151.4	2,475.3	2,257.3	2,083.8	2,239.8	1,682.2
Beans	85.6	78.3	95.3	114.1	93.8	104.6	80.2	130.6
Tomatoes	139.2	117.6	134.8	167.3	144.2	143.3	113.6	156.1
Soya beans	4.3	3.5	4.7	5.6	..	..	..	..
Seed cotton	339.9	393.0	376.7	484.8	235.0	190.0	124.0	148.0
Groundnuts	121.1	125.3	130.0	164.7	151.7	140.3	99.4	114.5
Pineapples	70.5	57.1	98.2	105.9	110.8	121.2	80.1	135.9
Tobacco	0.7	0.6	8.8	0.9	..	..	..	..

.. Not available.

Source: Viewed at: http://faostat.fao.org/DesktopDefault.aspx?PageID=339&lang=fr&country=53.

129. Cotton is the major agricultural export, with cashew nuts and sugar far behind, although they have seen a large increase over the period (Table IV.2).

Table IV.2
Major agricultural exports, 2000 and 2007
(Tonnes and € thousand)

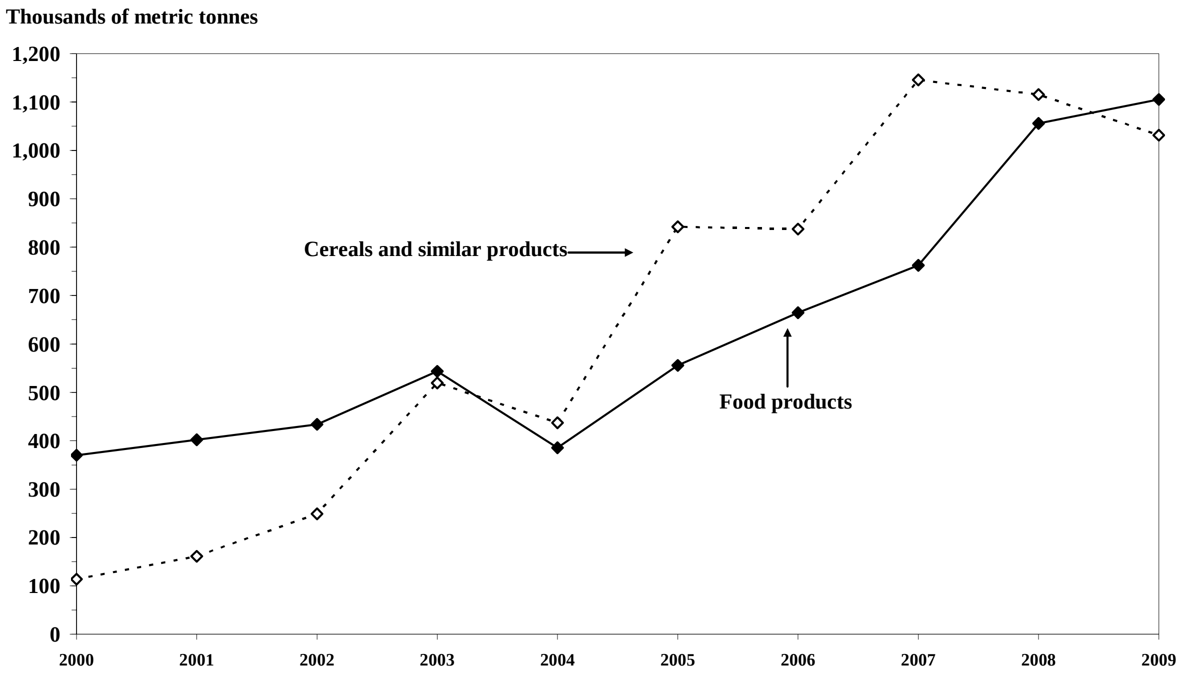
Product	2000		Product	2007	
	Volume (tonnes)	Value (€ thousand)		Volume (tonnes)	Value (€ thousand)
Cotton lint	134,335	139,124	Cotton lint	99,702	87,203
Cashew nuts	36,370	18,898	Cashew nuts	56,607	25,485
Cotton seed	109,394	11,130	Cigarettes	1,575	16,596
Palm oil	12,600	7,055	Raw sugar	16,531	5,798
Cigars	280	3,161	Cottonseed oil	9,005	5,628
Cigarettes	250	2,714	Palm kernel oil	7,600	5,005
Palm kernel oil	4,100	2,496	Cottonseed cake	41,100	2,703
Cottonseed cake	19,716	2,082	Oilseeds	3,569	1,672
Cottonseed oil	1,466	943	Pineapples	1,876	1,577
Shea nuts	8,531	910	Wheat flour	3,450	929
Cotton waste	1,386	632	Soya bean cake	4,531	861
Chicken meat	722	504	Ginger	1,059	722
Palm kernel cake	7,000	456	Palm kernels	180	584
Milled rice	2,000	333	Maize	11,374	469
Tomato paste	445	297	Cotton waste	298	427
Oilseeds, n.e.s.	724	250	Sorghum	1,235	417

Product	2000		Product	2007	
	Volume (tonnes)	Value (€ thousand)		Volume (tonnes)	Value (€ thousand)
Nuts, n.e.s.	329	194	Carded/combed cotton	492	357
Palm kernels	1,000	144	Dried apricots	700	233
Refined sugar	210	116	Beef/veal prep.	98	208
Turkey meat	133	87	Soya beans	580	188

Source: FAO online information, "Trade". Viewed at: http://faostat.fao.org/site/342/default.aspx.

130. There was an exceptional increase in the volume and value of food imports between 2004 and 2007-2008 (Table IV.3 and Chart IV.1). For example, over the period 2000-2007, there was a 20-fold increase in imports of rice in volume terms, amounting to around €240 million. Imports of palm oil, the second most important import in value terms, increased by a factor of 37 over the same period. There has also been a fivefold increase in Benin's relatively high volumes of imports of chicken meat. None of these products appears in the official re-export statistics, although this does not mean that they may not be re-exported informally.

Chart IV.1
Trend in imports of food products, 2000-2009



Source : Autonomous Port of Cotonou.

Table IV.3
Major agricultural imports, 2000 and 2007
(Tonnes and € thousand)

Product	2000 Volume (tonnes)	2000 Value (€ thousand)	Product	2007 Volume (tonnes)	2007 Value (€ thousand)
Cigarettes	4,500	65,124	Milled rice	922,457	240,635
Chicken meat	33,030	22,296	Palm oil	291,500	181,234
Turkey meat	22,867	15,603	Chicken meat	45,936	45,280
Milled rice	47,627	12,821	Turkey meat	23,689	25,399
Tomato paste	10,276	8,086	Food preps. n.e.s.	7,111	16,301
Food preps. n.e.s.	7,717	7,002	Tomato paste	15,555	12,600
Whole condensed sweetened milk	5,111	6,147	Tea	8,648	8,842
Refined sugar	18,438	5,409	Food preps., flour	8,564	7,843
Wheat flour	22,940	5,160	Apples	13,952	7,813
Apples	4,960	3,808	Cigarettes	810	6,538
Whole condensed milk, not sweetened	2,025	3,047	Refined sugar	28,027	6,430
Palm oil	7,808	2,927	Wine	5,697	6,381
Distilled alcoholic beverages	2,903	2,714	Margarine and edible fats	9,631	5,972
Whole dried milk	1,022	2,486	Edible pasta	11,948	5,526
Margarine and edible fats	2,954	2,435	Non-alcoholic beverages	7,172	5,322
Soya bean oil	3,300	2,171	Pastry	2,885	5,042
Malt	2,871	1,816	Wheat flour	15,487	4,761
Wheat	12,207	1,781	Tobacco products, n.e.s.	1,188	4,454
Wine	2,954	1,712	Distilled alcoholic beverages	1,422	4,274
Edible pasta	3,892	1,642	Broken rice	17,111	4,246

Source: FAO online information, "Trade". Viewed at: http://faostat.fao.org/site/342/default.aspx.

(ii) Agricultural policy

131. For Benin, agricultural policy is of the utmost importance because it faces the challenge of ensuring food and nutrition security for a rapidly growing population (3.3 per cent annually). According to the FAO, some 1.6 million people, or 19 per cent of the population, are undernourished, a figure that is higher than the average for West Africa.[135]

132. Over the past 20 years, the State has largely withdrawn from production, marketing and supplying agricultural inputs. The role of the Ministry of Agriculture, Livestock and Fisheries (MAEP) was essentially one of guidance and regulatory and technical control, but it lacked the financial resources. Agricultural output has remained low, having suffered from the lack of support and advice for producers, which explains the modest level of production.

133. Over this period, a large amount of private investment was made in agricultural production, particularly for export. A MAEP study published in August 2006 indicated that the current land tenure regulations meant that a modern system of land tenure coexisted with a customary law regime.

[135] FAO online information, "Food Security Indicators: Benin". Viewed at: http://www.fao.org/fileadmin/templates/ess/documents/food_security_statistics/monitoring_progress_by_country_2003-2005/Benin_e.pdf.

According to this study, such a system does not protect the rural population.[136] In October 2007, a new Law on the rural land tenure system in the Republic of Benin was enacted. It provides, *inter alia*, that any purchase of rural land covering an area of over two hectares must be for agricultural development, fishing, or raising livestock or, in general, for a project in the public interest.[137] The Law also provides that owners of rural land and local authorities must develop the land. In October 2009, in a press release, the National Farmers' Union of Benin declared that for several months Beninese and foreign private investors had been buying or leasing huge areas of agricultural land in the country, thereby jeopardizing the survival of millions of small farmers; the Union called in particular for implementing decrees for the Law in order to ensure that it was put into effect.[138]

134. In 2008, confronted with the food crisis, the Government took steps to halt the decline in food crop production, notably by providing producers of maize and rice with seed and fertilizer at subsidized prices (see below). In July 2009, the Government declared its intention of mobilizing over CFAF 1,800 billion for a strategic plan to revive the agricultural sector over the period 2009-2015, i.e. CFAF 285 billion (€435 million) each year. Around one quarter of this financing would come from the State, 35 per cent from Benin's TFPs, and the remainder from the private sector. The declared objective is to make Benin "a dynamic agricultural power by 2015, competitive, environmentally friendly, creator of wealth and responding to the population's economic and social development needs".[139]

135. The food crisis in mid-2008 highlighted the role of small-scale agriculture and farmers" associations in food security. Because of the few financial resources available to most small farmers, increased yields largely depend on the support they are given, particularly as regards land use management, the supply and financing of inputs and equipment, and guaranteed outlets for their production.

136. It is the responsibility of the National Agricultural Income Support Board (ONS)[140] to endeavour to secure and raise producers' incomes. It is a government body that emerged from the former Stabilization and Support Fund for agricultural product prices, whose task was to support producers of seed cotton and guarantee them a profitable and attractive price. In 2006, in order to enable other agricultural subsectors to benefit from the knock-on effects from cotton and to encourage effective diversification of agricultural products for export, the ONS was also given the task of promoting all agricultural subsectors in addition to cotton. The ONS follows trends in prices for agricultural products and provides the necessary elements for determining the purchase price of seed cotton in consultation with the trade. Its 2009 report highlights some significant malfunctioning in the cotton subsector, including at SONAPRA (another body promoting agricultural subsectors - see below), and underlines the lack of financial resources, which constrains action to promote the agricultural sector.[141]

137. In 2008, activities commenced under the Project to Support the Securitization of Agricultural Income (PASREA), a project that is being supervised by the ONS. Progress was also made in the Mutual Agricultural Insurance of Benin (AMAB) project, for which the contract was awarded to a Senegalese firm (ACAF) by means of a simple agreement. Another project supported by the ONS is the National Agricultural Development Fund (FNDA), which should help in financing the sector and

[136] MAEP (2006); see also Gletton-Quenum, M. (2009).

[137] Law 2007-03. Viewed at: http://faolex.fao.org/docs/pdf/ben80722.pdf.

[138] Synergie paysanne, online information. Viewed at: http://synergiepaysanne. over blog.com/.

[139] *APAnews.net*, "Le Bénin veut mobiliser 1 809 milliards de francs CFA pour la relance de son secteur agricole de 2009 à 2015", 18 July 2009. Viewed at: http://www.apanews.net.

[140] ONS online information. Viewed at: http://www.onsmaep.bj/index.php.

[141] ONS (2009).

also contribute towards resolving problems such as the high cost of capital compared to the internal profitability of the sector, the lack of proximity of financial services for the beneficiaries, excessively stringent formalities for obtaining loans, etc.

138. In order to ensure food security while at the same time minimizing the risk of shortages of food products, ONASA, set up in 1992, administers buffer stocks for certain food products such as maize, yams and cassava, but not rice. ONASA buys products by announcing their collection on the radio, defining the criteria for participation, the specifications for the product, the place of delivery and the purchase price. If there is a serious shortage and the supply chain is broken, ONASA sells its stocks at subsidized prices on markets in those regions suffering from shortages.

139. For several years, some institutions have been promoting agriculture that obeys "organic" production criteria. The Songhai project has been promoting sustainable agriculture since 1985.[142] The Beninese Organization for the Promotion of Organic Agriculture (OBEPAB) has been in existence since 1997 and encourages sustainable development by focusing on making the best use of local resources and developing sustainable systems of agricultural production, as well as protecting the health of producers and consumers and the environment.[143] OBEPAB promotes systems of production that do not use man-made chemicals to fertilize the soil and protect crops.[144] Organic production and fair trade represent opportunities for increasing farmers' incomes because of the high prices which consumers are willing to pay, while at the same time having a positive impact on the environment, particularly the quality and fertility of the soil.[145] At the international level, OBEPAB is a member of the International Federation of Organic Agriculture Movements (IFOAM). It mainly cooperates with KIT/NIPS and Agro-Eco Consultancy, the International Development Research Centre (IDRC) and with Ecocert. Nevertheless, the area under organic crops is extremely limited and in the case of cotton, for example, accounts for less than 0.2 per cent of total production.

140. The principal instrument of trade policy in the sector is still the WAEMU CET, which is applied on an MFN basis. Its average rate is 14.6 per cent for agricultural products (WTO definition) (joint report, Chapter III(2) and Table III.1), although local agri food production is generally protected against competition from imports by the highest CET rate, i.e. 20 per cent. ECOWAS members are considering introducing a new tariff band of 35 per cent for MFN imports (joint report, Chapter IV).

141. In principle, the WAEMU and ECOWAS provisions guarantee the free movement of originating products, fully exempt from customs duties and charges. In this connection, Beninese exporters complain of the import bans which prevent the movement of a wide range of their food products within ECOWAS. In WAEMU, Benin participates fully in the trade facilitation programmes for road transport and transit, as well as in the projects for the single window and juxtaposed control posts (on the border between two member States) grouping all the police and customs services (joint report, Chapter III(2)); the purpose of these initiatives is to eliminate formal or informal barriers to trade in products originating in WAEMU, particularly agricultural, livestock, forestry and fisheries products.

[142] Songhai online information. Viewed at: www.songhai.org.

[143] OBEPAB online information. Viewed at: http://www.obepab.bj/.

[144] According to its website, traditional cotton crops use 25 per cent of all the pesticides sold in the world but only occupy 2.5 per cent of the world's agricultural land. Pesticides traditionally used to produce cotton, especially Endosulfan, are highly toxic and dangerous to humans, cattle and the environment in general and in the past have caused substantial damage in Benin.

[145] OBEPAB's principal partners at the national level are: the Embassy of the Netherlands in Benin, the Beninese Centre for Sustainable Development, the Benin National Agricultural Research Institute (INRAB), IITA-Benin; SONAPRA; and the University of Abomey-Calavi.

(iii) Policies by subsector

(a) Cotton subsector

142. Some 160,000 tonnes of seed cotton are produced annually (Table IV.4). It is grown by farmers then sold to ginning companies, which transform it into cotton lint, and produce other by-products such as cottonseed cake and oil, whose export has developed strongly (Table IV.2). After being one of the 20 leading global producers of cotton lint, between 2004/2005 and 2005/2006 Benin experienced a sharp fall in production and export (Table IV.4). Since then, the cotton subsector has not managed to regain its former output levels and in 2009/2010 production was less than one third of the ginning capacity installed (620,000 tonnes). Likewise, in 2009/2010, production of cotton lint was less than half the level recorded in 2004/2005. For several years, there have been large losses in the subsector and in 2009 these amounted to CFAF 11 billion (€17 million).

Table IV.4
Cotton indicators, 1999-2010
('000 tonnes unless otherwise indicated)

	1999/2000	2000/2001	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Seed cotton									
Harvest	363.2	337.4	332.7	427.2	190.9	240.6	268.6	210.7	158.7
Cotton lint									
Production	156.2	145.1	143.0	164.4	81.8	103.1	114.6	91.1	68.2
Exports	..	..	153.9	126.8	161.1	..	..	..	..
Exports (CFAF billion)	..	..	101.2	107.7	88.5	..	..	..	..

.. Not available.

Source: National Agricultural Promotion Company (2002), *Rapport Annuel 2001-2002.*

143. In order to revive the cotton subsector, its institutional framework was modified in 2006. Benin had already reformed the cotton subsector in 1988, notably through partial privatization of the marketing of seed cotton and by opening up the market for distributing inputs to the private sector. Nevertheless, after the marketing of seed cotton had been transferred to farmers' associations, the latter increased to such an extent that they completely lost their representative nature. Consequently, on 18 May 2006, Decrees Nos 2006-232, 2006-233 and 2006-234 were signed, providing a new institutional framework bringing together ginners, importers and distributors of inputs, as well as producers in the cotton subsector.

144. In 2006, local cotton producers' councils were set up as a framework for consultation among all the producers represented by their respective associations. Subsequently, departmental cotton producers' councils (CPDC) were introduced, together with a constituent general assembly of the National Cotton Producers' Council (CNPC). The former structures, namely, the Federation of Producers' Unions (FUPRO-Bénin), the trade association of cotton ginners of Benin (APEB) and the trade group of distributors of agricultural inputs (GPDIA) were replaced, respectively, by the CNPC, the National Cotton Ginners' Council (CNEC) and the National Council of Cotton Input Importers and Distributors (CNIDIC).

145. The Cotton Trade Association (AIC)[146] has become the body for consultation among those working in the cotton subsector. It draws up trade agreements, follows them up and arranges the negotiation of the price of seed cotton. It is also responsible for training and supporting producers,

[146] AIC online information. Viewed at: http://www.aicbenin.org/.

conducting research into cotton, ensuring the production and distribution of seed and collecting cotton-related statistics. Its resources come from a levy on the price paid by the ginner to seed cotton producers' networks (CFAF 20 in 2009/2010). The AIC is managed by a governing board comprising 23 members appointed by the General Assembly and broken down as follows: CNPC: 13 members; CNEC: five members; CNIDIC: five members.

146. The State regulates the criteria for engaging in the professions of manufacturer, importer or distributor of chemical inputs and draws up the list of the various types of chemical inputs and commercial phytosanitary products that can be sold. The Cotton Inputs Commission (CIC), which groups the CNIDIC and other stakeholders in the subsector, determines and negotiates with importers and distributors the selling prices for inputs, which are then approved. Inputs are bought by producers on credit at a price that is generally lower than the import price. The AIC submits applications for subsidization of producers to the Government, which approves them in the Council of Ministers. Over the period 2009-2010, the Government approved expenditure of around CFAF 26 billion on inputs, with a subsidy of CFAF 12 billion (€17.5 million)[147]; the value of production was CFAF 34 million.

147. Deregulation in the sector since the 2003/2004 season has seen the formal removal of SONAPRA's purchasing monopoly for seed cotton. Its industrial branch has been transferred to a new entity, SODECO, and SONAPRA now has the task of promoting agricultural subsectors. There are currently some 20 private plants operating. Seed cotton prices are negotiated between producers and ginners, with the aid of the AIC, then approved in the Council of Ministers. After they have been approved, they become the compulsory benchmark for all transactions. If prices go down on the global market, the ginning plants have to bear the loss.

(b) Other agricultural exports

Cashew nuts

148. Cashew nuts have become the second largest source of export income from goods. With 3 per cent of production, Benin is reportedly the fifth largest global producer of cashew nuts, after India, Brazil, Mozambique and Tanzania. The large State-owned plantations now account for 20 per cent of the area under cashew nuts, while the majority of plantations belong to farmers who grow cashew nuts individually on a small scale. Almost all production is exported in the form of unshelled raw nuts, particularly to India. The Government is trying to encourage local processing of the product.

149. Since 2000, the producer purchase price for cashew nuts and shea nuts, as well as the price of inputs used to produce them, has been negotiated within the Commission on production factors and marketing of agricultural products, under the supervision of the Ministry responsible for trade, which acts as the secretariat. This Commission brings together the various ministries involved, trade associations and civil society in the form of the Chamber of Agriculture, the Chamber of Commerce and the Association of Importers and Distributors of Agricultural Inputs. The Commission determines the floor price for the various products for the following season (Table IV.5). This is the price below which the product may not be sold and ensures a minimum guaranteed price for producers. The Departmental Trade Directorates are responsible for carrying out checks for this purpose. Because they are of higher quality, raw cashew nuts of Beninese origin receive a 30 per cent premium compared to other nuts.

[147] *AIC Infos*, monthly information and communication bulletin of the cotton subsector in Benin. Viewed at: http://www.inter-reseaux.org/IMG/pdf_AIC-Infos_40.pdf.

Table IV.5
Indicative producer purchase prices determined by the Commission on production factors, 1997-2010
(CFAF/kg.)

Product	1997	1999/ 2000	2000/ 2001	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010
Cotton	200	185	220	200	185	175	180	210	210
Palm regime	24	30	20	..	..	..	..	..	..
Cashew nuts	115	190	225	175	200	200	200	175	175
Groundnuts in the shell	120	125	125	..	..	..	..	..	..
Shea nuts	120	55	55	40	40	40	40	60	60

.. Not available.

a CFAF/lb. - (index A (M 1-3/32"), Cotton Outlook Liverpool).
b CFAF/tonne - (Malaysia, North-West European Ports).

Source: Beninese authorities.

150. Dealers in cashew nuts appear to have a virtual monopoly of buying from producers and are sometimes in a position to prevent supplies reaching processing plants at profitable prices. To encourage the development of a competitive and fair export market, the Government and stakeholders have for several years tried to set up "grouped sales" in which producers could join together and sell their products following control and inspection by the competent services. The advantage of this system is to protect the quality of Beninese nuts by preventing them being mixed with foreign nuts. It also gives producers increased negotiating power because they are united.

Shea nuts

151. It is estimated that 85,000 tonnes of shea nuts are harvested in Benin, mainly in the North, where the tree grows in the wild. This is also the main zone for the production of shea butter, chiefly manufactured on a small scale. Shea is mainly exported in the form of nuts. In 2007, exports of shea nuts amounted to 16,700 tonnes and mostly went to France, the Netherlands, the United Kingdom and Denmark, as well as Togo and Senegal. Benin also imports almonds from Nigeria and butter from certain countries in the subregion, especially Côte d'Ivoire and Burkina Faso. Two Beninese cosmetics industries use locally produced shea butter as an input: Natura[148] and Biocos.

Pineapples

152. Pineapples have a significant share of agricultural production and some are processed locally into juice or dried products. From Table IV.1 it can be seen that there has been a marked increase in production since 2004. According to the FAO (Table IV.2), in 2007, only 1,876 tonnes were exported, a very small share of the volume produced; according to those in the trade, exports are constrained by the lack of certification of compliance with international standards. In order to improve the subsector's organization, in December 2007 ADEx (Chapter II) commissioned a study on the development of the national programme for developing this subsector (PNDFA), an integrated programme that includes, *inter alia*, production, processing, certification and marketing components. According to the authorities, this programme is being implemented jointly by the ministries responsible for agriculture, industry and trade.

153. A growing number of pineapple-producing organizations in Benin are turning towards the export of "organic" and "fair trade" pineapples, with organic (Ecocert) and fair trade (Fairtrade

[148] Natura Pharma, online information. Viewed at: http://www.world-naturapharma.com/fr/index.html.

Labelling organization) certification. The aim is to promote sustainable production of fresh pineapple, pineapple juice and dried pineapple, both for the local and subregional markets and for export.[149] The two main varieties (sugar loaf and smooth Cayenne) are mainly grown in the south of the Atlantic departments. Producers are trained and equipped by non-governmental organizations (NGOs) such as Claro, Manor and Coop (Switzerland), Solidarmonde (France), and Oxfam-Belgique. The quality of the processed products meets the requirements of both national and international markets and employees have better working conditions. Access to the financing needed for production is facilitated through the NGOs' participation. Agents from local and regional agricultural promotion centres (CeCPA and CeRPA) cooperate in these efforts, together with national and foreign research institutes (INRAB, IITA[150]).

(c) Livestock subsector and its by-products

154. The livestock subsector is an important one in Benin and accounts for some 6 per cent of GDP. The main species are bovine animals (some 1.9 million head), goats (1.5 million), sheep, pigs and poultry. Several production systems coexist, including transhumance, grazing land and modern livestock farms near large cities. According to the authorities, the modern livestock farms that have developed in semi-urban areas to produce eggs for consumption and chicken meat are suffering the full effects of competition from imports of frozen poultry and eggs.

155. The authorities have indicated that Benin is seeking private investment to modernize livestock production. In order to make this investment profitable, the Government has declared its intention to give producers more technical support, particularly for veterinary inspection and health monitoring and through the introduction of programmes to combat animal diseases, while at the same time developing new waterholes. The persistence of certain animal diseases and the risk that new ones may emerge requires constant epidemiological monitoring for which there are still few provisions. By December 2007, Benin had eliminated local outbreaks of avian influenza (H5N1 virus).

156. A number of measures and programmes have been introduced since 2004 to develop the livestock/meat subsector. Liberalization of the veterinary profession should give better access to veterinary care. Other measures include the modernization of animal production systems and focus in particular on: (i) building capacity for health monitoring and combating animal diseases; (ii) improving the performance of local breeds, raising foreign dairy breeds and better "agriculture-livestock" integration; (iii) developing livestock fodder and cattle feed; (iv) developing new waterholes; and (v) creating livestock markets. The principal programmes are the programme to support the development of modern poultry breeding (PADAM), amounting to CFAF 1.17 billion (some €1.8 million) for the period 2006-2009; the project to support the development of livestock breeding (PADEL), with CFAF 0.625 billion for the period 2007-2008; the project for meeting OIE quality standards in veterinary services, which is planned for 2010 (€20 million); and the project in support of the dairy and meat subsectors (PAFILAV), amounting to CFAF 1.6 billion, which began in January 2010.

157. Benin imports large quantities of meat and edible offal bearing in mind the size of its population (116,248 tonnes of poultry in 2009). Over 90 per cent of the imports are probably informal re-exports. This informal trade suggests that there are large potential outlets for products of the livestock/meat subsector in the subregion.

158. In the livestock subsector, the maximum MFN customs duty of 20 per cent applies to finished products and the 5 per cent rate to inputs (joint report, Chapter III).

[149] Helvetas (2006).
[150] IITA online information. Viewed at: http://www.iita.org/.

(d) Fisheries production

159. At the time of the previous TPR, the Government announced its objective of developing small-scale fishing sustainably, particularly fish farming on inland waters. An increase in consumption, currently estimated to be 72,700 tonnes per year[151], would in fact help to lessen iron and iodine deficiency, which is a major problem for the population. Large-scale investment in the subsector is needed for this to be achieved. The chief trade measure in the fisheries subsector has been the restrictions on the export of shrimps from Benin to the European Union for SPS reasons.

160. Benin's drainage system comprises 3,048 km. of waterways and over 333 km^2 of lakes and lagoons in the south of the country. Some dozen trawlers are engaged in industrial maritime fishing in the exclusive economic zone, which yields around 700 tonnes a year. This fishing is constrained by the low volume of upwelling cold water and the narrowness of the continental shelf. Around 10,000 fishermen and fish traders are engaged in small-scale maritime fishing (some 10,000 tonnes a year) using dug-out canoes. Most fishing takes place in inland waters and employs over 300,000 people along the country's major rivers and lagoons. There is also fish farming. Total fisheries production is currently estimated to be 40,000 tonnes annually and includes fish, crabs and shrimps.

161. According to FAO statistics, five importers unload around 45,000 tonnes of frozen fish annually in Benin, mainly jacks, sardinella and mackerel. Fresh and smoked crab and fish are exported informally to neighbouring countries. There have been problems with exports of shrimps to the European Union. For health reasons, Benin had to suspend its exports of fisheries products, including shrimps, to the EU as of July 2003. Measures were taken to facilitate the resumption of exports as of 1 February 2005. Markets lost, however, are difficult to regain and the shrimp subsector in particular has apparently not fully recovered from this crisis.

(e) Sugar

162. Unlike most other countries in the subregion, Benin does not appear to apply any special restrictions on imports of sugar, except for the CET (20 per cent) and the other import taxes. In June 2005, Benin exported 6,000 tonnes of sugar to Portugal. This was the first shipment of sugar from Benin, produced by the new company Sucrière Complant du Bénin (SUCOBE), established in Savè (some 300 km. from Cotonou); this company emerged from the former Société sucrière de Savè (a State-owned company). The plant started to operate in 2003, has 315 hectares of plantations and employs almost 3,500 people. The parent company Complant is a Chinese firm that has already created some 60 sugar mills in other African countries. This foreign direct investment has been given a number of tax exemptions, particularly under the Investment Code (Chapter II(4)).[152] The sugar produced by SUCOBE meets European quality standards and is exported to the European Union at the guaranteed European Union floor price, much higher than the global market price.

(f) Forestry and timber products

163. The Secretariat has not received any information from the authorities on this sector. Although forests cover an area of around 6 million hectares, over half the land available, the commercial timber sector is not highly developed; it is estimated that 20,000 hectares of teak are exploited, as well as 400,000 hectares of palm and coconut plantations. Protected areas (e.g. national parks) cover an additional 2.7 million hectares, or almost 24 per cent of the land in Benin. At present, much of the

[151] FAO (2008).

[152] Decree No. 2003-477 of 1 December 2003 listing the taxes from which SUCOBE is exempt. Viewed at: http://www.cour-constitutionnelle-benin.org/doss_decisions/08127.pdf.

forested area is used for firewood and this provides some two thirds of the energy consumed in the country. This situation, combined with the installation of dwellings in forested areas, migratory livestock herding and agricultural clearing are accelerating the process of deforestation: in 1980, the forested area was 7.8 million hectares, compared to 6.9 million in 1990 and 6.5 million in 1995.

164. Since the 1980s, ONAB has conducted reforestation campaigns to provide 36,000 tonnes of firewood a year, but this does not meet annual demand, which is estimated to be 3 million tonnes. Supply and demand for "wood as energy" shows a deficit and in the medium term the timber supply may no longer cover household needs. ONAB also has a small and outdated teak production unit, which sells logs, sawn timber, poles, faggots and furniture, including for export.[153] The export of unprocessed teak wood is prohibited. ONAB needs substantial investment for its rehabilitation. As part of its programme to revive the State-owned enterprises sector, in 1998 the Government decided to reorganize ONAB by privatizing its industrial branch, which became a subsidiary trading under the name "Industrie du bois du Bénin", combining forestry exploitation in teak plantations, local processing at sawmills and marketing of the processed product. In May 2009, the 559 ONAB employees denounced the lack of progress made in the announced privatization of the company. At the end of 2009, it appeared that a private company had bought 65 per cent of the shares in ONAB.

(3) MINING, ENERGY AND WATER

165. Expanding energy supplies is a major challenge for Benin and will govern to some extent its industrial development. Benin currently depends on imports for over 98 per cent of its petroleum and electricity needs. A strategy to develop local energy resources and an action plan for renewable energy were introduced in 2006 and Benin adopted new petroleum, mining and electricity codes. The strategy has not yet been implemented, while in the meantime the country is suffering serious energy shortages.

(i) Petroleum and gas products

166. The subsoil of Benin's coastal basin has several potential oil deposits and exploration projects are under way. Currently, all hydrocarbons are imported, including petroleum and diesel fuel. The latter accounted for some 16.4 per cent of the total value of imports in 2009 (Table AI.1).

(a) Regulation of production and trade in hydrocarbons

167. The new Petroleum Code was adopted on 14 July 2006[154] and defines the legal and fiscal regime for prospection, exploration, exploitation, refining, transport and marketing of hydrocarbons throughout Benin. The State remains the sole owner of all Benin's liquid and gaseous hydrocarbons resources. The Code provides for the following authorizations: prospection, valid for two years and renewable for one further year; exploration, which must begin within three months after the authorization has been granted and whose cumulative periods of validity amount to a maximum of nine years; exploitation, granted for a minimum period of 25 years and a maximum of 35 years. Exploitation permits give their holders the exclusive right to prospection, exploration and exploitation of the liquid or gaseous hydrocarbons within the perimeter attributed to them.

168. Compared to the previous legislation, the Code introduces a number of innovations such as authorization for inland transport. This right of transport, including the installation of pipelines in

[153] Interministerial Order No. 008/MCAT/NDR/DC/DCE/SRE of 29 January 1997, containing detailed rules for the export of processed wood of teak and other forest species.

[154] Law No. 2006-18 of 17 October 2006 containing the Petroleum Code in the Republic of Benin. This document is apparently not available on the Internet.

land which the holder of the authorization does not own, can be transferred to third parties subject to authorization by the Council of Ministers.

169. The petroleum contract - approved by a decree adopted by the Council of Ministers and signed by the Minister responsible for hydrocarbons - is a compulsory first step to obtaining a permit for exploration or exploitation, or an exclusive authorization for exploration or exploitation. The new Code provides for production-sharing contracts (PSC), in addition to concession contracts (CC). The holder of a CC finances the petroleum operations at his own risk and has the right to the hydrocarbons extracted during the period of validity. With a PSC, the holder also bears the financial and technical risks, but if oil is discovered the State intervenes and shares the hydrocarbons produced with the holder according to a scale that is defined in the contract. Since 2000, only PSCs have been signed with State participation varying from 10 to 15 per cent.

170. The fiscal regime provides for several types of rights related to prospection, exploration, exploitation and transport of hydrocarbons. Firstly, a flat rate is levied for the issue and renewal of authorizations. Secondly, there is an annual area royalty for each exploration or exploitation authorization, whose amount is determined in a decree adopted by the Council of Ministers. Thirdly, the Code introduces a royalty of 8 per cent on the ex-oilfield value of the hydrocarbons produced.[155] Furthermore, the tax on gross profits is specified in the contract but may not exceed 45 per cent. This tax is not levied in the case of a PSC.

171. In order to obtain a petroleum permit, any foreign entity must prove that it has at least one stable facility in Benin for prospection operations and a company incorporated in Benin for exploration, exploitation and transport.

172. The Code provides for the granting of a refining permit valid for a renewable period of 50 years to companies that specialize in refining with possible State participation in the refinery's assets during its operation. The holder of the refining permit is responsible for marketing the products produced in the refinery "on the external market". Sale on the domestic market complies with the applicable texts (see below). Holders of exploitation permits may refine oil in their own facilities in Benin or have them refined in other refineries in the country. Refining companies may seek the incentives under the preferential regimes in the Investment Code (Chapter II). Currently, there are no refineries in Benin.

(b) Import and distribution of hydrocarbons

173. Benin imports all its petroleum needs. Within the country, the supply, storage, transport and sale of refined petroleum products and their by-products are a State monopoly, which may be entrusted either to a State-owned company or a semi-public company or to one or more Beninese or foreign private companies. In order to import and market petroleum products and their by-products, private firms must obtain an import and marketing authorization issued by means of a joint decree from the Ministers responsible for trade and for hydrocarbons.[156] Firms in the industrial sector, generating energy, automobile garages and road works are not entitled to such an authorization (Article 10). The national company marketing petroleum products (SONACOP), which had a monopoly of the import and storage of finished petroleum products until 1994, is now competing with other approved oil companies which supply major distributors in Benin with petroleum products.

[155] The rate is 10 per cent for contracts signed before the Code came into force.
[156] Decree No. 2008-614 of 22 October 2008 containing detailed rules for the import and distribution of refined petroleum products and their by-products in the Republic of Benin, Article 4.

174. The prices of the main petroleum products consumed are determined monthly by the Government on the basis of global prices. Nevertheless, the sharp rise in these prices in 2008 was not wholly transferred to consumer prices (Chapter I). The only product whose price is subsidized is butane gas (CFAF 69/kg.). There are several fiscal levies on imports of petroleum products (Chapter III(2)(v)).

175. In practice, although a national commission to stabilize the domestic market for petroleum products and their by-products (CONAMIP) has been set up, there are still numerous petrol vendors along the roads selling petrol bought illegally in neighbouring Nigeria, much cheaper than that bought from approved distributors. Three quarters of the petrol consumed in Benin probably comes from the informal sector.[157]

(ii) Electricity

(a) Production, import and distribution of electricity

176. The population's access to electricity is still modest, with a rate of electrification of 24 per cent at the national level, 51 per cent in urban areas and 2 per cent in rural areas, with no great change since 2003. Benin's industries still suffer from unexpected power cuts, and these have intensified since 2006. In general, the endemic energy deficit, frequent power cuts, the problems of expanding the networks and inadequate maintenance of existing equipment are an obstacle to Benin's economic progress.

177. The Benin Electricity Community (CEB, a binational company belonging to Benin and Togo) supplies 85 per cent of the electricity consumed in Benin, which is distributed by the SBEE. Until 2007, the SBEE had a monopoly of production and distribution and since 1974 has imported (by buying from the CEB), produced, transported and distributed electricity in Benin. The SBEE operates some diesel-based thermal stations, which allow it to supply areas not covered by CEB supplies (Chart IV.2). The national production of electricity does not appear to have increased since 2000.

178. The SBEE is supervised by the Ministry responsible for energy, but has parastatal status, which gives it a degree of administrative autonomy. Nevertheless, decisions on electricity rates are taken by the Council of Ministers. In recent years, the SBEE has suffered a serious financial crisis, partly caused by electricity rates that are lower than the purchase price.

179. Until 2007, electricity imports mainly came from the Volta Region Authority (VRA) in Ghana and the Ivorian Electricity Company (CIE), which then substantially reduced their supplies of electricity to the CEB. In February 2007, a new connection between the CEB's electricity networks and those of the Transmission Company of Nigeria started to operate in Sakété. This interconnection links the networks in Nigeria, Benin, Togo, Côte d'Ivoire, Niger and Burkina Faso and gives the CEB additional power of 75 MW. At an overall cost of CFAF 13 billion (€20 million), the project was financed by the West African Development Bank, the ECOWAS Bank for Investment and Development (EBID), and the African Development Bank. According to the authorities, because Nigeria is close to Benin the cost of this new source of electricity will be lower for the State than the energy supplied by Côte d'Ivoire and Ghana.

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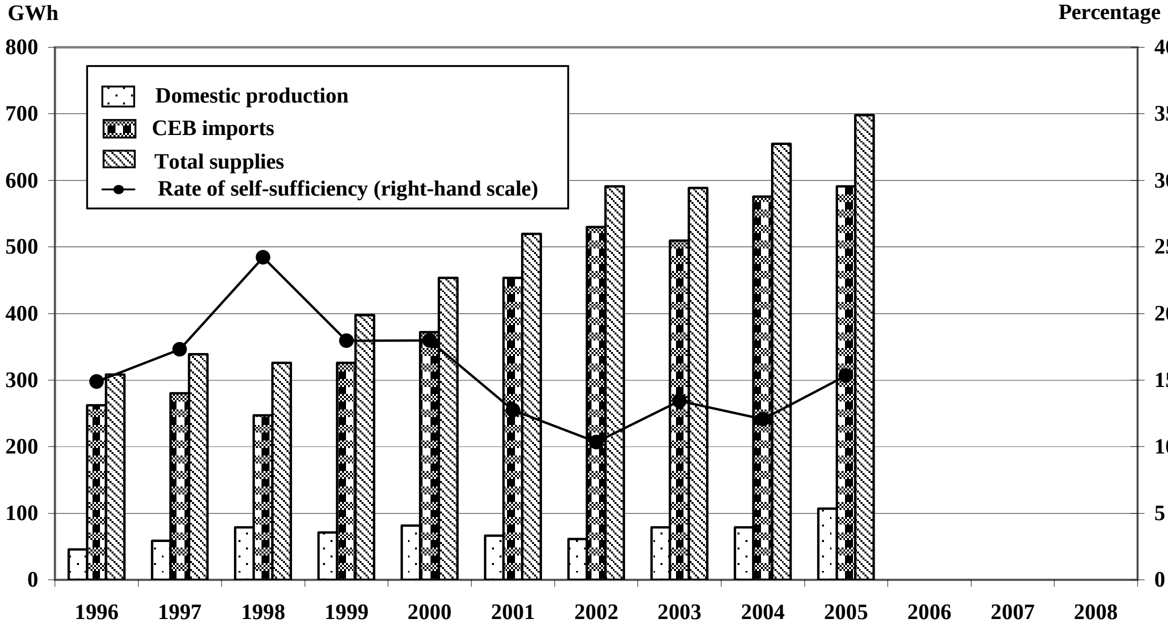
[157] *Interpresse News Agency*, "Les trafiquants d'essence sceptiques pour leur reconversion", 16 February 2009. Viewed at: http://ipsinternational.org/fr/_note.asp?idnews=5222.

Chart IV.2
Trend in domestic production, imports and total supplies of electricity, 1996-2008



Source: Ministry of Mining, Energy and Water Resources. Viewed at: http://www.mepred.eu/MSD_WEB/_docs/1_4_VF_Benin.ppt#2).

180. Notwithstanding the extent of the hydrographic network which makes Benin a highly irrigated country, there is no large-capacity hydroelectric dam in the country. Some large-scale projects are under way, for example, the Adjrarala hydroelectric dam on the Mono River between Benin and Togo, at an estimated cost of US$162 million. This should allow the two countries to lessen their dependence on energy from outside. The only hydraulic dam is at Yeripao, in the north-west of the country, with a capacity of 500 kW, which operates on a seasonal basis and generates barely 0.2 per cent of the electricity consumed in Benin.

181. The completion of the project to lay a gas pipeline in West Africa linking Nigeria to Ghana should enable Benin to import natural gas from Nigeria in order to generate electricity, subject to prior transformation of the CEB's gas turbines. The pipeline should start to operate in 2010.[158]

182. In December 2009, the European Investment Bank (EIB) gave Benin a loan of CFAF 20.9 billion (€32 million) for a project to rehabilitate the electricity network, notably by building a new 280 km. line linking Onigbolo to Parakou, and the expansion and modification of the existing substations in these towns. The EIB's financing of this project will extend over 22 years and is aimed at improving and expanding the electricity transport networks between Togo, Benin and Nigeria, as well as enabling the CEB to provide more reliable supplies, guarantee more reserves for local production facilities and lessen losses from the network. The total cost, estimated to be €73.2 million, is financed jointly by the EIB (47.8 per cent), the World Bank (24.6 per cent), the Kreditanstalt für Wiederaufbau (19.1 per cent) and the developer (8.5 per cent). Another aim of the

[158] Togo Television, online information, "Le Directeur général de WAPCo rend compte au chef de l'État de l'évolution des travaux du gazoduc". Viewed at: http://www.tvt.tg/tvt/spip.php?article1619.

project is to rehabilitate the Lomé-Cotonou-Sakété line, major electricity supply lines linking the southern part of Togo and Benin.

183. Although since 1994 there have been some projects for electrification of rural communities situated far from the electricity networks of the urban centres by using a photovoltaic solar system, solar energy appears to be little developed in Benin and access to renewable energy is low overall. The Government also wants to encourage energy substitution so as to obtain greater energy efficiency (replacing heavy fuel by natural gas and charcoal by LPG).

(b) Trade policy and regulation

184. The Ministry responsible for energy and water resources is in charge of regulating the subsector. According to the Ministry, the global objective of energy policy is to ensure secure supplies for the country so that energy is made available to households and economic sectors in sufficient quantities at the least cost and with a reduced environmental risk.[159] In particular, it is the Government's intention to establish a legal and institutional framework that is attractive to private investment and to build up electricity supply capacity to respond to the national economy's needs. To do this, Benin has adopted two new legal texts, namely, the 2004 International Agreement revising the Benin-Togo Electricity Code, and Law No. 2006-16 of 27 March 2007 containing Benin's Electricity Code, which defines, *inter alia*, the criteria for intervention by operators in the electricity subsector.

185. The Benin-Togo Code, in force since 2005, still gives the CEB the exclusive right to supply electricity as the sole transporter and sole buyer in both countries. The CEB may, if needed, also sign agreements with neighbouring countries on the import of electricity. It is empowered to sign agreements on transit and exploitation of surplus electricity with countries neighbouring the two States.

186. The revision of the Benin-Togo Code in 2004 ended the CEB's monopoly of production, opening up branches of production to private operators. The CEB, however, remains the sole buyer of production surpluses. In regions not covered by the CEB, the SBEE is the sole buyer in Benin.

187. Government departments, ministries and State institutions alone consume 8 per cent of the total electricity consumed in Benin.[160] This costs the national budget over CFAF 5.7 billion annually, and is steadily growing. This high consumption persists despite the introduction of an invoicing and monitoring unit for energy consumption in government departments.

188. Because of the higher price of imported electricity, in 2009 the Government decided to index electricity rates on production factor costs. Prior to that, the SBEE supplied its major industrial clients (principally cement works and breweries) with electricity at highly subsidized prices, some 90 per cent lower than the rate for shops, hairdressing salons, dressmakers and restaurants (Table IV.6). In July 2009, the SBEE increased the kWh price of electricity, thereby reducing the subsidy for electricity consumption by the same amount. The subsidy is currently estimated to be CFAF 10/kWh.

[159] Ministry of Mining, Energy and Water Resources (2008).
[160] *African Manager*, "L'administration consomme 8 per cent de l'électricité du Bénin", 14 June 2009. Viewed at: http://www.africanmanager.com/articles/123185.html.

Table IV.6
Price of electricity, prior to July 2000 and after July 2009

Category of client	Tranches (kWh)	Price		
		Prior to July 2009	After July 2009	
		CFAF/kWh	CFAF/kWh	Euro cents/kWh
Low voltage				
Household use	0-20	56	68	10.4
Shops, hairdressing salons, dressmakers, restaurants	..	88	101	15.4
Public lighting	..	98	112	17.1
Medium voltage				
Hotels, services, businesses[a]	..	72	84	12.8
Pure industries (cement works, breweries)[b]	..	56	68	10.4

.. Not available.

a At peak hours, the standing premium of CFAF 3,340/kVA (€6.1), paid by consumers if there is a partial shutdown or no shutdown, rose to CFAF 4,500/kVA (€6.90).

b At peak hours, the standing premium of CFAF 5,315/kVA (€8.1) rose to CFAF 7,000/kVA (€10.7).

Source: Online information from the Government of Benin, "La nouvelle grille tarifaire de l'électricité et de l'eau". Viewed at: http://www.gouv.bj/spip.php?article1124

189. Moreover, the CEB and the SBEE both have large losses. The CEB has heavy debts to its suppliers (the CIE and the VRA for buying hydroelectricity and oil companies for buying fuel for its thermal centres) and to the banks (section (iv)). The SBEE also has a deficit, because the average rate has remained unchanged at CFAF 81 while the average cost price per kWh of electricity distributed rose from CFAF 89 in 2002 to CFAF 104 in 2007 and CFAF 122 in 2008, thereby becoming a heavy drain on the company's cash flow. In 2006, losses were CFAF 12 billion, and in 2007 and 2008 CFAF 15 billion (€23 million), notwithstanding the government subsidies.

(iii) Water

190. The country as a whole is well watered and has relatively large water resources. According to the national vision of water resources in 2025, a study which dates back to 1999, by 2025 less than 18 per cent of underground water resources and less than 40 per cent of surface water resources will be utilized to meet the water needs of Benin's population in various branches of activity.[161] The study indicates, however, that the water management situation in 1999 was defined by anarchic and uncontrolled exploitation of the resources available, by inappropriate cultivation methods, by the use of increasingly higher doses of chemical fertilizer and pesticides (section (2)) and by the absence of an adequate sanitation system.

191. The study recommended the introduction of sustainable management mechanisms for water resources in order to guarantee access to drinking water and a healthy environment for all. The priority action to be taken was the following: to ensure supplies of drinking water for urban and rural populations amounting, respectively, to 70 litres and 50 litres per inhabitant per day; and to give all population centres an adequate sanitation network.

192. According to statistics from the Ministry responsible for energy and water resources, some 40 per cent of the rural population and 57 per cent of inhabitants in the cities have access to drinking

[161] Ministry responsible for energy and water resources (1999).

water.[162] In 2007, the Ministry recorded some 13,000 water sources - including wells and public taps - 13 per cent of which were not functioning properly. In rural areas, there is one water point for every 500 inhabitants, corresponding to ten litres of water per person per day. Not all regions of the country yet have drinking water. One of the Millennium Development Goals, adopted by Benin, is to guarantee access to drinking water for 75 per cent of the urban population and 68 per cent of the rural population by 2015.

193. As regards the distribution of urban drinking water, the national vision document specifies that "the company responsible for distributing drinking water will pursue its efforts to provide social water connections and to expand the network in order to facilitate access to drinking water for urban populations". SONEB was set up in June 2003 following an institutional reform. The task of this government body of an industrial and commercial nature is to collect, transport, treat and distribute drinking water and dispose of sewage, and to implement government policy on supplying drinking water in urban areas. In 2009, the SBEE provided water to some 56,000 subscribers, with constant cuts in the water supply in both Cotonou and Parakou, as well as many instances of polluted water. In July 2009, SONEB announced an increase in the price of water. It estimated that the average rate of CFAF 372/m^3 only covered 86 per cent of the cost price. The social tranche of 0 to 5 m^3 was maintained at CFAF 198/m^3, while the 5 to 50 m^3 tranche rose from CFAF 415 to CFAF 453/m^3.

(iv) Mining products

194. Benin has a new Mining Code, Law No. 2006-17 containing the mining and mining taxation code in the Republic of Benin. Natural deposits of mineral substances in the subsoil or on the surface throughout the territory of the Republic of Benin belong to the State. Nevertheless, the holder of a mining exploitation permit has the ownership of the mineral substances it extracts. The new Code provides for the following standard permits: prospection authorization, which does not give its holder any right to dispose of the substances discovered, which remain the property of the State; exploration permit; an operating permit valid for ten years and renewable for subsequent ten-year periods until the deposit is exhausted; and small-scale or semi-industrial operating permits. The latter only apply to indicators of mineral content or deposits where it can be proved that exploitation on an industrial scale would not be economically profitable.

195. Exploration and exploitation permits involve an agreement signed by the Minister responsible for mining, following approval by decree in the Council of Ministers. They are signed for a maximum period of 20 years and cover the exploration period and the first period during which the exploitation permit is valid, and are then renegotiated each time the latter is renewed. During the term of validity of the exploration permit, only its holder may request and obtain a permit to operate the deposits within the perimeter of the exploration permit. Exploitation of a deposit by a company implies giving the State vendors' shares determined as 10 per cent of the capital of the operating company throughout the life span of the mine.

196. All the tax and customs exemptions provided under the Code can only be granted in connection with a mining agreement duly signed between the State and the beneficiary. As far as tax is concerned, the exemption applies to the BIC tax and the business tax, as well as local taxes.

197. The Code provides for an *ad valorem* royalty on substances quarried, at a rate ranging from 3 to 10 per cent of the value of the mining production, net of duties, taxes and transport costs. During the exploitation period, in addition to the *ad valorem* royalty, the State levies standing taxes, area

[162] *Afrique en ligne*, "L'eau, de plus en plus chère et rare au Bénin", 9 October 2009. Viewed at: http://www.afriquejet.com/afrique-de-l'ouest/benin/l'eau-de-plus-en-plus-chere-et-rare-au-benin-2009100936150.html

taxes (whose amount is determined in an order), the BIC tax and other non-deductible taxes covered by the General Tax Code. Holders of exploitation permits must also pay the business tax after the first five years of production and the property tax according to the criteria laid down in the General Tax Code. Various fiscal exemptions are allowed during the exploration phase.

(4) MANUFACTURING

198. The manufacturing sector is only modest and its development suffers from fairly high factor costs and their relative inefficiency. According to UNIDO, value added in the manufacturing sector is around US$33/inh. annually, one third of which is exported; in 2005, the sector accounted for some 9 per cent of GDP, but this share had not risen since 2000.[163]

199. In all, the products of some 40 companies have been approved for the community preferential tax (TPC). Around half of the 148 products approved for the TPC (in order to be exported duty free within WAEMU - see joint report, Chapter III) are agrifood products: flour, cereal products, cattle cake, cotton oil and other products, juice, preserves, concentrates, syrups and other fruit and vegetable preserves. Other goods manufactured in Benin include those produced by the cotton textile mills. COTEB is a cotton spinning and weaving complex, partly State-owned; spinning uses locally ginned cotton (see above). The State also has shares in SITEX (manufacturer of unbleached fabrics, whose privatization is planned), and the Benin Textile Company (CBT). SOBITEX (factory making printed fabrics) was privatized in 1990. The made-up clothing sector is fairly labour intensive and chiefly informal. Because there is little competition among textile companies, cotton exports are mainly in the form of lint. In addition to the food and textile industries, Benin produces the following products locally: cement, acetylene, dressings, fertilizer, paints, shampoos and cosmetic products.

200. Imports of manufactures amount to some €400 million annually, more than ten times the value of exports. The latter are probably higher than the statistics appear to indicate because of re-exports as a result of the important smuggling trade with Nigeria.

(i) Principal trade regulations

201. The WAEMU CET is the principal trade policy instrument at the border. The simple average of the CET, unchanged since 2003, is 11.7 per cent on non-agricultural and non-petroleum products. Using the ISIC definition, the manufacturing sector has a tariff average of 12.2 per cent. Some manufactures are subject to excise duty (joint report, Chapter III(2)).

202. There are a number of mechanisms to encourage enterprises to seek certification, particularly to enhance their export potential, and these include the WAEMU quality enhancement programme, phase I (2002 to 2005) and phase II (2007 to 2010), the Benin Standardization and Quality Management Centre, the Business and Actions firm, and the Association of Quality Management Auditors and Consultants. All these structures provide training and select those companies to which they will provide certification support. According to the authorities, six companies have been certified for the ISO 9001 standard, version 2000, in Benin: TUNDE (a printing firm), the Hôpital de la mère et de l'enfant lagune (HOMEL-hospital); the Benin Oil Refining Company (SHB), an industrial plant producing refined cottonseed oil, cottonseed cake and cattle feed; the airport handling service company (see below) in 2008; the Centre for Research into Perennial Plants at Pobè in 2008; and the Ecole PIGIER. Over 25 other companies have begun certification procedures, including

[163] UNIDO (2009).

12 hospitals and 13 companies in the agrifood sector. Most of these enterprises have received support for ISO 9001/2000 certification from the French Quality Assurance Association (AFAQ).[164]

(ii) Upgrading programme

203. WAEMU's Restructuring and Upgrading Programme was officially launched in Benin in February 2007. Its aim is to revive production and enhance the competitiveness of economies at the regional and international levels through reorganization and upgrading of selected companies with solid development potential (joint report, Chapter IV(4)(ii)). Under this programme, 46 national consultants have been trained in the UNIDO methodology. In Benin, 70 companies belong to the programme, 32 of which have been the subject of pre-diagnostic studies and in the end 14 were approved for the diagnostic stage. In May 2010, the reports were being examined in order to determine the amount of the premiums to be granted to these companies. The planned study for preparing the national restructuring and upgrading programme has not yet been initiated.

(5) SERVICES

(i) Telecommunications and postal services

204. In the opinion of the Government itself, Benin is going through an unprecedented telecommunications and postal services crisis. An example "virtually unique in Africa of perennial lack of organization combined with uncontrolled opening, with no long-term vision and the absence of any regulatory authority, has put the telecommunications and ICT sector into an indescribable disorder that encourages all types of fraudulent practices".[165]

(a) Telecommunications

Overview of the market

205. Since the previous TPR in 2004, Benin's telecommunications sector has grown rapidly, the number of mobile telephone subscribers increasing from some 236,200 active mobile telephone lines in 2003 to 3,625,400 at the end of 2008.[166] Mobile telephone density rose from 4.6 per cent to 42 per cent.[167] In December 2008, Benin had 103,200 fixed telephone lines, a 50 per cent increase in comparison with 2003, but the level of fixed teledensity is still low at 1.19 per cent (one telephone per 100 inhabitants).

206. The first licences to operate a GSM standard mobile telephony network were granted at the end of 1999. Today, the market is shared between MTN (formerly Bénincell/Areeba, 1.6 million subscribers in December 2009, or 31 per cent of the market), MOOV (formerly Télécel, 1.4 million subscribers in December 2008, or 27 per cent of the market), GLO (1.1 million subscribers, or 22 per cent of the market), BBCOM (850,000 subscribers in December 2008), and Libercom (149,000 subscribers). Total turnover in the mobile telephony sector

[164] AFNOR West African Group, online information. Viewed at: http://www.ao.afnor.org/.

[165] Office of the President of the Republic (2007), Plan TIC-Bénin, Feuille de route pour l'assainissement, le redressement et la dynamisation du secteur des télécommunications et des technologies de l'information et de la communication (TIC) au Bénin. Viewed at: http://www.cipbenin.org/documents/doc/PLAN_TIC_BENIN%5B1%5D.pdf.

[166] ITU Statistics, online information. Viewed at: http://www.itu.int.

[167] ITU online information, "Telecommunication Development Sector: ICT Eye: Benin". Viewed at: http://www.itu.int/ITU-D/icteye/DisplayCountry.aspx?code=BEN.

is CFAF 150 billion (€228 million), with 5 million subscribers.[168] The quality of telecommunications services, however, is mediocre and suppliers have not invested enough in the infrastructure: out of 100 incoming calls, on average 30 calls are connected automatically first time.[169] According to a recent technical audit of the GSM operators, the situation appears to have improved in 2010.

207. There are around half a dozen Internet service providers (FAI-ISP) present in the market, the leading one being Bénin Télécoms, the historical operator, which sells its capacity to other providers; as well as other GSM operators (MTN, MOOV and GLO), although less than 2 per cent of the population has access. Domain names within Benin's country code (".bj") area are administered by Bénin Télécoms.[170] According to the authorities, a legislative text providing for unbundling of access to the Internet backbone exists, but by January 2010 it was not yet in force and Bénin Télécoms still had exclusive control of access.

Recent legislative developments

208. All the main government texts concerning the telecommunications sector are listed in Table IV.7. These include Ordinance No. 2002-002, which determines the basic principles for telecommunications services, defining the general regulations for supplying and managing telecommunications services, and providing for competition as a principle for the sector's operation (particularly as regards management of the frequency spectrum, transparent procedures for attributing resources and restricting dominant positions, etc.). It also covers the regulation of services, ways of protecting the interests of the State (defence, national security) and of users (including the principle of universal service, the quality of the service, etc.), and the method of encryption. The Ordinance does not, however, refer to any particular type of service or domain and the implementing decrees have not yet been adopted. For example, in Benin there is currently no national plan for allocating frequencies.

209. Ordinance No. 2002-003 provided for the creation and laid down the functions of the Regulatory Authority for Telecommunications, but it was not put into effect. Regulation is currently the responsibility of the Ministry of Communications and Information and Communication Technology (MCTIC), which is in charge of both regulation and supervision of telecommunications and postal services.

210. In 2004, the decree creating the company Bénin Télécoms, and approving its statutes (Table IV.7) divided the Post and Telecommunications Board (OPT) into two distinct entities: the company La Poste du Bénin and the company Bénin Télécoms.[171] Bénin Télécoms is present in the markets for traditional fixed telephony, ADSL, access to cellular telephony (Zékédé), GSM mobile telephony (Libercom) and the Internet (Kanakoo). Although the Government announced the start of the procedure to privatize Bénin Télécoms at the end of 2008, this had still not occurred by 2010. The company has debts amounting to CFAF 200 billion (some €300 million).[172]

[168] ATRPT (2009).

[169] Online information from the Centre for International ITC Policies, Central and West Africa, "L'anarchie dans le secteur, cause d'immenses manques à gagner pour l'État". Viewed at: http://www.cipaco.org/spip.php?article1201&var_recherche=b per centE9nin.

[170] Online information from the Internet Assigned Numbers Authority, "Delegation Record for BJ". Viewed at: http://www.iana.org/root-whois/bj.htm.

[171] Bénin Télécoms, online information. Viewed at: http://www.benintelecoms.bj.

[172] *La Nouvelle Tribune*, 6 July 2009. Viewed at: http://www.lanouvelletribune.info.

Table IV.7
Texts and legislation on postal and telecommunications services, 2009

Legal text	Purpose
Policy and strategy document (DPS) for the telecommunications, information and communication technology and postal sector	
Ordinance No. 2002-002 of 31 January 2002	Containing the basic principles for the telecommunications regime in the Republic of Benin
Ordinance No. 2002-003 of 31 January 2002	Creating and specifying the competence of the telecommunications regulatory authority in the Republic of Benin
Law No. 2001-31 of 2 April 2004	Basic principles for the postal regime in the Republic of Benin
Decree No. 2004-365 of 28 June 2004	Creating the company "La Poste du Bénin SA" and approval of its statutes
Decree No. 2007-209 of 10 May 2007	Creating and specifying the competence, organization and functioning of the Transitional Regulatory Authority for Post and Telecommunications
Decree No. 2007-298 of 16 June 2007	Approving the clauses of the terms of reference and determining the conditions for establishing and operating the GSM standard mobile telephony network in the Republic of Benin
Decree No. 2008-507 of 8 September 2008	Conditions for accepting and allocating authorizations, permits and prior declarations for operating telecommunications networks or services in the Republic of Benin
Decree No. 2008-780 of 31 December 2008	Approving the policy and strategy document (DPS) for the telecommunications, information and communication technology and postal services sector
Order No. 2008-046/MCTIC/DC/SGM/CTJ/DGER/SA of 29 December 2008	Lifting the suspension of orders for the authorization and operation of the various telecommunications services
Order No. 2008-043/MCTIC/DC/SGM/CTJ/DGER/SA of 29 December 2008	Criteria for the establishment and operation of an independent telecommunications network
Order No. 2008-044/MCTIC/DC/SGM/CTJ/DGER/SA of 29 December 2008	Determining the list and detailed rules for declarations and commercial operation of value added services
Order No. 2008-045/MCTIC/DC/SGM/CTJ/DGER/SA of 29 December 2008	Determining the regime for approval of terminal equipment and radio installations
Order No. 2008-047/MCTIC/DC/SGM/CTJ/DGER/SA of 29 December 2008	Determining fees and royalties for operating non-GSM telecommunications services

Source: Information provided by the Beninese authorities.

211. Pursuant to Ordinance No. 2002-002 (Article 45), Bénin Télécoms' monopoly of fixed services (i.e. fixed telephony and international access) was abolished as of 31 December 2005, but no regulatory framework determined under what conditions such services would be provided. The Government adopted a series of orders authorizing new forms of telecommunications; for example, one order[173] defines the conditions for issuing authorizations to operate Internet protocol telephony (VoIP). This order determines the regime and the types of service authorized, defines the criteria for granting permits, the royalties and financial contributions. However, according to Decree No. 2008-507 (Table IV.7), VoIP is not allowed.

212. In practice, several operators have set up without any authorization. On 18 January 2007, to remedy the generalized disorder that followed, the Council of Ministers decided to restore Bénin Télécoms' monopoly of access to international fixed communications.[174] As a result, all broadband Internet licences, Internet telephony, ADSL, as well as all the orders authorizing the supply of telecommunications services such as local radio loops, WiFi, Wimax and prepaid cards, with the exception of Internet service providers and operators of cybercafés operating legally, were suspended. It was also announced that the unauthorized technical installations for supplying satellite telecommunications services (VSAT) or used to provide services open to the public in violation of the

[173] Order No. 001/MCPTN/DC/SGM/DPPT/SA of 13 January 2005.

[174] Online information from the Centre for International ITC Policies, Central and West Africa, "L'anarchie dans le secteur, cause d'immenses manques à gagner pour l'État". Viewed at: http://www.cipaco.org/spip.php?article1201&var_recherche=b per centE9nin.

texts were to be dismantled immediately; the cost of licences, which had hitherto been granted at random, was raised; and the interministerial order giving Bell Bénin Communication authorization for direct interconnection to link its network to that of Telecel directly was cancelled.[175]

Transitional Regulatory Authority for Post and Telecommunications (ATRPT)

213. Pending the introduction of new regulatory texts, the Transitional Regulatory Authority for Post and Telecommunications (ATRPT) was set up in 2007. The purpose of this authority is to reorganize the sector and introduce fair competition. It is administered by the Directorate-General of Surveys and Regulation at the MCPTN. It represents Benin in the Committee of National Telecommunications Regulators (CRTEL) of WAEMU member States and in the West Africa Telecommunications Regulators Assembly (WATRA - joint report, Chapter IV(5)(i)(a)). Since it was set up, the ATRPT has reviewed the agreements and terms of reference for the various telecommunications operators, led the process of updating the contractual texts in the sector, called for candidatures for the fifth GSM operating licence in Benin, and it also manages the national numbering plan and the radio frequency spectrum, prepares draft decrees for the sector, and settles disputes concerning interconnection between GSM operators.

214. It is generally agreed that the current legal framework is inadequate for the sector's development and does not meet the expectations of operators or customers.[176] In addition, the relevant WAEMU directives and the ECOWAS additional acts still have to be transposed. The Government has therefore embarked upon a new reform.[177]

(b) Postal services

215. La Poste du Bénin in its current form dates back to 2004.[178] It has 155 offices (each office covering around 52,000 inhabitants) and the market is estimated to be 1.7 million letters a month, generating turnover of CFAF 260 million (€400,000). At the end of 2007, La Poste had 663 employees.

216. La Poste has a postal monopoly (Law of 16 June 1801), and is the exclusive intermediary between senders and recipients of the types of correspondence covered by the Law. The monopoly covers letters, irrespective of their weight, documents and packages weighing less than 1 kg. According to La Poste, this monopoly is seriously compromised by some 20 individuals which offer some of these services either officially or unofficially, including express delivery firms, transit companies, and the informal courier distribution and money collection sector. La Poste is responsible both for regulation and for supervising postal services (Law No. 2001-31).

217. In addition to postal services, in principle La Poste also provides financial services, including money transfers, although it does not have the status of a bank. At the end of 2008, there were 42,625 post office checking accounts, with total assets of some CFAF 9,153 billion (€14 million); and 471,900 accounts with the National Savings Bank (CNE) for a total of CFAF 39 billion (€60 million). One of the Government's foremost objectives is to draw up a plan for the State's "full reconstitution in cash" of the assets of depositors with La Poste. Some of the other projects envisaged by the Government for La Poste include microfinance postal programmes, programmes to disseminate

[175] Le Matinal, "Assainissement du secteur des télécommunications au Bénin: Les opérateurs sommés d'arrêter l'exploitation frauduleuse", 22 January 2007. Viewed at: http://www.sonangnon.net/actualites/. 2007/janvier/intlematinal2201_5.php.

[176] Ilougbade, M. (2009).

[177] ATRPT online information. Viewed at: http://www.atrpt.bj/missions.php.

[178] La Poste du Bénin, online information. Viewed at: http://www.laposte.bj.

and expand use of the Internet and other related services through the postal network, particularly in rural and/or isolated areas.

(ii) Transport

218. The Government is aware of the urgent problems affecting not only the national road network and the rail system, but also the port and the airport, which prevent economic growth and consequently better living standards for the population. The Government's objectives for the development of transport have been summarized in a document entitled Sectoral transport strategy 2007-2011, and investors are being sought to implement it. This document also serves as a framework for cooperation between Benin and donors for the financing of transport-related projects.[179]

(a) Port services and maritime transport

219. The Ministry of the Maritime Economy, Maritime Transport and Port Infrastructure is the government body responsible for the maritime transport sector in Benin.[180] The Autonomous Port of Cotonou (PAC), which is a government institution of an industrial and commercial nature with civil status and financial autonomy, is responsible for port management and installation and maintenance work. As one of the major ports in West Africa[181], the PAC plays a leading role in the country's development and its activities account for a large share of GDP.

220. The PAC also has a regional role to play, and out of a total of 6.7 million tonnes that went through the port, 48.5 per cent was for other countries, namely Niger, Nigeria and Burkina Faso. In 2004, this share was only 28.7 per cent for a total of 4.3 million metric tonnes. Some of the constraints faced by the PAC include insufficient loading and unloading capacity, and insufficient depth for vessels over 3,000 TEU (20-foot equivalent). The slow pace of port services and congestion in the port are still identified as obstacles to the development of Benin's trade.

221. The trend in container traffic is shown in Table IV.8. In 2007, the Government decided to build a new quay with a container terminal in order to remedy these problems. In August 2009, the Bolloré Group (France) was entrusted with its planning, building, operation and maintenance and was given a 25-year concession for its management, against investment estimated to be around US$160 million; the PAC will be responsible for port installation and maintenance. Consideration is also being given to building a second port 20 km. away from Cotonou.

Table IV.8
Trend in container traffic, 2001-2009
(thousands of TEU containers)

	2001	2004	2005	2006	2007	2008	2009
Imports	71.0	74.6	126.6	115.7	138.1	159.8	158.0
Exports	18.1	23.2	31.6	24.9	29.6	34.1	36.8

Source: PAC.

179 An electronic copy of this strategy is not yet available on the Ministry's website.

180 Ministry attached to the Office of the President of the Republic, responsible for the maritime economy, maritime transport and port infrastructure. 01 BP 1234 Cotonou - Republic of Benin. Tel: (229) 21 31 46 69 / 21 31 58 45, fax: (229) 21 31 58 45 / 21 31 61 11, e-mail: dirmarc@yahoo.fr.

181 Investment Promotion Centre (2000). According to this guide, the Port of Cotonou is in fifth place, after the ports of Lagos (Nigeria), Téma (Ghana), Abidjan (Côte d'Ivoire) and Dakar (Senegal).

222. Two private companies have been operating in the handling sector since 1998, the Cotonou container terminal handling company belonging to the Bolloré Group and the Cotonou Handling Company (COMAN) belonging to the Maersk-Sealand Group, as well as the financially autonomous Benin Port Handling Company (SOBEMAP).[182]

223. In 2009, 1,170 ships used the Port of Cotonou, including 435 container vessels. Benin does not have any national merchant fleet. Seven companies (all foreign) operate in the maritime transport services sector in Benin[183], the two major ones being the Maersk Line Group, which has its own port operations company, and CMA-CGM (Delmas), which has its own terminal in the PAC. The Association of Benin Shipping Agents and Brokers (ACAD) represents these companies' interests. Until October 2008, freight rates for TEU containers were negotiated under the Europe West Africa Trade Agreement (EWATA), which governed much of Benin's port traffic. EWATA ceased to operate in October 2008. According to ACAD, the market is now highly competitive and new shipping companies have appeared in Benin (for example, the Kline company with Chinese capital). ACAD states that Benin's importers and exporters do not have any influence on freight charges, which are dictated by multinational shipping companies.

224. The CNCB, set up by decree in 1983, is responsible for protecting the interests of importers and exporters, notably by negotiating freight rates on their behalf with the shipping companies. The CNCB's resources come from annual subscriptions by importers and exporters, commission on goods imported into Benin, and commission paid by shipping companies whose vessels call at the Port of Cotonou (Chapter III(2)(v)). According to ACAD, these charges raise costs for Benin's international trade. Following the disappearance of the liner conferences, Benin has still not modified its regulations on the CNCB's management of traffic rights. The latter has been given new responsibilities by the Government, for example, managing the national transport monitoring centre and coordinating the Trade Point.

225. According to an indicator drawn up by UNCTAD, it would appear that Benin's maritime transport has become more efficient, although much remains to be done to make it more competitive, and thereby also make the goods and services exported more competitive as well. The Liner Shipping Connectivity Index takes into account nine factors, including the number of container vessels deployed in liner shipping to and from a country's ports, and their load and container carrying capacity; the number of ships deployed per capita, their carrying capacity and their frequency. In 2008, the highest index was for China (137.4); in Africa, the countries at the top of the table, i.e. those with the best connectivity, were Egypt (48.8), South Africa (28.5), followed by Nigeria (18.3), Ghana (18.1), Senegal (17.6), and Côte d'Ivoire (16.9). Benin's coefficient in 2008 was 12, progress in comparison with 2004 (10).[184]

(b) Land transport

Road transport

226. The Ministry attached to the Office of the President of the Republic responsible for land transport, air transport and public works is in charge of regulating the road and air transport subsectors in Benin.[185] In 2004, some 40 per cent of the road network of around 16,000 km. was sealed. Since then, there has been investment in road infrastructure, particularly with aid from abroad. In July 2009, a financing agreement for a programme in support of the transport sector (PAST), part of

[182] SOBEMAP online information. Viewed at: http://sobemap.com.
[183] Sea Rates, online information. Viewed at: http://www.searates.com.
[184] UNCTAD (2008).
[185] Online information from the World Road Organization. Viewed at: http://www.piarc.org/fr/aipcr/.

the annual 2008 action plan of the 10th European Development Fund, involved CFAF 43 billion (€65.5 million) for a road project. Also in July 2009, the Abu Dhabi Fund for Development announced a loan of US$10 million to finance a 75-km. motorway linking Benin, Togo and Nigeria.

227. Rates for road transport have been liberalized and access to the profession of carrier has been expanded to all WAEMU and ECOWAS nationals on the same conditions as Beninese. Nevertheless, there are still freight-sharing agreements with several countries, including Burkina Faso.

Rail transport

228. The Cotonou-Parakou railway is owned and jointly operated by Benin and Niger, together with its road extension up to Niger (Dosso), but there is virtually no traffic. The Benin-Niger joint railway and transport organization (OCBN) owns the infrastructure and the rolling stock, all of which is in an advanced state of obsolescence. In 2009, however, the OCBN received three new engines, which could allow it to resume its activities. It was planned to resume goods transport in 2009 and passenger transport in March 2010. More generally, the objectives announced by the Government are to rehabilitate the existing rail network and to take part in regional development of the rail network.

(c) Air transport

229. Benin has only one international airport, the international airport in Cotonou, managed by the Agency for Air Navigation Safety in Africa and Madagascar (ASECNA).[186] There are several domestic airfields, five of which are usable.[187] The Ministry attached to the Office of the President of the Republic responsible for land transport, air transport and public works is in charge of regulating the air transport subsector in Benin.

230. In principle, the National Civil Aviation Agency (ANAC) is the authority in charge of monitoring compliance, but is not yet fully operational.[188] According to the audit reports by the International Civil Aviation Organization (ICAO), much remains to be done to eliminate the shortcomings in terms of supervision of flight safety.

231. Ordinance No. 26/GPRD/MTP of 26 December 1963 containing the Civil and Commercial Aviation Code of the Republic of Dahomey (the Civil and Commercial Aviation Code in this report) is the main legislative provision on civil aviation in Benin.[189] According to ICAO, this document needs to be revised. In addition to the technological and safety aspects, it does not incorporate the WAEMU regulations and directives (joint report, Chapter IV), which are of a supranational nature and must be transposed into domestic law in order to be enforceable.

232. As can be seen from Table IV.9, cargo traffic increased over the past five years at a greater rate than passenger traffic. The only companies present in Benin are private. Several non-Beninese African airlines fly to Cotonou airport in application of fifth freedom rights under the Yamoussoukro Decision; for example, in October 2009, Air Ivoire was flying to Brazzaville from Cotonou. There was a general ban on the operation of Beninese air transporters in the European Union.[190]

233. Cotonou airport is owned by the Beninese State. The private company Aviation Handling Services provides ground handling and, for an indefinite period, has been given all the operating

[186] ASECNA online information. Viewed at: http://www.asecna.aero/asecna_administrations.html.
[187] ICAO (2007).
[188] OECD (2009).
[189] ICAO (2007).
[190] European Commission (2009).

rights for restaurants, bars and catering. "Self handling" and "mutual handling" among airlines are not authorized. In December 2008, the Government announced the building of a new international airport at Parakou.[191]

Table IV.9
Indicators for activities at Cotonou airport, 2004-2008

	2004	2005	2006	2007	2008	2009
Domestic passenger traffic (millions)	0.004	0.004	0.000	0.004	0.002	..
International passenger traffic (millions)	0.321	0.301	0.332	0.401	0.394	..
Total freight ('000 tonnes)	3.0	3.1	4.1	5.6	9.9	..

.. Not available.

Source: ATI online information. Viewed at: http://www.rati.com/; and information provided by the Beninese authorities.

(iii) Tourism

234. The income generated by tourism is a potentially major source of services export revenue (estimated by the authorities to be CFAF 40 billion in 2008, or €61 million). Benin's tourism sector accounts for some 2 per cent of GDP and is in second place by number of enterprises in the formal sector. It employs some 6 per cent of the labour force, corresponding to 7,500 formal jobs. For these reasons in particular, since 2002 the Government has included tourism services in its enhanced development and poverty reduction strategy (2008-2012).[192] The declared objective is to attract large amounts of private investment in tourism and to make it one of the bases for economic growth. Likewise, in its policy letter on development of the private sector, published in November 2006, the Government declared tourism development to be one of its priorities. The "strategic orientations for development in Benin, 2006-2011" declare the same objective.

235. Benin is currently the fifth tourism destination in West Africa, but is far behind Senegal, Burkina Faso, Ghana and Nigeria in terms of revenue and tourist arrivals. In 2008 the number of annual arrivals of non-resident tourists was 188,000, a modest figure that only saw a slight increase since 2003 (175,000 arrivals).[193] The average stay nevertheless increased from 1.24 days in 2004 to 3.75 in 2008, in other words the average stay in Benin tripled, according to the authorities because the country's image had improved. The number of international visitors arriving in Benin probably reflects the extent of its commercial activities just as much as tourism.

236. The Ministry of Tourism and Crafts is responsible for implementing the Government's decisions and directives on tourism, in partnership with the CPI.[194] In order to improve the promotion of tourism in Benin abroad, the Directorate of Tourism Coordination and Promotion set up a website in 2008.[195] The National Tourism Council (CNT) helps to draw up policy on tourism.

237. Overall, the sector is open to foreign companies. Direct investment has been bound by Benin under the GATS; in its GATS Schedule of Specific Commitments, Benin undertook to maintain hotel

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[191] *Agence de presse africaine*, "Le Bénin disposera en juin 2010 d'un second aéroport international", 29 December 2009. Viewed at: http://apanews.net/apa.php?article84218.

[192] Online information from the Government of the Republic of Benin, "Document de stratégie de réduction de la pauvreté du Bénin (DSRP BENIN 2003-2005)". Viewed at: http://www.gouv. bj/spip. php?article273.

[193] Online information from the World Tourism Organization, "Yearbook of Tourism Statistics". Viewed at: http://www.unwto.org/index.php.

[194] CPI online information, "Tourisme". Viewed at: http://cpibenin.com/index.php?page=tourisme&hl=fr_FR.

[195] Bénin tourisme, online information. Viewed at: http://benintourisme.com.

and restaurant services open to foreign commercial presence. The entry and temporary stay of directors, senior executives and specialists transferred by a company establishing itself in these sectors in Benin were also bound. Travel agencies installed outside Benin (cross-border supply) must work through a Beninese or foreign agency established in the country.

238. The legislative framework for the tourism sector has apparently not changed since the previous TPR. The main legislative instrument continues to be Law No. 93001 of 3 August 1993 on hunting and tourism, which made private investment in this sector possible. Until then, FDI was not allowed in the hotel sector, which was fully owned by the State. Currently, the number of establishments whose capital is partly or fully owned by the Government is five, including three hunting camps.

239. Tourism is developing chiefly along the coast (especially under the fisheries route project), but the country also has two natural reserves (Pendjari Park and Park W). Benin has around 750 hotels, with accommodation capacity of some 20,000 beds. It is often stated that the quality of accommodation and transport in the interior (see the section on land transport) could do with improvement.

240. Several other factors govern Benin's expansion as a venue for tourism. The stability and convertibility of the CFA franc is an undeniable advantage, but its strength in comparison with other currencies in real effective terms means that operators constantly have to keep the price for tourism services at competitive levels in comparison with other similar destinations outside the franc zone.

241. The lack of competition among airlines flying to Benin and the absence of charter flights remain obstacles to development of tourism, although some progress has been made, especially the arrival of some charter airlines. Furthermore, the quality of drinking water and electricity services (see above) also hampers the development of tourism. Another subject of complaint by those working in the subsector is the high rate of VAT, at 18 per cent.

242. Developing tourism also means confronting many environmental problems that threaten natural resources and are caused for the most part by non-sustainable exploitation of resources. In this connection, in 1997 Benin ratified the Abidjan Convention, which serves as a basis for the policies implemented in several West African coastal countries to remedy the ecological problems they share. The Abidjan Convention was signed in March 1981, and came into force in 1984. It covers 22 countries, including Benin.[196]

(iv) Financial services

(a) Banking services

243. Banking services in Benin are subject to WAEMU's common banking regulations and the prudential measures determined by the WAEMU Banking Commission, which also has a monitoring role (joint report, Chapter IV). Applications for approval of new credit institutions are submitted to the BCEAO, which verifies their contents and their compliance with WAEMU's banking regulations, and then forwards them to the Banking Commission, which gives its opinion. Directive No. 8/2002/CM/UEMOA had not yet been transposed into domestic law by May 2010 (joint report, Chapter IV).

[196] Online information from the Benin Information Exchange Centre, "Conventions liées à la diversité biologique: Convention d'Abidjan". Viewed at: http://www.biodiv.be/benin/convention/fol899756.

244. Under the GATS, banking services for deposits, loans, payments and transfers have been bound for modes 1 to 4.[197] Banks must be established in the form of public limited companies with fixed share capital having their principal place of business in Benin or, by special authorization, in the form of cooperative or mutual societies with variable share capital.[198] In addition, according to Benin's current labour legislation, any person acting as the director, administrator or manager of a bank or financial institution or one of their agencies must be of Beninese nationality unless the bank has been allowed assimilation to nationals of the Republic of Benin under an establishment agreement.

245. At the end of 2008, Benin had 12 banks and one financial institution approved by the BCEAO.[199] The four largest banks controlled 75 per cent of market share in terms of the total amount on the balance sheet. There is a strong foreign presence, with non-Beninese controlling some 50 per cent of the cumulative capital in the banking sector, whereas the percentage was 74 per cent at the end of 2007. Seven of these 12 banks comply with the prudential and solvency requirements (joint report, Table IV.6). In 2008, the average solvency ratio of Beninese banks was less than 6 per cent, in other words below the regulatory minimum of 8 per cent. One of the Beninese banks was ordered to bring its own funds up to the regulatory level before 30 June 2009 and to ensure compliance with all the prudential regulations, as well as implementing a credible plan for sustainable recovery . Four new "small banks" (whose total balance sheet did not exceed CFAF 65 billion at the end of 2008, corresponding to €100 million) have been approved by the BCEAO since 2004.

246. At the end of 2008, customers' total credit was CFAF 692 billion (around €1 billion), and annual growth was 21.2 per cent compared to the 22.5 per cent recorded in 2007. The five largest beneficiaries of loans were active in business and received half of all loans. Short-term loans accounted for 55 per cent of the total funds granted to customers.[200] Overall, access to credit remains a major problem for a large section of the population.

247. Microfinance assists with loans to farmers and micro, small and medium-sized enterprises. These are mainly savings and loan cooperatives. These "decentralized financial systems" (DFS) are usually self-financed, but there are also institutions financed by NGOs and others financed by the Government. The DFS institutions are subject to common WAEMU regulations established by the member States.[201] In Benin, the DFS are supervised by the Ministry responsible for finance. Some 30 microfinance institutions have been registered with the BCEAO Directorate of Decentralized Financial Systems.[202]

(b) Insurance services

248. There are around ten insurance companies[203] and at the end of 2007 around the same number of insurance brokers had been approved by the Ministry of the Economy and Finance, the supervisory

[197] WTO document GATS/SC/11 and GATS/EL/11 of 15 April 1994.
[198] Law No. 90-018 of 27 July 1990 containing the banking regulations.
[199] BCEAO (2009).
[200] *Idem*.
[201] Law No. 59/94/ADP of 15 December 1994 and its Implementing Decree No. 95-308/PRES/MEFP of 1 August 1995.
[202] BCEAO online information, "La microfinance dans l'UMOA". Viewed at: http://www.bceao.int/internet/sfd.nsf/wfrasfd.
[203] These are: UBA-Vie (Life, capitalization), Africaine des assurances (General), Assurance et réassurance du Golfe de Guinée (Life, capitalization), Fédérale d'assurance (General), Colina (Life, capitalization), NSIA (General), NSIA Vie (Life, capitalization), Générale des assurances du Bénin (General), SAARB (General), PAPME Vie (Life, capitalization), SADES Bénin (Life, capitalization), AVIE (Life, capitalization) and AGF Bénin (General).

body for the subsector, which publishes an annual report on the insurance subsector.[204] According to the annual report for 2007, insurance companies on the domestic market wrote premiums for an amount totalling CFAF 25.7 billion (€39 million) in 2007. The subsector's turnover corresponds to around 1 per cent of GDP with per capita expenditure of CFAF 3,285 (€6). Two thirds of the profits earned in 2007 came from investment management and the rest from the main insurance activity. The amount of cumulative outstanding insurance premiums in 2007 was CFAF 8.44 billion (almost €13 million), i.e. one third of the subsector's turnover. According to the report, the measures taken by insurance companies for more efficient management of collection of premiums and reducing the outstanding amounts on the premiums written should allow this figure to be reduced.

249. Fire, accident and risk insurance (general) accounted for 76.5 per cent of the total premiums written at the end of 2007, with the rest coming from life insurance (23.63 per cent). The total premiums assigned to reinsurers from general insurance amounted to CFAF 3.2 billion (almost €5 million).

250. The 1995 CIMA Code governs direct non-marine insurance activities (joint report, Chapter IV). Insurance companies must be incorporated in Benin.[205] In addition to third-party insurance for motorized road vehicles, which is compulsory under the CIMA Code, the following insurance is also mandatory: third-party insurance for users of commercial or fishing vessels; and insurance of goods at importation, irrespective of the mode of transport used (air, sea or land).[206]

(v) Professional and business services

251. Although professional services are regulated at the national level, the WAEMU Commission has adopted a number of directives since 2005 with a view to allowing free movement for certain trades and the exercise of certain professions temporarily, on a self-employed or salaried basis, within the WAEMU area (joint report, Chapter IV(5)(v)).

V. AID FOR TRADE[207]

(1) OVERVIEW

252. Since the previous review of its trade policy in 2004, Benin has embarked upon an institutional and structural reform process with the aim of encouraging the emergence of a prosperous and competitive economy, in accordance with its vision "Benin 2025-Alafia". The reforms set out in its Growth Strategy for Poverty Reduction programme (SCRP 2007-2009) include most of the recommendations in the Diagnostic Trade Integration Study (DTIS) for implementation of the Integrated Framework (IF).

253. The Growth Strategy for Poverty Reduction receives support from Benin's bilateral and multilateral donors, the vast majority of which have redirected their assistance programmes towards Benin's national trade-related priorities. According to OECD statistics, between 2005 and 2008, Aid

[204] Ministry of the Economy and Finance (2008).
[205] Law No. 92-029 of 26 August 1992.
[206] Decree No. 99-079 of 12 February 1999.
[207] Aid for Trade (AFT) aims to help developing countries to increase their exports of goods and services and to become integrated into the multilateral trading system. The following are deemed to be AFT activities: projects and programmes whose activities have been identified as trade-related development priorities in the national development strategies of the beneficiary country. Six categories have been identified as coming under AFT: (i) trade policy and regulations; (ii) trade development; (iii) trade-related infrastructure; (iv) building up production capacity; (v) trade-related adjustment; and (vi) other trade-related needs.

for Trade (AFT) accounted for 30 per cent of official development aid (ODA) to Benin. The authorities consider, however, that they have not benefited from AFT since 2005 and maintain that this special aid should be additional.

254. As part of its national development strategy and its plan to revive the private sector and for economic diversification[208], Benin sees trade as an instrument for growth and poverty reduction. Nevertheless, it is not yet possible to see the impact of trade on growth and poverty because there is no practical and operational action plan backed up by a financing plan.

255. Benin continues to face many challenges in implementing its national development strategy, for example, the mobilization of external resources or aligning aid from its TFPs[209] with national development priorities. Consequently, in order to improve the mobilization of external resources and to strengthen its cooperation with its TFPs, Benin is currently preparing its national development aid policy (PNAD) and is putting in place a system for the management of information on development aid (SGIAD).

256. The Ministry of Trade is not the leader in coordinating and supervising the trade integration strategy[210] or for the implementation of the AFT programme. At the same time, Benin does not make sufficient use of the Enhanced Integrated Framework (EIF) mechanism for the purpose of implementing AFT. The Government and its TFPs therefore need to make further efforts to ensure that AFT is more effective through significant improvements in the coordination, predictability and alignment of donors with national priorities.

(2) INTEGRATION OF TRADE INTO THE NATIONAL DEVELOPMENT STRATEGY

257. The integration of trade into Benin's national development strategy is part of the Government's 2006-2011 strategic development orientations (OSD), whose main objective is to lay the bases for an emerging economy.

(i) National development strategy

258. In order to make AFT operational in Benin, trade was integrated into its SCRP II 2007-2009[211], which ended in December 2009. The next SCRP III 2011-2015[212], which was still being drawn up at the time this report was prepared, follows the same lines.

259. The strategic axes chosen to serve as the backbone for the SCRP II's conceptual framework include the objectives in the OSD. It should be noted that the future SCRP III has adopted the same strategic axes, but extended over five years instead of three. The five strategic axes are the following: (i) accelerated growth; (ii) development of infrastructure; (iii) building up human capital; (iv) promotion of good governance; and (v) balanced and sustainable national development. In each of these axes, different aspects of trade are taken into account. For the first axis, the priorities are to stabilize the macroeconomic framework, revive the private sector, diversify the economy and promote

[208] Government of the Republic of Benin (2007).

[209] This expression refers to donors, development donors and financing sources alike.

[210] OECD online information, "Questionnaire sur l'Aide pour le commerce aux pays destinataires, 2009 - Bénin". Viewed at: http://www.oecd.org/dataoecd/2/11/43164302.pdf.

[211] UNDP online information. Viewed at: http://www.undp.org.bj/fr/doc_strategiques.html.

[212] The SCRP III is under preparation. The preliminary draft is being examined with a view to the holding of departmental consultations and its subsequent submission to the TFPs and national and diplomatic institutions.

regional integration. For the second axis, the focus is on developing the economic infrastructure[213], including transport and energy, as well as water resources and sanitation infrastructure. Better vocational training comes under the third axis. The fourth lays emphasis on accelerating administrative reform, while the fifth focuses on the emergence of poles for development and growth. The SCRP II has a priority actions programme (PAP) intended to put the strategic axes into effect in terms of projects and programmes so as to contribute towards growth and poverty reduction.

260. For the time being, the SCRP II is the reference framework for all Benin's development policies and strategies and has also served as a platform for dialogue between the Government and its TFPs.

(ii) Integrated Framework

261. As an LDC, Benin has been a beneficiary under the Integrated Framework for trade-related technical assistance since 2004.[214] One of the important steps in this mechanism is the DTIS[215], which was conducted by the World Bank in Benin between 2004 and 2005. Through a detailed analysis of Benin's trade policy, the DTIS identified the main constraints on expansion of its foreign trade, as well as those sectors with high export potential. Based on the conclusions of this study, a certain number of recommendations on economic reform were made, and the related technical assistance needs defined. All these measures can be found in the DTIS action matrix, which provides a list of the priority activities and the type of technical assistance needed.

262. The DTIS thus identified five economic reforms defined as "high" priorities, with 75 specific actions to be carried out in the short, medium and long terms.[216] These are the following: (i) to improve trade facilitation; (ii) to combine and reorganize trade and investment support institutions into a single Export and Investment Promotion Agency (APEI); (iii) to improve the judicial, legal and regulatory frameworks so as to increase private investment and trade; (iv) to reform the cotton subsector; and (v) to obtain better access to regional markets within WAEMU and ECOWAS and to create an environment that will increase trade between Benin and Nigeria.[217] Among these reforms, however, trade facilitation stands out as the most important. It is underpinned by a series of 21 measures to be implemented in order to improve: the efficiency of port services, port infrastructure, customs administration and good governance in customs procedures, as well as the road and rail infrastructure.

263. The DTIS and its action matrix were endorsed by the Government in March 2006. Most of the trade-related priorities listed in the action matrix were incorporated into Benin's SCRP 2007-2009. Currently, it is planned to update the DTIS in 2012, according to the Ministry of Trade.

(iii) Supply-side constraints

264. The various analyses of Benin's trade development (DTIS, SCRP and Chapters II and IV of this report) provide a non-exhaustive list of the main constraints on Benin's development: (i) the inadequacy and high cost of basic economic infrastructures (transport, telecommunications, energy,

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[213] Government of the Republic of Benin (2007), pp. 31 and 42.

[214] This mechanism was set up in 1997 with the aim of helping least developed countries to build up their trade capacity and integrate their trade priorities into their national global development strategies. The implementation of the IF mechanism comprises four stages: (i) preparatory activities; (ii) a DTIS; (iii) a plan to integrate trade strategy into the national development strategy; and (iv) implementation of this plan.

[215] World Bank (2005).

[216] *Idem*.

[217] *Idem*.

port, road networks, water and sanitation); (ii) the economy's strong dependence on cotton; (iii) insufficient agricultural and industrial production capacity; (iv) the economy's low level of diversification; (v) the high cost of production factors; (vi) complex administrative procedures; (vii) inadequate regulatory and judicial systems; (viii) the overriding importance of the informal sector; (ix) limited human and institutional capacity; (x) a business climate (security of contract, security of land tenure, governance) that is still unfavourable; (xi) obstacles to internal and external trade facilitation; (xii) little private/public sector dialogue; (xiii) the lack of accredited laboratories for controlling quality and product standardization; (xiv) the high cost of financing; (xv) the problems faced by SMEs-SMIs in obtaining financing and complying with standards and quality requirements; and (xvi) difficult access to information.

(iv) Aid for Trade needs

265. Because of the large number of constraints mentioned above, AFT needs are particularly important in order to build Benin's trade capacity and eliminate the bottlenecks that are hampering trade.

266. In its replies to the joint questionnaire on AFT, the Government identified those areas of intervention which it deemed to be priorities. For example, it mentioned the network infrastructure (electricity, water, telecommunications), the diversification of exports and trade facilitation. These choices are justified for several reasons. The economic infrastructure indeed plays a strategic role in the development process, as underlined in the SCRP. This is why this area requires more financing and investment in view of the weakness of the existing infrastructure (Chapter IV). In addition, diversifying exports is also another major challenge for Benin if it is to move away from its status as a single-crop exporter of cotton. Aid would, *inter alia*, enable agriculture, fisheries and the agrifood industry, as well as other emerging sectors, to resolve their quality control, marketing and financing difficulties. Trade facilitation is another priority. Despite the reforms undertaken to streamline customs procedures and port operations in the port of Cotonou, assistance is needed not only to bring the single window into operation, and to computerize all customs posts, but also to buy scanners to control imports.

267. At the same time, the authorities (officials and government bodies) together with the private sector have identified a certain number of technical assistance needs, focusing in particular on human, institutional and training capacity building, deemed essential for developing exports and promoting trade. There needs to be a trained and qualified labour force in all the key sectors of the economy through appropriate vocational training structures.

268. It is generally agreed that WTO technical assistance in this respect is indispensable. Understanding of the WTO Agreements and the DDA negotiations have to be improved, both among officials from the ministries involved and in the private sector, so that the rules of the multilateral trading system become second nature and the benefits derived serve to promote more active participation. The private sector would like the Government to involve it more closely in the training provided by the WTO. The country could also benefit from workshops on specific topics that respond to its current concerns in implementing the Agreements, such as preshipment inspection, customs valuation, SPS and TBT measures, or the dispute settlement mechanism. In addition, the Secretariat could give Benin assistance for its notifications. Since 2004, very few notifications have been made concerning tariffs and statistical data on imports or SPS measures and rules of origin.

269. Technical and scientific institutions have also expressed other needs such as the need for new, modern equipment, access to new agricultural and industrial production technology. Likewise, trade

promotion institutions could benefit from assistance to create websites for putting trade information on line.

(3) AID FOR TRADE ASSISTANCE

(i) Overview of development aid flows in the economy

270. OECD statistics show that the volume of ODA to Benin was US$2,715 million between 2005 and 2008. It is provided by Benin's 27 bilateral and multilateral donors. These mainly direct their aid to budget support as a mechanism for financing the implementation of the SCRP.[218] Although budget support remains the main financing tool, donors also provide support for projects or programmes through which they channel their financial aid. In addition, Benin benefited on several occasions from special financial aid programmes under the Heavily Indebted Poor Countries (HIPC) Initiative between 2000 and 2003 and under the Multilateral Debt Relief Initiative (MDRI) in March 2009 (Chapter I).

(ii) Overview of Aid for Trade

271. According to the database on aid activities in the OECD's Creditor Reporting System (CRS) (Table V.1), the amount of total AFT commitments for Benin was US$832 million[219] over the period 2005-2008.

272. Between 2006 and 2007, the six major AFT donors[220] were the United States of America (US$94.9 million), the European Union (US$38.6 million), France (US$11.1 million), Denmark (US$7.2 million), Belgium (US$4.5 million) and the Netherlands (US$3.7 million), which alone contribute 93.8 per cent[221] of AFT for Benin (Table V.2 gives an overview of donors' action).

273. Between 2005 and 2008, the three areas that received the majority of AFT were: transport and storage, with US$348 million, trade policy and regulations, US$187 million, and agriculture, US$122 million. The sectors that received the most aid correspond in part to the priority areas for action identified by Benin in the AFT questionnaire. Between 2005 and 2008, the flow of AFT was irregular and this raises the problem of predictability. In 2005, AFT represented 35 per cent of ODA, but it fell by half in 2007 when it was only 19 per cent. There was a slight recovery in 2008, to 29 per cent, but there has been no return to the 2005 level. Benin considers that since 2005 it has not received any flows of AFT.[222] It should be noted in this connection that the authorities have stressed that AFT should not be included in ODA but should be completely separate for greater clarity and visibility regarding the areas it finances.

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[218] A consultation forum called the ABC Group (joint budget support) comprises nine bilateral and multilateral donors and provides support for the Government's budget on the basis of an unearmarked contribution that allows all current budgetary spending to be financed: European Union, Denmark, Switzerland, the Netherlands, Germany, France, Belgium, World Bank, and the African Development Bank.

[219] Figures obtained after calculating the total amounts of AFT in the CRS table below.

[220] OECD/WTO (2009).

[221] *Idem.*

[222] OECD online information, "Questionnaire sur l'Aide pour le commerce aux pays destinataires, 2009 - Bénin". Viewed at: http://www.oecd.org/dataoecd/2/11/43164302.pdf.

274. At the same time, as part of its reform of the cotton subsector, which aims at making it more competitive, Benin received specific development aid for cotton amounting to US$69,470,266 between 2002 and 2008.[223]

Table V.1
Aid for Trade flows: CRS auxiliary data[224], 2005-2008
(US$ million, 2008 constant prices)

CRS purpose codes		Commitments			
		2005	2006	2007	2008
Trade policy and regulation, and trade-related adjustment					
33110	Trade policy and administrative management	0.00	177.24	2.88	3.45
33120	Trade facilitation	0.04	0.00	0.14	3.52
33130	Regional trade agreements (RTAs)	0.00	0.00	0.00	0.00
33140	Multilateral trade negotiations	0.00	0.00	0.00	0.00
33150	Trade-related adjustment	0.00	0.00	0.00	0.00
33181	Trade education/training	0.00	0.00	0.03	0.00
	Subtotal	**0.04**	**177.24**	**3.05**	**6.97**
Economic infrastructure					
21010 to 21081	Transport and storage	124.15	83.01	24.83	113.39
22010 to 22040	Communications	0.02	1.86	0.30	1.75
23010 to 23082	Energy generation and supply	0.01	17.05	6.38	18.86
	Subtotal	**124.22**	**101.92**	**31.51**	**134**
Building productive capacity					
25010	Business support services and institutions	8.53	3.19	0.05	0.1
24010 to 24081	Banking and financial services	9.95	20.66	0.15	0.1
31110 to 31195	Agriculture	18.76	17.6	56.95	29.20
31210 to 31291	Forestry	60.16	0.01	0.00	0.00
31310 to 31391	Fishing	3.04	0.54	4.81	1.65
32110 to 32182	Industry	0.83	5.31	1.04	5.40
32210 to 32268	Mineral resources and mining	0.03	0.06	0.06	0.00
33210	Tourism	0.00	0.00	0.00	0.06
	Subtotal	**101.3**	**47.37**	**63.06**	**36.51**
Total Aid for Trade		**225**	**326**	**97**	**177**
Share of total ODA (%)		**35**	**34**	**19**	**29**
Memorandum item: Total ODA		**636**	**957**	**514**	**608**
Memorandum item: Population (million)		**7.8**	**8.1**	**8.3**	**8.6**

Source: OECD online information. Viewed at: http://www.oecd.org/document/21/0,3343,en_2649_34665_43230357_1_1_1_1,00.html.

[223] WTO document WT/CFMC/6/Rev.7 of 9 November 2009, page 13.
[224] The AFT commitments may differ from the actual payments for several reasons, including the time-frame for payment.

Table V.2
Donor actions

Donors	Overview
World Bank: Country Assistance Strategy (CAS) 2009-2012	The World Bank's portfolio, financed by the International Development Association (IDA), supports a number of projects for a total commitment for all the projects amounting to US$308.3 million. Areas of intervention: strengthening economic reforms; private sector growth; human development; better infrastructure; rural development and the environment. The Bank also participates in the joint budget support.
African Development Bank (AfDB): Country Strategy Paper (CSP) 2005-2009	The African Development Fund (ADF-X) pledged US$78 million in grants and loans to implement the CSP in Benin over the period 2005-2009. Areas of intervention: the agricultural sector in support of diversification of production; building capacity and improving access to health services. The AfDB also participates in the joint budget support.
European Union: Country Strategy Paper for Benin and European Development Fund	The European Union gives Benin support through the European Development Fund (EDF). Under the 9th EDF, €208 million were disbursed over the period 2002-2007 to finance the road transport subsector and the health sector, to support economic reform and to provide institutional support. Over the period 2008-2013, the 10th EDF earmarked €334 million for financing four areas: joint budget support for poverty reduction; governance and local development; infrastructure and horizontal activities. The European Union also participates in the joint budget support.
France: France-Benin Framework Partnership Document 2006-2010 and French Development Agency (AFD)	France was the leading bilateral donor between 2006 and 2007. It disbursed US$70 million in ODA between 2006 and 2007. Its aid is implemented by the French Development Agency (AFD). The AFD's priorities focus on three areas: education, rural development and infrastructure. Over five years (2003-2007), average annual commitments were €30.8 million and disbursements €6.5 million. France also takes part in the joint budget support.
United States: United States Agency for International Development (USAID), Millennium Challenge Account (Millennium Challenge Corporation)	The United States provided US$73 million through the USAID action programme between 2007 and 2009. This programme focuses on three sectors: education, health and access to social services. Benin is eligible for the Millennium Challenge Account (MCC). In February 2006, the MCC signed a compact on US$307 million for Benin for the period 2006-2011. The priorities are access to land, to financial services, to justice and to markets. Substantial support is given to the Port of Cotonou amounting to US$169,447,000 (construction and rehabilitation of waterside facilities).
Denmark: Benin-Denmark Partnership Agreement 2004-2008	This strategy amounts to DKr 900 million or €175 million, shared between the following sectors: agriculture (12%), water and sanitation (25%), transport (25%), education (13%), human rights and good governance (5%), budget support (15%) and other (5%). Denmark is also the donors' facilitator under the EIF mechanism. It also contributes to the global budget support.
United Nations: United Nations Development Assistance Framework Plan (2009-2013)	The Framework Plan has three areas of intervention: (i) poverty reduction through accelerated rural growth and the promotion of decent jobs; (ii) equal access to high-quality basic social services; and (iii) promotion of good governance and participatory development. An estimated amount of US$126 million has been earmarked to support these areas of cooperation.
Other donors	Belgium has committed €52 million to finance the health and agricultural sectors over the period 2008-2011. In 2009, Germany gave €50 million in aid intended mainly to build infrastructure in the energy sector, manage water resources and reduce poverty. Switzerland committed CHF 34 million for the period 2007-2009 for four priority areas: reviving the local economy, strengthening local authorities, educating adults and improving health systems. Japan also plays a role through its international development cooperation agency (JICA). Its main projects focus on education, health and agricultural and rural development. It disbursed ¥41 million or US$0.4 million over the period 2005-2009. The Canadian International Development Agency (CIDA) implements its development assistance on behalf of Canada focusing during the period 2004-2009 on the environment and governance.
South-South partners	In 2007, China signed three financing agreements with Benin for relief on part of its external debt, a loan of Y 30 million or €2.9 million and financial aid to develop government departments and build road infrastructure. Since 2009, India has contributed to the financing of a certain number of projects such as the agricultural mechanization programme and the rural electrification project. In 2009, it gave a line of credit of US$15 million to finance Benin's exports. Brazil signed a cooperation agreement on biofuels with Benin in 2007.

Source: WTO Secretariat.

(iii) Trade-related technical assistance

275. The technical assistance given to Benin by its multilateral and bilateral partners pursues two essential objectives: building institutional and human capacity, on the one hand, and strengthening export capacity, on the other.

(a) Technical assistance to build institutional and human capacity

276. The WTO Secretariat is at the origin of most of the technical assistance activities intended to build institutional and human capacity in Benin in order to respond to the need for more active participation in the multilateral trading system. For example, since 2005 Benin has taken part in 27 activities at the national and regional levels. Activities at the national level concern SPS notifications (2010), regional agreements (2008), government procurement (2008) and trade facilitation (2007). At the regional level, Benin took part in a number of workshops and seminars on WTO-related topics.[225] It should also be noted that Benin has been selected to host the regional trade policy course for French-speaking African countries since 2008. Beninese officials have attended training sessions organized in Geneva such as the special thematic courses relating, *inter alia*, to trade facilitation, technical barriers to trade and agricultural notifications. They have also taken part in the three-month trade policy courses and introductory courses for LDCs.

277. In addition to the assistance given by the WTO, Benin benefits from other programmes to build institutional and human capacity, provided *inter alia* by WAEMU and ECOWAS, through their joint capacity-building programme; the European Union, through the "TradeCom Facility" of the ACP Group; and the International Organisation of La Francophonie (OIF), through its Hub & Spokes project.

(b) Technical assistance to build export capacity

278. In 2007, under Window II of the Integrated Framework, Benin submitted an export development programme (PADex), which gives effect to certain priority actions in the action matrix. The programme's ultimate objective is to develop trade capacity, particularly export capacity. The PADex has three components, implemented by United Nations agencies (ITC, UNDP and UNCTAD).[226] It includes: (i) building the capacity of institutions that provide trade-related support for enterprises; (ii) promoting local and sustainable tourism; and (iii) a feasibility study for the introduction of an agro-industrial development fund. All the activities under this programme will be finalized by September 2010.

279. The other important projects implemented for this purpose are the Competitiveness and Integrated Growth Project (PROCCI), launched in 2009 and financed by the World Bank, which is designed around two components: (i) improving business development infrastructure through structural reform; and (ii) developing products and markets. One of the main tasks of this project is the creation of the APIEX. There are also other projects to build export capacity, for example, the STDF 127 project (support for SPS information systems in Benin)[227], whose main objective is to build capacity in order to improve knowledge and competence in relation to SPS measures. The project to

[225] The topics covered by these regional activities included, *inter alia*, agriculture, non-agricultural market access (NAMA), services, trade negotiating techniques, sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT), development-related issues and regional trade agreements.

[226] Component 1 was implemented by the ITC alone; component 2 by the ITC and UNCTAD; and component 3 by UNDP-Cotonou.

[227] CCIB online information. Viewed at: http://www.economiebenin.org/index.php?option=com_content&view=article&id=814&Itemid=200025.

support the private sector (PASP), financed by the European Union, has among its objectives the introduction of technical assistance for the private sector.[228]

(4) MATCHING NEEDS AND ASSISTANCE

(i) National coordination mechanisms

(a) Official development aid

280. ODA is coordinated at the national level by the Ministry of Planning, Development, Evaluation of Government Policies and Coordination of Government Action[229] through the Development Aid Coordination Unit[230] (CCAD). This new structure is responsible for centralizing and managing information on development aid, coordinating the flows of aid to Benin and building the Government's capacity to absorb the aid.

281. The implementation of the SCRP 2007-2009 highlighted the weaknesses of the national aid coordination mechanism and the lack of government leadership. Accordingly, in order to coordinate aid more effectively, Benin is currently for the first time adopting a national aid policy, with assistance from UNDP, thereby responding to the principles in the Paris Declaration on aid effectiveness. The Government is planning to introduce an effective mechanism to mobilize external aid so as to exercise better control over how the aid is managed and bring it into line with its priorities.

(b) Aid For Trade

282. The Ministry of Trade is responsible for centralized coordination of the strategy for integrating trade into national development policy, but execution of the strategy is the task of each of the ministries involved in implementing trade policy.[231] The Ministry of Trade's leadership in the trade integration strategy is weakened as a result, which means *inter alia* that there is a lack of coordination among the ministries as a whole in the management of AFT projects. On the other hand, the Government confirms that it has very regular contacts[232] with the private sector in formulating and implementing trade policy, as it does in integrating trade policy into the development strategy. The private sector, nevertheless, largely qualifies this statement and draws attention to the low level of dialogue and lack of consultation with the Government (Chapter II(3)).

283. The National Steering Committee for the Integrated Framework, which is chaired by the Ministry of Trade, is responsible for monitoring and coordinating the entire trade integration programme. The Committee comprises all the sectoral ministries, the private sector (CCIB, CNPB, CA), and representatives of the development partners. Ultimately, this Committee will become an AFT Committee, but in practice for the time being it does not have any real power to direct and guide the strategy for integrating trade into national development policy, notably because of lack of

[228] *Idem*.
[229] OECD online information, "Questionnaire sur l'Aide pour le commerce aux pays destinataires, 2009 - Bénin". Viewed at: http://www.oecd.org/dataoecd/2/11/43164302.pdf.
[230] Order No. 2008 075/MPDEAP/DC/SGM/SA of 13 October 2008.
[231] OECD online information, "Questionnaire sur l'Aide pour le commerce aux pays destinataires, 2009 - Bénin". Viewed at: http://www.oecd.org/dataoecd/2/11/43164302.pdf.
[232] CCIB, Beninese National Employers' Council (CNPB), National Chamber of Agriculture (CA), CIPB, Association for the Development of Exports (ADEx), etc.

consultation within the Committee. This is why in April 2010 Benin submitted a Tier 1 project to reinforce the national structure[233] for implementing the EIF in the country.

284. It should also be noted that the financial needs for trade priorities, as stated in the SCRP, form part of the dialogue between Benin and its TFPs in various consultation forums, including the annual review of the SCRP at the bilateral or regional level and the World Bank's country assistance strategy.

(ii) Monitoring and evaluation

(a) Aid monitoring

285. Between 2005 and 2008, the flow of ODA to Benin was an average of US$678 million, with an increase to US$957 million in 2006. This average is almost 50 per cent less than the aid received by Mali and Burkina Faso. Although the aid is still deemed to be insufficient, managing it comes up against bottlenecks that prevent its absorption by the priority sectors in the SCRP. These constraints include, on the side of the beneficiary, the shortcomings of the government finance management system, administrative red tape, and limited capacity in government departments to draw up and implement projects/programmes. On the donor side, the main problem underlined has been conditionality in granting aid and the slow disbursement procedures. According to the Government, all these factors detract from the predictability of ODA. As an example, for 2006, donors planned to contribute US$326 million for AFT, but only US$77 million were disbursed that year (Table V.2).[234]

286. In order to improve the management and effectiveness of external aid, Benin has taken a number of measures for 2010, including the preparation of the national aid policy and also the introduction of an information management system on external aid combined with a mechanism for monitoring and evaluating national aid policy implementation. At the same time, the Government also plans to develop a strategy for cooperation with its TFPs, as is already the case for Mali.[235] This cooperation strategy should also serve as the basis for building specific cooperation strategies with each of the partners, thereby making sure that they are aligned with Benin's development priorities.

(b) Evaluation of development tools

287. The latest SCRP 2007-2009 was the subject of an evaluation report prepared by the Ministry of the Economy and Finance and UNDP.[236] In general, although the strategic thrusts adopted in this development strategy were deemed to be relevant with regard to growth and poverty, they could not be put into operation because of the shortcomings of its PAP, not sufficiently linked to the SCRP's priorities or the State's annual budget. Likewise, no costs were given for the projects and programmes in the PAP, which did not have a detailed financing plan. In view of these shortcomings, the objectives set in the SCRP could not be achieved.

288. The evaluation report on the DTIS action matrix[237] gives a detailed analysis of the projects/programmes carried out on the basis of the matrix. The report lists some 100 under way in

[233] "National Implementation Arrangement (ANMO)": national structures for implementing the EIF in each LDC benefiting from the EIF, which usually include the focal point, the donors' facilitator, the national implementation units and the National Steering Committee.

[234] OECD online information. Viewed at: http://www.oecd.org/document/21/0,3343,en_2649_34665_43230357_1_1_1_1,00.html.

[235] Joint assistance strategy (SCA), signed between Mali and its TFPs on 7 December 2009.

[236] Government of the Republic of Benin (2007).

[237] National review of projects/programmes under way and planned within the framework of the DTIS action matrix in Benin (provisional report, April 2010).

Benin. Nevertheless, it underlines a lack of synergy and coordination among the various actors involved in conducting the projects, as well as the low rate of financial and physical implementation.

(5) OUTLOOK FOR AID FOR TRADE

289. The year 2010 is a critical one for Benin in many respects, on the one hand in terms of its reform of ODA, through its national development aid policy and its development aid information management system, and on the other, in terms of the forthcoming adoption of its new SCRP III 2011-2015, which focuses more particularly on the cross-cutting nature of trade. In this connection, the document indicates that "transport/logistics and trade" are the backbone of Benin's economic development. These trade priorities having been clearly identified, for Benin it is important to create the conditions for effective implementation of this strategy aimed at integrating trade into its national development policy by means of a priority action plan with clear, achievable and quantified objectives included in the State's budget. In order to ensure that AFT is effective and has an impact on capacity building, the Ministry of Trade should continue to be the key ministry for the AFT programme and the IF and, accordingly, its human and technical capacity will have to be strengthened, and it should also be more closely associated with the national development aid policy.

290. Benin still remains highly dependent on ODA for the implementation of its socio-economic programmes. Long-term decisive mobilization of resources is an important element in guaranteeing the effectiveness of its next Growth Strategy for Poverty Reduction programme (SCRP III). In this connection, the Government has started to modernize its public finance management system in order to encourage TFPs to make greater use of general budget support and to be consistent with practices and procedures in Benin. Bearing in mind the efforts made by Benin to make aid more effective, the TFPs, on their part, should continue to maintain and increase their support, harmonizing it with Benin's national priorities and adopting a coordinated approach both for their assistance and for their procedures.

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APPENDIX TABLES

Table AI.1
Structure of imports, 2003-2009
(US$ million and per cent)

	2003	2004	2005	2006	2007	2008	2009
Total imports c.i.f. (US$ million)	886.2	891.5	898.6	1,007.8	1,631.2	1,713.1	1,574.1
				Percentage share			
Total primary products	49.6	52.3	55.5	57.9	55.9	55.2	51.8
Agriculture	28.2	28.2	34.2	35.3	34.7	39.7	34.6
Food	24.2	24.6	29.9	30.7	31.2	36.1	31.2
0123 Meat and offal of poultry, fresh, chilled or frozen	5.1	6.3	5.3	4.4	4.7	7.2	9.2
0423 Rice, semi-milled or wholly milled	4.4	6.1	11.2	11.2	12.9	10.8	6.0
4222 Palm oil and its fractions	1.7	1.6	1.3	2.9	3.5	4.5	4.3
0342 Fish, frozen (excluding fillets and minced fish)	1.0	1.1	1.5	1.8	1.4	1.8	1.8
0222 Milk and cream, concentrated or sweetened	1.4	1.6	1.4	1.2	1.2	1.6	1.0
0612 Other beet or cane sugar and pure sucrose, in solid form	1.2	0.7	0.9	1.2	0.6	1.0	0.9
0989 Food preparations, n.e.s.	0.8	0.7	0.8	0.7	0.7	1.2	0.8
Agricultural raw materials	4.0	3.7	4.2	4.6	3.5	3.6	3.5
2690 Worn clothing and other worn textile articles; rags	3.8	3.6	4.1	4.4	3.3	3.4	3.3
Mining	21.4	24.1	21.3	22.6	21.2	15.6	17.1
Ores and other minerals	1.1	0.9	0.6	0.7	0.5	0.6	0.5
Non-ferrous metals	0.2	0.2	0.2	0.3	0.3	0.2	0.2
Fuels	20.0	23.0	20.4	21.6	20.4	14.8	16.4
3510 Electric current	5.4	6.1	6.3	5.6	3.7	4.3	6.1
Manufactures	50.4	47.7	44.5	41.8	44.1	44.7	48.2
Iron and steel	2.5	2.2	2.8	0.7	4.5	6.3	5.3
6761 Bars and rods, hot-rolled, in irregularly wound coils, of iron or steel	1.1	0.9	1.5	0.1	2.7	4.7	3.6
Chemicals	9.4	9.3	6.7	7.0	5.5	6.3	9.0
5429 Medicaments (including veterinary medicaments), n.e.s.	2.7	2.9	2.8	2.7	2.1	2.1	2.8
5629 Fertilizers, n.e.s.	0.9	1.7	0.3	0.0	0.0	0.0	1.9
5421 Medicaments containing antibiotics or derivatives thereof	0.9	1.0	0.8	0.9	0.7	0.8	0.9
Other semi-manufactures	10.2	9.1	10.4	9.9	7.9	6.3	8.0
6612 Hydraulic cements, whether or not coloured or in the form of clinkers	3.3	3.2	4.7	4.5	3.6	1.6	2.7
Machinery and transport equipment	16.7	16.0	12.2	11.3	15.7	15.6	15.7
Power-generating machinery	0.5	1.0	0.4	0.3	0.6	0.5	0.4
Other non-electrical machinery	5.1	3.8	2.1	1.8	2.6	3.5	3.5
Agricultural machinery and tractors	0.1	0.1	0.1	0.0	0.1	0.1	0.0
Office machines and telecommunications equipment	3.4	4.1	2.9	3.2	2.0	3.1	3.0
7641 Electrical apparatus for line telephony or line telegraphy	0.3	1.3	0.3	1.2	0.8	2.0	1.4
Other electrical machinery	2.2	2.2	1.8	1.4	1.0	1.2	1.4
Automotive products	4.4	4.0	4.0	3.6	3.7	4.6	5.1
7812 Motor vehicles for the transport of persons, n.e.s.	3.0	2.6	2.9	2.8	2.5	3.1	3.2
7821 Motor vehicles for the transport of goods	0.6	0.5	0.5	0.3	0.7	0.8	1.0
Other transport equipment	1.0	1.0	0.9	1.0	5.7	2.9	2.4
7851 Motor cycles and cycles fitted with an auxiliary motor; side-cars	0.5	0.6	0.5	0.5	0.7	1.6	2.0
Textiles	7.2	6.4	6.1	6.0	4.5	3.9	3.4
6523 Other woven fabrics, containing 85% or more by weight of cotton, bleached, dyed, printed or otherwise finished, weighing not more than 200 g/m^2	4.1	4.1	3.9	3.5	2.8	2.6	2.2
Clothing	0.9	0.9	2.4	3.6	2.9	3.3	3.3
8414 Men's trousers etc., not knitted or crocheted	0.2	0.1	0.6	1.0	1.0	0.8	1.0
Other consumer goods	3.6	3.7	3.9	3.3	3.0	3.1	3.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: WTO Secretariat calculations based on data provided by the authorities of Benin.

Table AI.2
Structure of exports, 2003-2009
(US$ million and per cent)

Description	2003	2004	2005	2006	2007	2008	2009
Total exports f.o.b. (US$ million)	271.6	300.5	290.5	223.2	273.0	420.3	451.0
				Percentage share			
Total primary products	89.6	88.1	84.9	83.2	90.1	70.5	82.6
Agriculture	89.4	87.6	83.8	82.2	85.9	68.5	81.9
Food	19.2	18.1	24.2	39.3	38.0	30.1	51.1
0123 Meat and offal of poultry, fresh, chilled or frozen	0.0	0.0	0.0	0.0	2.1	0.0	15.4
0423 Rice, semi-milled or wholly milled	0.0	0.0	0.0	0.0	1.3	2.7	11.9
0577 Edible nuts (excluding nuts chiefly used for the extraction of oil), fresh or dried	6.4	5.7	6.9	7.4	9.5	8.8	7.4
4222 Palm oil and its fractions	1.1	0.5	0.2	1.4	1.5	2.4	4.0
4312 Animal or vegetable fats and oils, hydrogenated etc.	0.1	0.0	0.3	1.6	4.6	6.4	3.5
1222 Cigarettes containing tobacco	3.3	6.5	6.7	15.6	9.3	3.3	3.2
0611 Sugars, beet or cane, raw, in solid form, not containing added flavouring or colouring matter	0.0	0.0	0.9	2.1	2.9	1.6	1.9
0813 Oilcake and other solid residues (except dregs)	2.5	2.2	1.6	1.9	1.6	2.3	1.8
2232 Palm nuts and kernels	0.0	0.3	0.4	0.6	0.6	0.5	0.4
Agricultural raw materials	70.1	69.5	59.5	42.9	47.9	38.4	30.8
2631 Cotton (other than linters), not carded or combed	67.9	68.0	58.0	40.4	46.4	37.2	29.6
2484 Wood of non-coniferous species, sawn, sliced, etc., of a thickness exceeding 6 mm	0.6	0.5	0.5	1.1	0.5	0.7	0.8
Mining	0.3	0.5	1.2	1.0	4.2	2.0	0.7
Ores and other minerals	0.2	0.4	0.5	0.6	1.2	1.8	0.7
2823 Other ferrous waste and scrap	0.1	0.2	0.4	0.4	0.5	1.0	0.4
Non-ferrous metals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fuels	0.1	0.1	0.7	0.4	3.1	0.3	0.0
Manufactures	8.4	11.6	12.5	13.7	9.9	29.5	17.4
Iron and steel	0.6	2.3	2.2	3.9	1.3	12.4	8.6
6761 Bars and rods, hot-rolled, in irregularly wound coils, of iron or steel	0.0	0.4	0.9	1.1	0.4	2.5	3.6
Chemicals	0.8	1.5	0.9	1.1	0.9	0.6	0.8
Other semi-manufactures	2.4	4.3	5.0	5.0	2.3	0.8	0.8
Machinery and transport equipment	1.5	1.1	3.2	1.3	0.6	12.2	4.3
Power-generating machinery	0.2	0.1	0.1	0.0	0.0	0.1	0.1
Other non-electrical machinery	0.7	0.5	1.6	0.2	0.2	1.1	3.1
7231 Bulldozers, angledozers, graders and levellers, self-propelled	0.1	0.2	0.2	0.0	0.0	0.1	0.7
7233 Machinery for moving, grading, levelling or scraping, etc., self-propelled, n.e.s.	0.2	0.1	0.3	0.0	0.0	0.3	0.5
7232 Mechanical shovels, excavators and shovel-loaders, self-propelled	0.2	0.1	0.2	0.1	0.0	0.1	0.4
7234 Construction and mining machinery, n.e.s.	0.0	0.0	0.3	0.0	0.0	0.1	0.4
Agricultural machinery and tractors	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Office machines and telecommunications equipment	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Other electrical machinery	0.1	0.0	0.1	0.1	0.0	0.0	0.1
Automotive products	0.1	0.3	1.2	0.6	0.2	0.5	1.0
7821 Motor vehicles for the transport of goods	0.0	0.1	0.7	0.1	0.0	0.2	0.6
Other transport equipment	0.4	0.3	0.3	0.2	0.1	10.4	0.0
Textiles	2.3	1.4	0.9	1.9	2.6	2.7	2.3
6522 Other cotton fabrics, woven, unbleached	1.4	1.2	0.8	1.9	2.4	2.6	1.5
6565 Embroidery in the piece, in strips or in motifs	0.0	0.0	0.0	0.0	0.0	0.0	0.6
Clothing	0.1	0.1	0.1	0.1	0.0	0.0	0.1
Other consumer goods	0.5	0.9	0.4	0.4	2.0	0.8	0.5
Other	2.0	0.2	2.4	3.1	0.0	0.0	0.0
Gold	2.0	0.2	2.4	3.1	0.0	0.0	0.0

Source: WTO Secretariat calculations based on data provided by the authorities of Benin.

Table AI.3
Origin of imports, 2003-2009
(US$ million and per cent)

	2003	2004	2005	2006	2007	2008	2009
Total imports c.i.f. (US$ million)	886.2	891.5	898.6	1,007.8	1,631.2	1,713.1	1,574.1
			Percentage share				
America	4.3	3.5	2.9	3.6	6.2	6.0	5.9
USA	2.8	2.0	1.1	1.4	4.8	2.0	2.4
Other America	1.5	1.4	1.8	2.2	1.5	4.0	3.5
Brazil	1.0	1.0	1.1	1.2	1.2	2.6	2.9
Europe	45.7	46.5	42.9	41.7	38.9	41.2	43.8
EU(27)	44.7	43.1	38.5	36.7	35.2	36.2	40.4
France	24.2	21.8	18.4	17.4	17.4	16.8	17.6
Netherlands	3.1	2.9	3.1	2.6	3.0	3.9	5.0
Belgium	4.3	4.9	4.5	3.5	2.9	4.4	4.1
United Kingdom	4.7	5.2	5.7	6.3	5.5	2.9	3.7
Germany	2.5	1.7	2.0	1.5	1.6	1.3	3.2
Spain	2.1	2.6	1.7	1.7	1.6	2.0	2.1
Italy	2.2	1.6	1.2	1.1	1.0	2.0	1.4
Sweden	0.3	0.5	0.4	1.4	0.5	1.3	1.3
EFTA	0.4	3.2	4.1	4.8	3.6	4.7	3.0
Switzerland and Liechtenstein	0.3	2.3	2.6	3.5	2.3	4.0	1.7
Norway	0.2	0.9	1.5	1.2	1.3	0.7	1.3
Other Europe	0.5	0.2	0.3	0.2	0.1	0.3	0.4
Commonwealth of Independent States (CIS)	0.4	0.0	0.0	0.1	0.3	2.1	0.1
Africa	28.1	30.3	27.7	28.6	22.5	19.7	21.4
Togo	4.0	4.5	5.7	5.3	8.1	7.0	10.8
Nigeria	4.3	4.0	3.0	4.1	4.3	3.6	3.1
Côte d'Ivoire	5.4	7.0	6.9	6.9	4.8	2.8	2.9
South Africa	4.8	2.2	0.7	1.1	1.1	1.8	1.3
Middle East	2.1	2.4	2.7	2.5	2.5	2.3	2.4
United Arab Emirates	0.2	0.2	0.9	1.5	2.1	1.8	1.7
Asia	19.3	17.2	23.7	23.6	26.9	28.3	26.0
China	7.1	6.7	8.8	8.5	10.0	13.3	13.4
Japan	3.4	1.5	2.3	2.8	1.6	1.7	1.4
Six East Asian Traders	6.5	6.7	9.4	8.2	12.0	11.8	8.9
Malaysia	1.4	1.0	0.6	1.7	2.6	2.8	3.2
Thailand	3.5	4.2	6.7	3.9	7.2	6.0	2.9
Hong Kong, China	0.2	0.1	0.5	1.1	0.6	1.1	1.5
Other Asia	2.4	2.3	3.3	4.0	3.3	1.5	2.3
India	1.7	1.0	1.6	2.3	1.9	1.0	1.0
Other	0.0	0.0	0.0	0.1	2.7	0.3	0.4

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3) and data provided by the authorities of Benin.

Table AI.4
Destination of exports, 2003-2009
(US$ million and per cent)

	2003	2004	2005	2006	2007	2008	2009
Total exports f.o.b. (US$ million)	271.6	300.5	290.5	223.2	273.0	420.3	451.0
				Percentage share			
America	2.2	0.5	0.5	2.5	2.2	0.5	0.4
USA	0.3	0.1	0.0	0.1	0.1	0.1	0.0
Other America	1.9	0.4	0.4	2.4	2.1	0.4	0.4
Europe	14.4	8.7	12.3	12.5	12.3	6.5	4.9
EU(27)	12.9	8.1	10.1	10.8	11.9	6.3	4.7
Portugal	0.7	1.3	1.1	2.3	3.5	2.1	2.3
Denmark	2.8	1.1	0.1	2.0	3.8	2.2	0.8
France	1.6	1.2	2.9	3.3	1.7	1.0	0.5
EFTA	1.4	0.7	1.7	0.5	0.2	0.0	0.1
Other Europe	0.1	0.0	0.5	1.2	0.2	0.2	0.0
Commonwealth of Independent States (CIS)	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Africa	21.2	27.1	28.0	42.6	38.3	49.5	59.6
Nigeria	4.7	4.6	5.7	8.7	13.9	21.0	42.4
Chad	0.3	0.7	1.4	1.6	1.7	4.6	5.0
Côte d´Ivoire	0.5	0.4	1.5	5.8	4.3	2.3	2.4
Togo	4.6	4.8	3.4	2.6	1.0	1.4	2.3
Niger	2.9	6.0	5.3	7.2	4.5	1.1	1.9
Mali	0.1	2.4	2.6	3.4	2.4	1.2	1.1
Mauritius	0.2	0.4	0.4	0.2	0.0	0.7	0.9
Morocco	1.2	1.1	0.7	1.6	1.8	1.3	0.7
Burkina Faso	0.8	1.5	0.8	3.6	3.2	1.2	0.6
South Africa	1.6	1.2	0.9	1.1	1.0	0.9	0.5
Cameroon	0.4	0.2	0.2	0.1	0.1	0.0	0.4
Middle East	2.6	2.4	0.4	0.2	0.2	0.0	0.1
Asia	59.7	61.2	58.9	42.2	47.0	43.5	35.1
China	23.0	31.2	36.2	24.0	24.0	16.6	18.0
Japan	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Six East Asian Traders	9.5	6.5	9.6	5.6	3.5	6.2	3.1
Thailand	5.8	4.8	3.6	4.3	2.3	2.8	1.5
Malaysia	0.5	0.0	2.8	0.0	0.3	2.5	1.1
Other Asia	27.1	23.6	13.1	12.6	19.6	20.6	13.9
India	10.1	7.4	6.9	8.6	11.7	9.1	7.7
Viet Nam	1.5	3.4	1.5	1.2	2.1	3.2	3.3
Indonesia	9.3	8.1	3.6	1.7	3.3	5.8	2.1
Pakistan	1.6	2.0	0.5	0.8	1.5	2.4	0.8

Source: WTO Secretariat calculations based on data from the UNSD Comtrade database (SITC Rev. 3) and data provided by the authorities of Benin.