

## **Cameroon Must Push for Implementation of EU Trade Agreement Despite 70 516,2 billion Import Duty Losses**

In its most recent annual report on the economy, the Ministry for Economy and Planning revealed some expected but shocking statistics regarding Cameroon's trade with the EU. As a result of implementing the trading agreement with the European Union Economic Partnership Agreement (EPA), the government is losing [FCFA 70 516,2 million](#) in customs revenue.

Naturally, this has caused some consternation among poverty activists who think that money could be used to improve the social safety net and some economists who think such sums could accelerate deleveraging Cameroon's economy. In this article, we depolarize the discourse and provide an understanding of trade under the AfCFTA and strategies to improve the government's tax revenues to plug the FCFA 70 516,2 billion. Meanwhile, this article unequivocally argues and advocates for continuing trade under the AfCFTA.

**“Now is the time to improve the standards of Cameroonian products and ensure they are standardized to meet international standards. We must promote local champions, not contemplate any form of unilateral measures”**

### **1. Cameroon - EU Trading Relationship**

The European Union (EU) is an important trading partner for Cameroon and they both concluded negotiations on an [interim Economic Partnership Agreement](#) in December 2007, approved by the European Parliament in June 2013 and ratified by Cameroon in July 2014. The EPA allows duty and quota-free trade, gradually removing duties and quotas over [15 years on 80% of EU exports](#) to Cameroon. Although free trade with the EU promotes economic growth and sustainable economic development, falling revenues from import duties are nonetheless concerning.

### **2. What is the Economic Partnership Agreement (EPA)**

The EPA covers the trade regime for goods and issues such as customs duties and non-tariff measures, trade facilitation, technical barriers to trade, and forestry governance in timber and forest products. Its agreement expects to reduce tariffs for EU products destined for Cameroon by [80% in 2021 and 100% in 2023](#). The agreement provides avenues for the EU to support Cameroon's fiscal adjustment to reduce reliance on import duties as it phases out tariffs by 80%.

Over the last decade, Cameroon imports from the EU averaged €2 billion and exports averaged €1.5 billion, with a persistent deficit that averaged €520 million. Looking a total trade between the EU and

Cameron, we find that two-way trade is dominated by agricultural products (21.1% of total trade), fishery (0.7%), and industrial products (78%) ([European Commission, 2023](#)).

### **3. Important Information on the Implementation of the Trade Agreement**

The implementation of the Economic Partnership Agreements with the European Union Great Britain and Northern Ireland continued in 2023, with the completion of the 7th phase of the tariff dismantling process, and the start of the 8th phase. The 7th phase involved reducing import duties on 90% of products in the second group, to encourage local production and industrialization. These products include plaster, lime, marble, clinker, inputs for the food industry, motor vehicles for transporting goods, trailers and semi-trailers, wheelbarrows, and certain vehicle parts and accessories.

This 7th phase also saw the dismantling of 30% of products in the third group, with a high tax yield. These include fuels, cement, cars, passenger vehicles, motorcycles, cereals such as wheat, rye, barley, sorghum, children's food preparations, ceramic tiles, sinks, dishes, figurines, and pipes, flat-rolled products of iron or steel, iron or steel bars and sections, paper of the kind used for toilet paper and make-up remover towels, television receivers, video monitors and video projectors, tractors for semi-trailers, etc. Phase 8 is scheduled for completion in August 2024, and aims to dismantle 100% of products in groups 1 and 2, and 40% of those in group 3.

### **4. Cameroon is losing Money in terms of Import Revenues**

As a result of implementing the trade agreement, Cameroon lost about 70,516,2 billion, which is concerning but is a natural consequence of free trade. Cameroon will lose some import revenues, adjust its fiscal policy, and raise taxes other than accelerate industrialization and exports. However, some actions should be undertaken to improve the Cameroon - European Union Trading Agreement:

- ❖ *Negotiation of rendez-vous clauses on trade in services and investment in 2024.*
- ❖ *Holding focus groups to monitor the impact of the EPA on select groups*
- ❖ *Capacity-building for small and medium-sized enterprises (SMEs) to enable them to take better advantage of the opportunities offered by the EPAs.*
- ❖ *The development of training and technical assistance programs to support companies in their internationalization process and compliance with international standards.*
- ❖ *Greater involvement of civil society organizations to monitor the implications of the agreement*

### **5. Even so, we must accelerate the implementation of the EPA**

The Economic Partnership agreement benefits large companies and the positive spillovers to small and medium-sized enterprises still need to be felt. This is not because of the trade agreement, but rather because Cameroonian products are not sufficiently competitive nor branded to meet

international standards. For example, Cameroonian wine may be subject to costly compliance costs that discourage exports to Europe, so companies must weigh the long-term benefits of investing in certification against the short-term cost.

Meanwhile, SMEs equally lack the technical know-how to export to the EU, and the Chamber of Commerce and Ministry of Small and Medium-Sized Enterprises focus on ensuring that locally made products meet international standards and comply with ISO standards. The Normes and Quality Standards Agency (ANOR) helps companies certify their products, but SMEs need more help to finance the obtention of required certificates in order to export.

Furthermore, Cameroonian farmers and agri-processing companies have an advantage as their products comply with stringent EU standards when it comes to the use of fertilizer and industrial farming products. This is a unique opportunity that makes Cameroonian products more accessible than those from Latin America, for example, due to lower wage costs. Cameroon is undergoing a very natural process, but the focus should be on improving the capacity of local producers and educating SMEs on export procedures. Finally, business-to-business networks such as a more forward-looking collaboration between the Cameroon and EU Chamber of Commerce will accelerate the interaction of local suppliers into regional value chains.

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