

**The Economic Implications of the African Continental Free Trade Area
(AfCFTA) on Employment in Cameroon**



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Introduction

The establishment of the African Continental Free Trade Area (AfCFTA) represents a major economic development opportunity for African countries, including Cameroon. The AfCFTA eliminates customs duties on 90% of goods produced on the continent, tackles non-tariff barriers to trade and guarantees the free movement of people ([Ighobor, 2020](#)). [Guermazi & Haddad, \(2023\)](#) show that the AfCFTA could lift 50 million people out of extreme poverty by 2035 and increase incomes by \$571 billion. A large part of these gains would result from the liberalization of trade within the continent. In this context, the impact of the AfCFTA on employment in Cameroon is a crucial issue to analyze. This regional economic integration could generate new outlets and employment prospects for the Cameroonian workforce, by promoting business creation, diversification of economic sectors and increased foreign investment ([CEA, 2019](#)).

As a result, this brief thoroughly assesses the impact of the AfCFTA on Cameroon's labor market, in order to put in place appropriate policies and strategies to maximize the opportunities and mitigate the risks associated with this new regional trade dynamic.

1. Overview of the labor Market in Cameroon

Cameroon's labor market has specific characteristics that influence employment in the country. The informal sector predominates, absorbing around 86% of jobs ([INS, 2022](#)). Informal jobs are often precarious, poorly paid and poorly protected, constituting a major challenge in terms of job quality ([Kede et al, 2021](#)). Meanwhile, the agricultural sector is a mainstay of the Cameroonian economy, employing around 60% of the working population ([INS, 2019](#)). However, agriculture suffers from several constraints, such as lack of infrastructure, financing and modern technologies, thus limiting employment opportunities in this sector ([Kamgaing, 2021](#)).

The public sector is also a major job provider in Cameroon, absorbing 8.2% of workers ([INS, 2022](#)) while the private sector accounts for 5.1% of jobs, according to the [l'Institut National de la Statistique \(2022\)](#). Although this sector offers employment opportunities for skilled workers, vocational training and technical skills are often insufficient to meet the needs of the labor market (Brice, 2023). Since 1994, the unemployment rate has fallen from 12.4% to 0% in 2022. However, this decline does not accurately reflect the labor market situation in

Cameroon, as it has been accompanied by an increase in the percentage of the active population working in the informal sector ([IDRC, 2023](#)).

In this context, the establishment of the African Continental Free Trade Area (AfCFTA) could potentially boost employment in Cameroon by promoting trade, investment and economic diversification.

2. Expected impact of the AfCFTA on jobs in Cameroon

The entry into force of the AfCFTA in 2021 has raised many questions about its impact on employment in Cameroon. On the one hand, the opening up of trade borders offers new opportunities for Cameroonian businesses ([World Bank, 2020a](#)), promoting market expansion and the creation of new jobs. On the other hand, increased competition threatens fragile sectors and could lead to job losses.

In terms of opportunities, the AfCFTA is likely to stimulate growth in intra-African trade ([Echandi et al., 2022](#)). This will translate into increased demand for Cameroonian products, stimulating local production and job creation in key sectors such as agriculture ([Kouam et al., 2022](#); [CEA, 2023](#)), manufacturing and services. In addition, the opening of borders will enable Cameroonian companies to access new markets and diversify their exports, reducing their dependence on traditional markets and boosting employment ([Banque Mondiale, 2020 b](#); [CEA, 2020](#); [Kouam & Sundjo, 2021](#)).

However, the opening of trade borders also exposes Cameroonian companies to increased competition. Imported products, often less expensive, could threaten the survival of local businesses, particularly in fragile sectors such as agriculture and small businesses. This could lead to job losses and higher unemployment ([OECD, 2021](#)).

In conclusion, the impact of the AfCFTA on employment in Cameroon is still uncertain. However, improving domestic production capacity through, for example, reducing import duties for vital machinery in the agriculture and energy sector will boost employment in both tradeable and non-tradeable sectors. The success of these initiatives will depend on collaboration between the government, the private sector and social partners.

3. Initiatives and policies to support employment in the context of ZLECAF

Faced with the challenges and opportunities of the AfCFTA, the Cameroonian government has put in place a series of initiatives and policies aimed at supporting employment and maximizing the positive spin-offs of the free trade zone. To maximize the positive impact of the AfCFTA on employment, decision-makers aim to strengthen the competitiveness of Cameroonian companies and help them adapt to regional market requirements, infrastructure development, investment in research and innovation, and support for SMEs ([MINPMEESA, 2020](#)).

Following the recommendations of stakeholders, decision-makers are also aiming to improve the business climate, simplify administrative procedures with the creation of business creation formalities centers and the Agency for the Promotion of Small and Medium-sized Enterprises (APME) ([MINFI, s.d](#)), which have reduced the costs and time required to set up a business, and put in place an attractive legal and fiscal framework.

The government also strives to promote employment through vocational training and entrepreneurship programs. These programs aim to adapt workers' qualifications to the needs of the job market, develop technical and entrepreneurial skills, and encourage business start-ups. Emphasis is placed on integrating young people and women into the economic fabric, with initiatives to support the agricultural production basin in the country's various towns. In the agricultural sector, the emphasis is on modernizing farms, developing the agro-industry and promoting local products on national and international markets through the 'Made in Cameroon' initiative. In the industrial sector, the transformation of raw materials and the creation of special economic zones are encouraged. The development of tourism and services is also seen as an important source of employment.

The success of these initiatives and policies will depend on collaboration between government, the private sector and social partners, good governance and transparency, the mobilization of financial resources and the tailoring of policies to specific needs.

Recommendations

The success of Cameroon's trade policy can be focused more on employment if we put certain reforms in place. These include the education system, the production system and the governance system. We need to :

1. Reform the education system, based on the needs of the economy, to draw on qualified human resources. Integrate ICTs into all levels of education, emphasizing the practice of facilitating skills transfer in logistics, agro-processing and promoting innovative methods that will make Cameroonian products more competitive and support high-quality employment. Educational and training institutions and companies need to orient training in technical fields to adopt new approaches in production methods and approaches.
2. Build industries that are better integrated vertically (integration between upstream and downstream activities) and horizontally (integration between different companies). For example, cassava-growing companies should be linked to the supply chains of flour producers to reinforce job creation and long-term affordability.
3. Suspend taxes for three years for new businesses, digitalize tax payment declarations, business start-ups and all administrative procedures to reduce corruption and improve the quality of public service.
4. Establish processing units in agro-sylvo-pastoral and fisheries production basins, quantifying production and producers in Cameroon. This will improve the impact of policies on yields and employment more directly.
5. Create the Export Promotion Agency (APEX) provided for in the texts governing foreign trade in Cameroon, and set up a legal regulatory framework on the quality and quantity of jobs for companies benefiting from technical and financial support.
6. New companies and exporters should be excluded from paying import duties for a period of 2-3 years, so that they can employ more and invest in their products and production processes. Until now, subsidies have been given according to export potential, but this should have an employment component, so that every company formalizes the recruitment of at least 2 - 3 people.

Conclusion

Until now, free trade has been controversial due to its effects on the balance of trade and business competitiveness. This policy brief shows that free trade can boost employment in

Cameroon, and encouraging free trade must be accompanied by concrete reforms to support sectoral jobs in the long term.

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