

The Impact of the Economic Partnership Agreement (EPA) and the African Continental Free Trade Area (AfCFTA) on the Cameroonian Economy



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Projet "Trade for You"

Mr. Henri Kouam

Executive Director

Dr. Nchofoung Tii

Research Fellow in Economics

Mr. Haiwang Djamo

Research Analyst

Dr. Rodrigue Tchoffo

Research Fellow in Economics

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**HENRI KOUAM
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Foreword



As a trade policy expert with over 14 years' experience in trade data collection, policy design, formulation and implementation at national and regional level, I am very pleased and honored to write the foreword of this research outcome. The Commonwealth Enterprise and Investment Council is at the forefront of building trade and investment relations across the 56 member nations and beyond thereby positioning itself as the institution par excellence to inform the Heads of State and Government of the Commonwealth in matters within its scope.

These findings, I am convinced will inform policy makers, development partners, researchers, academicians, students, Non-Governmental Organizations working and experts as they seek to deepen their understanding of how these trade agreements impact Cameroon's economy.

Cameroon's economy has been historically compliant with rules-based trading mechanisms as the country became a member of the General Agreement on Tariffs and Trade (GATT 1947) on the 3rd May 1963. It further consolidated its position as a member of the World Trade Organization (WTO) on December 13, 1995. Both agreements seek to provide an enabling environment for the development of value chains, create competitive economies, promote economic growth, eliminate poverty and foster Cameroon's integration at the regional and global levels. The attainment of these objectives requires complementary policy interventions such as industrial policy, agricultural policy, skills development policy as well as clear roadmaps for implementation.

This exercise conducted by CEPI in partnership with Atlas Network is the first of its kind on impact assessment combining both the EPA and the AfCFTA which are two different agreements with differences in scope, depth and geographical coverage. The outcome of this research findings is coming at a critical moment when category A & B of tariffs groups under EPA are now traded on zero tariffs and the AfCFTA is in the 4th year of tariffs reduction for 90% of tariffs lines. The quality of analysis and data used provides state parties with policy options that can change the narrative on the implementation on these trade agreements. For any trade policy enthusiast, I strongly recommend the use of these findings for a deeper understanding and successful implementation of the EPA and AfCFTA in Cameroon.

CHAM Etienne BAMA
Regional Director, Cameroon, Gabon and Togo,
Commonwealth, Enterprise and Investment Council (CWEIC)

ACRONYMS AND ABBREVIATIONS

- AFCFTA African Continental Free Trade Area
- AGOA African Growth and Opportunity Act AU African Union
- CEMAC Central African Economic and Monetary Community
- CET Common External Tariff
- EC European Commission
- ECCAS Economic Community of Central African States
- ECOWAS Economic Community of West African States
- EPA Economic Partnership Agreement
- EFF Extended Fund Facility
- ECF Extended Credit Facility
- FDI Foreign Direct Investment
- FTA Free Trade Area
- GDP Gross Domestic Product
- GFC Great Financial Crisis
- INS Institute National de la Statistique
- ITA International Trade Administration
- NTM Non-Tariff Measures
- UNCTAD United Nations Conference on Trade and Development
- USA United States of America
- USD United States Dollar

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Key Findings

- Cameroon is the largest economy in the Economic and Monetary Community of Central Africa (CEMAC) region. Since embarking on a trade liberalization program in the 1990's and reforming its common external tariff, it has signed a number of free trade agreements across the world.
- The European Union (EU) and Cameroon 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 over a 15-year period.
- The African Continental Free Trade Agreement (AfCFTA) progressively eliminate tariffs and non-tariff barriers in order to boost trade. It removes import duties on 90% of products for non-least developed countries (LDCs) over 10 years for LDCs. Meanwhile, tariffs for sensitive products (7% of products), which will be eliminated within 10 years for non LDCs (13 years for LDCs).
- This report measures the impact of the AfCFTA and the EPA on economic growth and related variables. It employs a Regional Dynamic Computable General Equilibrium (RDCGE) model and applies Social Accounting Matrices (SAM) across 51 countries and regions including 43 African countries and 8 other aggregated regions in the world and 65 sectors.
- **GDP Growth:** When both agreements are applied, we observe a GDP increase of US\$918.93 million in 2020 against US\$1,102.29 million in 2030 which represent GDP growth rates of 2.40% and 2.45% respectively. In 2030, if Cameroon's GDP were 5%, both trade agreements will boost GDP to 7.45%.
- **Exports:** By 2030, agricultural commodities to the EU will increase to \$6.55 million while exports from the industrial sector increase by US\$282.07 million. However, its exports toward Africa are not affected under the EPAs even though 43.3% of its agricultural products against only 8.0% of its industrial products are sold in African. Under the AfCFTA, its exports toward Africa (US\$14.01 million for agriculture, US\$63.43 million for industry and US\$1.01 million for services. Imports will increase, pushing down import prices and benefiting consumers.
- **Domestic Demand:** Domestic demand increases under the EPAs (0.01% for agricultural products, 0.59% for industrial products and 0.03% for services). Meanwhile, the AfCFTA negatively affect domestic demand (-11.03% for agricultural products and -17.98% for industrial commodities). But importantly, we note a deeply increase in the demand of services of 49.84%.
- **Investment and Firms' Profit:** Under the EPA investment in industry increases (0.2%) but falls for agriculture and services by 0.1%. Under the AfCFTA in 2020 and 2030, investment increases by 2.90% and 1.60% in agriculture, 4.30% and 2.14% in industry and 2.57% and 1.30% in services respectively. Meanwhile, profits increase by US\$62.42 million and US\$31.63 million in agriculture, US\$361.74 million and US\$183.07 million in industry and, US\$1220.54 million and US\$617.82 million in services respectively. Once, more these results show that EPAs mitigate gains from AfCFTA.
- **Household welfare:** Both Agreements improve household welfare by US\$651.79 million corresponding to 3.11% while wages rise by 0.91% in 2020 and 0.88% in 2030. However, the EPA puts downward pressure on wages in Cameroon, but wages are increasingly centrally bargained and the prevalence of a minimum wage will slow the impact of the projected loss in earnings.

Policy Recommendations

1. Strengthening Infrastructure to improve the benefits from the AfCFTA and EPA

Improved transportation and logistics systems will facilitate smoother trade flows and reduce costs for exporters. The EU has identified infrastructure development as a priority area for cooperation, which Cameroon should leverage to enhance its trade capabilities.

2. Enhancing Agricultural Competitiveness

Support modern farming techniques and ensure equipment is tax deductible in future finance laws. Businesses should work with ANOR to boost the quality of products and ensure their products align with international standards.

3. Improving the Business Environment to Boost Investment

This includes reducing bureaucratic hurdles, ensuring political stability, and fostering a more conducive regulatory framework for foreign investments.

4. Utilizing Development Cooperation

Cameroon should actively engage with the EU's development cooperation initiatives aimed at improving trade-related infrastructure and capacity. This includes seeking technical assistance and funding for projects that align with the goals of the EPA, such as enhancing trade facilitation and competitiveness.

5. Monitoring and Evaluation

Establishing a robust monitoring and evaluation framework to assess the impact of the EPA and AfCFTA on the Cameroonian economy.

6. Boost Manufacturing Output

Cameroon should aim to increase its manufacturing sector's contribution to GDP to 25% in order to boost its export capacity and play a more active role in global supply chains.

7. Develop a National AfCFTA Strategy

A comprehensive national strategy must be formulated to align with the AfCFTA's objectives, focusing on creating credible regional value chains and enhancing intra-Central African trade in intermediate and manufactured products.

8. Strengthen Trade Regulations

Implementing effective regulations that facilitate trade, such as simplifying customs procedures and ensuring compliance with AfCFTA rules of origin, is essential for seamless trade operations.

9. Sensitize the Private Sector

There is a need for extensive sensitization initiatives to educate businesses about the AfCFTA, its benefits, and how to navigate the new trade environment. This will enhance participation and competitiveness in the regional market, while reducing the cost of trade.

10. Invest in Infrastructure

Improving transportation and logistics infrastructure will be vital for facilitating trade flows and reducing costs associated with moving goods across borders.

Introduction

Cameroon is a significant player in the Economic and Monetary Community of Central Africa (CEMAC) region, with a harbor, which makes it a natural entrance into the landlocked region of Central Africa, which includes Chad, the Central African Republic, and the northern Congo. Cameroon has grown by 4% over the last decade, with trade contributing about [41% to its Gross Domestic Product \(GDP\)](#). Its poverty rate has fallen from 38.6% in 2021 and has since fallen to 37.7% in 2022, with around ten million people living below the poverty line in 2022, out of a total population estimated at around 27 million ([INS, 2024](#)). This situation can be accounted for by a series of factors, including insufficient economic growth, distortions relating to wealth redistribution, as well as multiple endogenous and exogenous shocks and fluctuations in the world prices of the main export and import products. Following the recession caused by the Covid-19 pandemic in 2020, GDP growth recovered with the help of the recovery of the non-oil industry and the overall global economic recovery, reaching 3.8% in 2022 and 4% in 2023. As the effects of Russia-Ukraine war abate and the withdrawal of fuel subsidies become apparent, the economy is recovering gradually. In 2023, inflationary pressures were principally driven by food prices and the removal of fuel subsidies, which resulted in a 15% increase in pump prices. The central bank raised interest rates even as inflation continued to exceed the central bank's 3% objective (at 4.8% in 2024) ([INS, Feb 2024](#)).

The Economy is Stabilizing

Fiscal reforms started in 2021 will continue through 2024 and the government is gradually implementing the IMF-approved program, which includes an [Extended Fund Facility \(EFF\)](#) and an [Extended Credit Facility \(ECF\)](#) totaling \$689.5 million over three years. This includes efforts to increase revenue and broaden the tax base. This is relevant in the context where revenue loss equaled FCFA 70.5 billion over the last ten years once the EPA started being implemented. In July 2023, a disbursement of \$73.6 million was authorized, increasing the total amount disbursed to \$493.6 million. As part of the proposal, fuel subsidies have been reduced from 3.7% of GDP in 2022 to 2.6% in 2023 to reduce pressure on the government's revenues. Strong economic growth and low fiscal deficits will reduce overall public debt in the medium term, which includes guarantees, arrears, and SONARA debt (or 2.6% of GDP), from 45.5% of GDP at the end of 2022 to 37.2% in 2025 ([IMF, 2024](#)). The fall in global agricultural prices is predicted to slightly relieve inflationary pressures in 2024.

Poverty Persists Underscoring the Need for Industrial Development

Notwithstanding the nation's generally positive economic results, around 40% of people live in poverty. The rate of extreme poverty, which accounts for over 30% of the population, rose as a result of the Covid-19 pandemic (World Bank, 2021). The total number of impoverished people in

Cameroon rose, and poverty is becoming more concentrated in the country's North and Far North due to the poverty reduction rate lagging behind that of population growth. Meanwhile, while the unemployment rate is estimated at 3.8% even as a [2023 INS study](#) states that the unemployment rate among recent graduates (those between the ages of 25 and 35) is five times greater than that of the general population ([Institute of National Statistics \(2024\)](#)). We find that employees in the informal sector have lower rates of unemployment.

In fact, only 6 workers out of 100 are wage earners in Cameroon. This low level of employment is more significant in industry (9.6%) than in services (4.7%) and trade (3.3%). Despite having very high levels of informality, Cameroon's real economy has [grown by 4%](#) on average over the last 20 years (Fred St. Louis, 2024), driven in large parts by the export of commodities and the service sector, which now contributes over 60% of GDP. Meanwhile, over [90% of the country](#) is trapped in the informal sector, hence the need to accelerate the implementation of trade agreements to ensure that small holders and small-scale farmers and other microentrepreneurs can fully benefit from trade agreements.

Main Sectors of Industry

Cameroon is a major global producer of goods like cocoa, coffee, bananas, tobacco, palm products, cotton, maize, and cassava because of its abundance of natural resources. 42% of the working population is employed in the primary sector, which generates 17% of the GDP ([MINEPAT, 2023](#)). The primary economic driver of the economy before oil was agriculture. Meanwhile, political unrest plagues the region, which affects the production of coffee and cocoa that is overwhelmingly focused in the English-speaking areas ([CRTV Web, 2021](#)). Two more noteworthy activities in the nation are forestry and fishing. There are valuable timber kinds in the nation. Conflicts and climate continued to have an impact on crop production in 2023.

Meanwhile, 15% of workers are employed in the secondary sector, which contributes 26.3% of the GDP ([INS, 2023](#)). The manufacturing of cement, food processing, textiles, logging, and petroleum refining are important sectors even as the oil refinery sector focuses on refining, which contributes excessively to Cameroon's industrial production. Another essential element is food processing, which is done by businesses that produce dairy products, drinks, and processed meals. Despite its difficulties, the textile industry is still important, especially when it comes to the manufacturing of cotton. Furthermore, the growth of infrastructure and construction activities are facilitated by the manufacturing of cement. Amidst sustainability issues and regulatory obstacles, logging and timber processing remain important drivers of the economy due to Cameroon's abundant forestry resources. Approximately [20% of government revenue](#), 33% of exports, and 4% of GDP are derived from the extractive industry (EITI).

Finally, 14% of the working population is employed in the tertiary sector, which generates over 50% of GDP ([INS, 2023](#)), driven by retail, banking and finance, transportation, tourism, and telecoms. With higher internet and cell penetration rates nationwide, the telecommunications sector has grown significantly. With both domestic and foreign organizations involved, banking and financial services are vital for promoting trade and investment. Additionally, retail stimulates business activity and job creation nationwide due to urbanization and rising consumer demand. It is, however, important to note that the majority of employment in the sector is informal and relies on imported second-hand clothes from Turkey and Europe (CEPI, 2024).

Cameroon has liberalized its trade

After the commodity shock in the 1980's Cameroon embarked on trade liberalization, creating a customs union in the CEMAC region where import duties ranged from 3-14%, while import duties for third countries were decided on a country-to-country basis ([Business in Cameroon, 2023](#)).

Furthermore, in order to obtain duty-free and quota-free access to the European market in exchange for the progressive elimination of taxes and quotas for European goods entering Cameroon, the government signed an interim Economic Partnership Agreement (EPA) with the EU in 2009, which began being implemented in ([ITA, 2024](#)). It is currently being implemented and is in Phase 7 of removing tariff barriers. Phase 7 consist in reducing import duties on 90% of products in the second group like transport automobiles, car parts, fertilizers and iron to name a few.

More recently, Cameroon signed the African Continental Free Trade Agreement (AfCFTA), which aims to progressively eliminate tariffs and non-tariff barriers in order to boost trade. The AfCFTA will liberalize 90% of tariff lines within 5 years for non-least developed countries (LDCs) (10 years for LDCs). Tariffs for sensitive products (7% of tariff lines) are to be eliminated within 10 years for non LDCs (13 years for LDCs) ([African Union, 2024](#)). The AfCFTA Agreement preserves 3% of the tariff lines for excluded products. AfCFTA also addresses the elimination of Non-Tariff barriers (NTBs) (which have been found to have an even more detrimental effect on intra- Africa trade than tariffs). Article 13 of the AfCFTA Agreement obligates state parties to set up institutional mechanisms to identify, report on, resolve, monitor and eliminate NTBs in member countries. AfCFTA also provides for an online mechanism for reporting and resolving non-tariff barriers experienced by businesses.

There has been a great deal of reports that reiterate the positive contribution of free trade agreements to economic development. However, it is important to measure and quantify the projected impact of trade agreements on our economies to understand when and how to adjust. To our knowledge, there is

currently no study quantifying the impact of both trade agreements on economic growth, wages, incomes, savings and investment.

Objective of this Report

This report seeks to measure the impact of the EPA and AfCFTA on the Cameroonian economy, by illustrating how Gross Domestic Product (GDP), employment, wages, savings and investment will be impacted over the long run when Cameroon reduces tariffs to near zero for most products that are imported and exported under these agreements.

Breakdown of Report

Chapter 1 outlines important aspects of the Economic partnership Agreement (EPA) & Cameroon's trade with the EU, while Chapter 2 provides an overview of the AfCFTA and an overview of Cameroon's trade with African countries. In Chapter three, we discuss the methodology section and the results and analysis follow in Chapter Four and Five. This is followed by actionable recommendations and a conclusion thereafter.

Chapter 1: Overview of the Economic Partnership Agreement

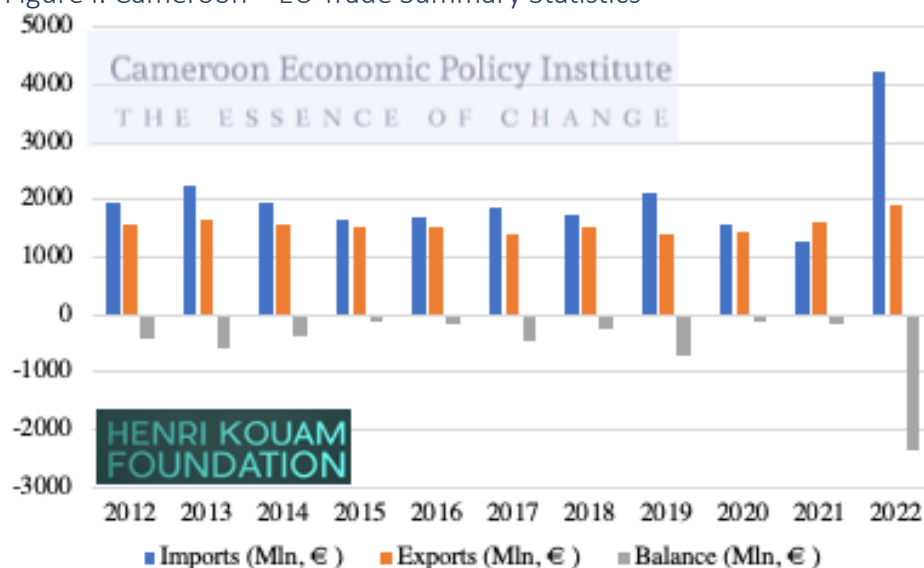
With a view to diversifying its trading partners, Cameroon signed an Economic Partnership Agreement (EPA) with the EU on January 15, 2009, and ratified it on July 22, 2014, then with the UK on March 9, 2021, and ratified it on June 28, 2021. These trade agreements aim to promote the integration of African, Caribbean and Pacific (ACP) countries into the global economy, using trade and regional integration as levers for development. Their aim is to encourage economic development by progressively eliminating barriers to trade between ACP countries and the EU, while strengthening cooperation in all areas of trade.

The agreements give Cameroonian products free access to the EU market, while customs duties on 80% of EU products are progressively reduced for imports into Cameroon. The EU remains Cameroon's main trading partner, accounting for 47% of the country's global exports and 28% of its imports in 2019 (Wits, 2020). Cameroon has therefore excluded (20%) a number of agricultural and processed non-agricultural products from liberalization, mainly to protect its agricultural or industrial markets considered sensitive, but also to preserve its tax revenues. Products excluded include most meats, wines and spirits, malt, dairy products and flour (European Commission, 2024).

Summary of Cameroon's trade with the European Union

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 (European Commission, 2023). Looking at total trade between the EU and Cameroon, we find that two-way trade is dominated by agricultural products (21.1% of total trade), fishery (0.7%) and industrial products (78%) (Fig i).

Figure i: Cameroon – EU Trade Summary Statistics

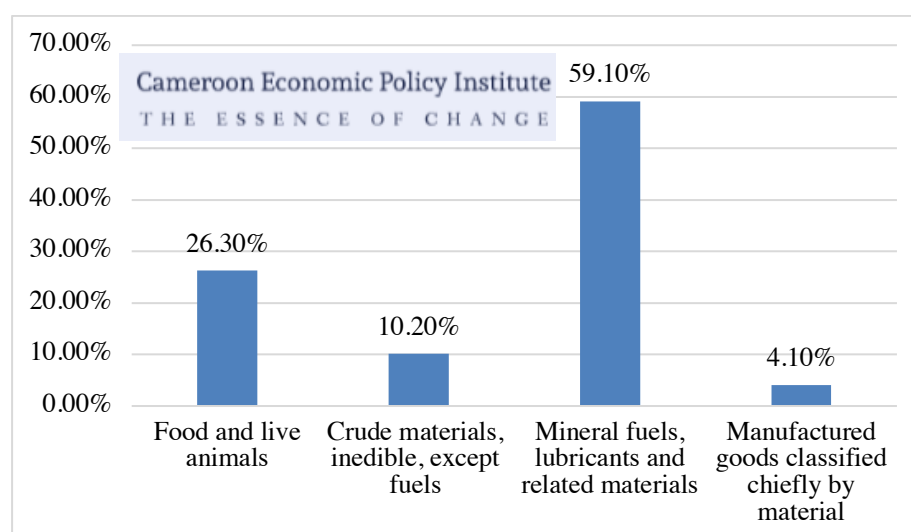


Source: [European Commission](#)

The majority of Cameroon’s exports to France are comprised of Mineral Fuels i.e., over 50%. This is followed by food and live animals, crude materials and inedible and manufactured goods that contribute 4% of total exports (Fig, ii). This partly explains why Cameroon has a trade deficit with the EU as its low value-added products do not support or boost its terms of trade.

A lack of investment has slowed Cameroon’s productive capacity, accentuated by a difficult business environment. The manufacturing sector in Cameroon contributes 13% of GDP from 17% in 1993 (World Bank, 2024). This can be attributed, in part, to a difficult operating environment for manufacturing businesses, cheap imports and a growing share of primary sector exports.

Figure ii: Over 50% of Cameroon’s exports to the EU are Primary Products

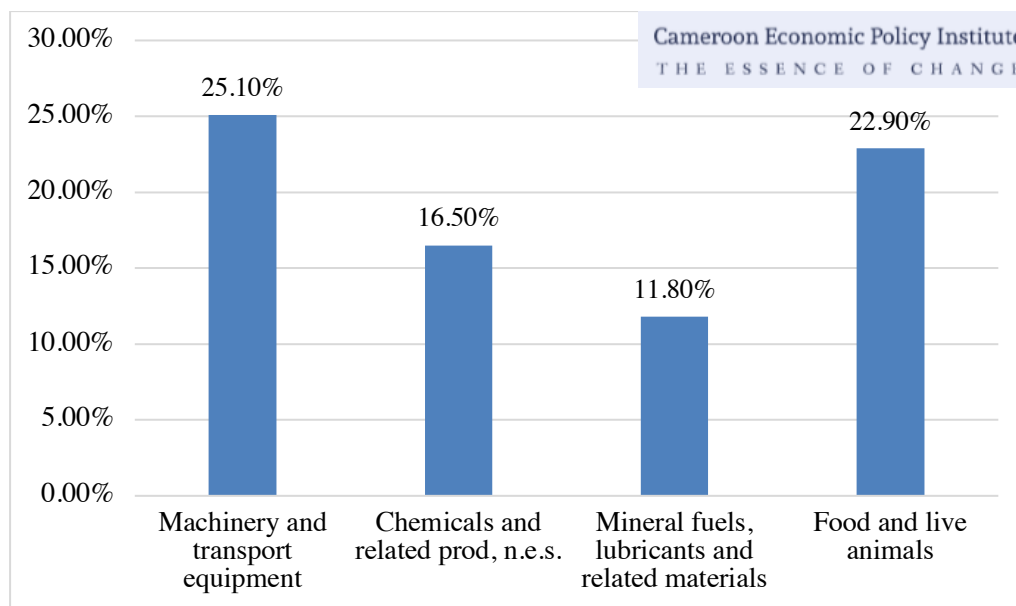


Source: [European Commission](#)

Cameroon imports from the EU more than it exports. The majority of imports from the EU are Machinery and transport equipment’s, followed by food and live animals and chemicals and related products (Fig, iii).

Cameroon has a small manufacturing base, hence the large share of EU food imports. Meanwhile, industrial manufacturing is still growing, with very limited advanced chemical industries and most firms import processed fuels and lubricants to power manufacturing or resell directly to local consumers.

Figure iii: Cameroon Imports Cameroon Imports from the EU



Source: [European Commission](#)

The EPA governs trade through a number of mechanisms, which include trade regimes for goods, trade defense instruments, technical barriers to trade and sanitary measures, current payments and capital movements, competition, intellectual property, procurement, sustainable development and protection of personal data and the removal of tariff barriers.

1.1. Trade Regime for Goods

The trade regime for goods refers to the rules, agreements and policies that govern international trade in goods. These include tariff agreements, import quotas, trade restrictions, free trade agreements, non-tariff barriers and other aspects of trade in goods. Indeed, as far as the EPA trade regime is concerned, it has been in force in Cameroon since January 1, 2008, replacing the Cotonou Agreement, which expired on December 31, 2007 (FES, 2015). Under Article 20 of the EPA, all products originating in Cameroon are exported to the EU duty-free, with the exception of four goods: arms and munitions, rice, sugar and bananas ([European Commission, 2024](#)).

1.2. Customs Duties and Non-tariff measures

Customs duties are taxes imposed on imported or exported goods when they cross international borders. Non-tariff measures include a range of policies other than tariffs that affect international trade. That said, Cameroon has embarked on a process of tariff dismantling or progressive elimination of customs duties on products originating in the EU ([European Commission, 2024](#)). Indeed, under the EPAs, customs duties on 80% of goods originating in the EU will be progressively liberalized, while Cameroon can export to the EU duty-free ([Nchofoung & Kouam, 2024](#)). The third category includes products such as cars, motorcycles, cameras, video projectors, watches, glasses, sports equipment and musical instruments, representing around 26% of tariff lines. The progressive reduction of customs

duties for these products began on January 1, 2021, with an annual reduction of 10% of the initial tariff ([European Commission, 2024](#)). These tariffs will disappear completely by August 2029.

However, access to the EU market must still meet health and safety requirements. To this end, assistance is offered to Cameroonian exporters within the framework of EU-funded projects, explaining and detailing, all criteria relating to sanitary and phytosanitary (SPS) measures.

1.3. Trade defense instruments

A trade defense instrument is a set of measures or legal tools used by governments to protect their domestic industry from imports ([European Commission, 2024](#)). These instruments aim to counter unfair trade practices, such as dumping (selling at a loss on foreign markets) and massive subsidies, which could harm domestic production. The EPA contains a chapter on trade defense, with safeguards allowing each party to reintroduce import taxes and quotas when imports disrupt or threaten to disrupt its economy. These instruments include anti-dumping duties, countervailing duties and safeguard measures. Thanks to these measures, Cameroon can, for example, react to a sudden increase in imports from the EU if necessary, or take additional measures to ensure food safety.

1.4. Trade Facilitation

Trade facilitation refers to all measures and efforts aimed at simplifying and harmonizing the procedures and formalities associated with international trade, with the aim of reducing the costs and delays associated with the exchange of goods. These measures are designed to promote the smoother movement of goods across borders, while enhancing security and compliance with regulations. As part of the EPA, the EU provides free services to Cameroonian companies, allowing them free access to the EU market. This assistance enables Cameroon to export easily to the EU market. It also enables Cameroon to adapt its customs procedures and cut red tape. In other words, exporters and importers benefit from reduced red tape, and are also better encouraged to fight corruption. The main aim of trade facilitation is to stimulate international trade by making cross-border trade faster, cheaper and more efficient ([Yasui, 2014](#)).

This can benefit businesses, particularly small and medium-sized enterprises, which are often more sensitive to the costs and delays associated with customs and administrative formalities. Initiatives such as the World Trade Organization (WTO) Trade Facilitation Agreement, as well as regional and national programs to simplify customs procedures, are part of efforts to promote trade facilitation worldwide ([Ibid, 2014](#)).

1.5. Technical barriers to trade and Sanitary measures

Technical barriers to trade concern the technical rules and requirements that can hinder trade, such as quality, labeling and certification requirements. Sanitary and phytosanitary (SPS) measures, on the other hand, aim to protect human, animal and plant health by establishing food safety standards and controls against diseases and pests. These barriers can be either mandatory “technical regulations” (for example, the EU's proposed labeling requirements to inform consumers about the possible risks of hair dye products) or voluntary “standards” ([Prévost & Denise, 2010](#)). These measures act as a barrier to trade but can be met by local producers with the right capacity.

These measures can therefore act as a considerable barrier to trade between the EU and Cameroon, in relation to agricultural commodities, an area of crucial importance to the Cameroonian economy. Indeed, Cameroon faces “numerous” obstacles when exporting its products to the EU, particularly agricultural products. According to Cameroonian customs, these products are often turned back when exported, as products from Cameroon often fail to meet European standards in terms of packaging and preservation ([Investir au Cameroun, 2022](#)).

1.6. Current payments and capital movements

Under the Cameroon-EU EPA, current payments and capital movements aim to facilitate trade, investment and economic development. In the case of current payments, this involves the facilitation of transactions linked to trade, remittances, tourism-related payments and labor-related income. Within the framework of the EPA, specific provisions concerning preferential access to the European market for Cameroonian products are put in place, while taking into account standards and policies related to forest governance, timber trade and environmental sustainability. Cameroon has taken relevant measures to support anti-money laundering and facilitate the flow of capital from the EU to Cameroon and vice versa.

Meanwhile, the new Currency Exchange Regulation N°02/18/CEMAC/UMAC/CM of the Central African Economic and Monetary Community (CEMAC) (the New CEMAC Currency Exchange Regulation) finally entered into force on March 1, 2019 after several years of debate. It cancels and fully replaces the former regulation n°02/00/CEMAC/UMAC/CM dated April 29, 2000 (the Former CEMAC Currency Exchange Regulation) (See [Kouam, 2024](#)). There are some key points to note regarding how currencies are handled across the sub-region.

- **Article 6:** *Evidence of funds are required for amounts above 1 million CFA Francs, which must be certified by commercial banks.*

- **Article 41:** Mandates the opening of foreign exchange accounts to be authorized by the Bank of central African States (BEAC). However, the terms of opening a foreign currency account are not explicit.
- **Article 43:** The authorization of a current account in foreign currency is now subject to authorization by the Bank of Central Africa States (BEAC).
- **Article 53:** The New CEMAC Currency Exchange Regulation provides (in line with the Former CEMAC Currency Exchange Regulation) that exportation proceeds above 5 million CFAF (i.e., approximately 7,622 Euros) must be repatriated within 150 days¹ as from the exportation date (you may recall that under the Former CEMAC Currency Exchange Regulation, operators had 30 days to comply with this obligation) into a certified commercial bank (intermediaries' agréé).

1.7. Competition

Competition aims to ensure a level playing field for business and promote competitiveness. Indeed, the parties recognize the importance of free and undistorted competition in their trade relations, and the fact that certain anti-competitive practices may restrict trade between the parties and thus hinder the achievement of the objectives of this agreement. But, in reality, it has to be said that it is difficult for Cameroon to stand up to competition from EU companies. While the EU is making massive exports of value-added products, Cameroon is limited in exporting certain raw products that do not advance its economic development ([Tsolefack, 2020](#)). However, Cameroon has the possibility of countering unfair trade practices, such as dumping (selling at a loss on foreign markets) and massive subsidies, which could harm national production, notably through anti-dumping duties, countervailing duties and safeguard measures. Ultimately, the competition component of the Cameroon-EU EPA aims to create an environment conducive to economic growth and development, while ensuring that companies operating under the agreement comply with competition rules.

1.8. Intellectual property

Intellectual property rights apply to man-made goods and services that are intended, at least in their final form, to satisfy needs expressed by the market. The Cameroon-EU EPA aims to promote the protection and enforcement of intellectual property rights, in line with international standards. The agreement includes provisions for the protection of intellectual property rights, including patents, trademarks, designs, copyright and geographical indications ([European Commission, 2024](#)). These provisions include commitments concerning the implementation of laws and regulations designed to ensure the protection of intellectual property rights, and to strengthen mechanisms for protection, monitoring and redress in the event of infringement. It should be noted that, subject to respect for the competences transferred to the African Intellectual Property Organization (OAPI), the EU is seeking to establish a solid and predictable legal framework for IPR. It provides a range of instruments and technical assistance programs to help developing countries strengthen IPR.

1.9. Public procurement

One of the key aspects of the EPA is the opening up of public procurement markets. The fundamental objective here is the mutual opening of public procurement markets between the Parties. This means that European companies can have access to public procurement markets in Cameroon, and vice versa. Indeed, it must be recognized that transparent and competitive tendering rules contribute to economic development. To this end, Cameroon and the EU guarantee transparency in bidding procedures, ensuring that companies on both sides have equal opportunities to win public contracts, while recognizing their differences in development ([European Commission, 2024](#)).

According to the agreement, negotiations on public procurement cover the following points in particular: a) transparent and non-discriminatory rules, procedures and principles to be applied; b) lists of products covered and thresholds applied; c) effective challenge procedures etc. The chapter on public procurement also includes mechanisms for resolving disputes relating to access to public contracts, in order to ensure compliance with the commitments made under the EPA. These commitments aim to establish a framework for fair and transparent access to public procurement, with a view to stimulating trade and investment between the two parties.

1.10. Sustainable Development and Protection of Personal Data

Sustainable development is a key objective of the Cameroon-EU EPA. The agreement aims to promote Cameroon's economic, social and environmental development, while fostering regional integration and economic diversification. In this context, several sustainable development initiatives are being implemented, notably in the fields of sustainable agriculture, environmental preservation, infrastructure improvement and employment promotion. The EU and Cameroon are working together to promote development models that take into account economic, social and environmental aspects.

Cooperation also includes initiatives to build the capacities of local players, promote good governance and combat climate change. These actions help to promote inclusive economic growth and ensure that the benefits of development accrue to the entire population, while preserving natural resources for future generations. The protection of personal data is a crucial issue in international trade agreements. It should be noted from the outset that Cameroon has put in place its own law on the protection of personal data, notably Law n° 2010/012 of December 21, 2010. This law aims to protect the personal data of Cameroonian citizens and residents. Within the framework of the EPA between Cameroon and the EU, the parties recognize their common interest in protecting the fundamental rights and freedoms of individuals,

- *In particular their privacy, with regard to the processing of personal data;*
- *The importance of applying effective data protection regimes in order to protect consumer interests, strengthen investor confidence and facilitate cross-border flows of personal data ;*

- *The need for the collection and processing of personal data to be carried out in a transparent and fair manner, respecting the rights of data subjects; agree to put in place the appropriate legal and regulatory regimes as well as the administrative capacities necessary for their operation, including independent supervisory authorities, in order to guarantee an adequate level of protection for individuals with regard to the processing of personal data, which should be in line with the highest international standards.*

1.11. The Removal of Tariff barriers

The implementation of the Economic Partnership Agreements with the European Union and 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, with the aim of encouraging 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 ([Kouam, 2024b](#)).

These include fuels, cement, cars, passenger vehicles, motorcycles, cereals such as wheat, rye, barley, sorghum, children's food preparations, ceramic tiles, sinks, dishes, statuettes 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 Group 1 and 2 products and 40% of Group 3 products ([Kouam, 2024b](#)).

Table 1: Dismantling schedule and percentage tariff reduction by product group

GRUPE PRODUITS	04/08/14- 03/08/15	04/08/15- 03/08/16	04/08/16- 03/08/17	04/08/17- 03/08/18	04/08/18- 03/08/19	04/08/19- 31/12/20	01/01/21- 03/08/21	04/08/21- 03/08/22	04/08/22- 03/08/23	04/08/23- 03/08/24	04/08/24- 03/08/25	04/08/25- 03/08/26	04/08/26- 03/08/27	04/08/27- 03/08/28	04/08/28- 03/08/29	04/08/29- 03/08/30
1	0%	0%	25%	50%	75%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2	0%	0%	0%	15%	30%	45%	60%	75%	90%	100%	100%	100%	100%	100%	100%	100%
3	0%	0%	0%	0%	0%	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
5	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Niveau d'avancem ent	Phases achevées									Phase en cours	Phases non entamées					

Source : MINFI/DGD (2023).

At December 31, 2023, the amount of the tax loss under the CAM-EU EPA is estimated at 70.5 billion FCFA since the start of dismantling. That of the CAM-RU EPA is estimated at 687.4 million FCFA. The main products to have benefited from these agreements are shown in the following tables.

Table 2: Breakdown of EPA tax losses by product chapter. Period: 04/08/2016 to 31/12/2023

CHAPITRES DE PRODUITS	Millions de FCFA	Part (%)
25: Salt; sulfur; earth and stone; plaster, lime and cement.	7,950,6	11.30%
84: Nuclear reactors, boilers, machinery, apparatus and mechanical appliances; parts thereof.	10,641,1	15.10%
33: Essential oils and resinoids; perfumery, toilet preparations and cosmetic preparations.	4,741,2	6.70%
48: Paper and paperboard; articles of paper pulp, paper or paperboard.	11,783.50	16.70%
87: Motor cars, tractors, cycles and other land vehicles, their parts and accessories.	3,886.80	5.50%
85: Sound recording or reproducing machinery, apparatus and equipment, television image and sound recording or reproducing apparatus, parts and accessories thereof.	4,997.70	7.10%
39: Plastics and articles thereof.	3,174.90	4.50%
28: Inorganic chemicals; inorganic or organic compounds of precious metals, radioactive elements, rare earth metals and isotopes.	3,796.90	5.40%
27: Mineral fuels, mineral oils and products of their distillation; bituminous substances bituminous materials; mineral waxes.	3,047.10	4.30%
31: Fertilizers	1,657.80	2.40%
38: Miscellaneous chemical products.	2,560.80	3.60%
23: Residues and waste from the food industry; prepared animal feed.	488.4	0.70%
73: Cast-iron and steel structures.	1,743	2.50%

29: Organic chemicals.	1,995.70	2.80%
10: Cereals.	293.1	0.40%
83: Miscellaneous base metal products.	898.1	1.30%
86: Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track mechanical (including electromechanical) signaling equipment for communication.	1,322.90	1.90%
21: Miscellaneous food preparations.	620.6	0.90%
90: Optical, photographic, cinematographic or precision measuring, checking or precision instruments; medical and surgical instruments and apparatus parts and accessories thereof.	751.5	1.10%
35: Albuminoid materials; modified starches; glues; enzymes.	452.1	0.60%
32: Tanning or dyeing extracts; tannins and their derivatives; pigments and other dyestuffs. colorants; paints and varnishes, mastics; inks.	535.6	0.80%
19: Preparations based on cereals, flour, starch or milk; pastries.	105	0.10%
01: Live animals.	272,1	0.40%
72: Cast iron and steel.	140,6	0.20%
30: Pharmaceutical products.	180,6	0.30%
Total	68,037,4	96.50%
	70,516,2	100%

It should be noted that the main beneficiaries of the CAM-EU and CAM-RU EPAs are large companies operating in the agri-food (breweries and cereal-based products), cement, energy, construction and public works, and paper manufacturing and distribution sectors. However, given that the majority of the country's economic fabric is made up of small and medium-sized enterprises, the effect of the EPA on economic activity remains largely unnoticed, particularly as regards job creation and the growth and diversification of exports.

Recommendations

The EPA give Cameroonian products free access to the EU market, while customs duties on 80% of EU products are progressively reduced for imports into Cameroon. The EU remains Cameroon's main trading partner, accounting for 47% of the country's global exports and 28% of its imports in 2019 ([Wits, 2020](#)). At December 31, 2023, the amount of the tax loss under the CAM-EU EPA is estimated at 70.5 billion FCFA since the start of dismantling. That of the CAM-RU EPA is estimated at 687.4 million FCFA. The main products to have benefited from these agreements are shown in the following tables.

In the light of the above, the complementary actions to be implemented to improve the effects of the CAM-EU EPA include;

- The negotiation of rendezvous clauses on trade in services and investment;
- Holding sector-specific focus groups to monitor the implementation of the EPAs with the private sector;
- Strengthening the capacities of small and medium-sized enterprises (SMEs) to take better advantage of the opportunities offered by the EPAs;
- Developing training and technical assistance programs.

Chapter 2: Overview of the AfCFTA

The African Continental Free Trade Area (AfCFTA) is one of the Flagship Projects of Agenda 2063. It established the African Continental Free Trade Area (AfCFTA) who aims at accelerating intra-African trade and boost Africa's trading position in the global market. The Agreement establishing the AfCFTA was signed on 21st March in Kigali, Rwanda and entered into force on 30th May 2019. After this, the Operational Instruments governing trade under the AfCFTA regime were launched in Niamey, Niger in July 2019 and trading under the AfCFTA began on 1st January 2021.

2.1 Objective of the AfCFTA

The AfCFTA will progressively eliminate tariffs and non-tariff by liberalizing 90% of tariff lines within 5 years for non-least developed countries (LDCs) and 10 years for LDCs ([Kouam, 2024](#)). Additionally, tariffs for sensitive products (7% of tariff lines) are to be eliminated within 10 years for non LDCs and 13 years for LDCs). The AfCFTA preserves 3% of the tariff lines for excluded products and also addresses the elimination of Non-Tariff barriers (NTBs) (which have been found to have an even more detrimental effect on intra- Africa trade than tariffs). Furthermore, Article 13 of the AfCFTA Agreement obligates state parties to set up institutional mechanisms to identify, report on, resolve, monitor and eliminate NTBs in member countries ([African Union, 2024](#)). AfCFTA also provides for an online mechanism for reporting and resolving non-tariff barriers experienced by businesses.

Table 1: Summary of AfCFTA provisions

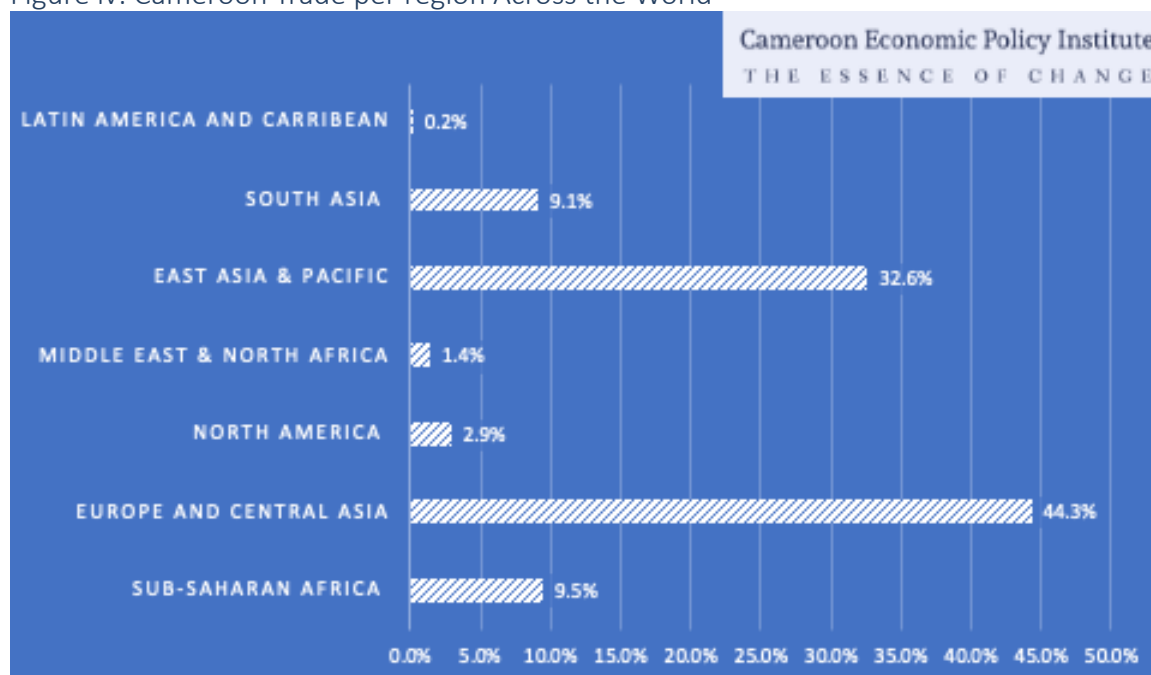
COUNTRY CLASSIFICATION	LDCs	Non-LDCs	G6 countries (Ethiopia, Madagascar, Malawi, Sudan, Zambia, Zimbabwe)
Full liberalisation	90% of tariff lines	90% of tariff lines	90% of tariff lines
	10-year phase down	5-year phase down	15-year phase down
Sensitive products	7% of tariff lines	7% of tariff lines	Not yet determined
	13-year phase down (current tariffs can be maintained during first 5 years – phase down starting in year 6)	10-year phase down (current tariffs can be maintained during first 5 years – phase down starting in year 6)	
Excluded products	3% of tariff lines	3% of tariff lines	Not yet determined

2.2. Specific Objectives of the AfCFTA

- Create a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan African Vision of “An integrated, prosperous and peaceful Africa” enshrined in Agenda 2063;
- Create a liberalized market for goods and services through successive rounds of negotiations;
- Contribute to the movement of capital and natural resources and facilitate investments building on the initiatives and developments being undertaken by the State Parties and RECs;
- Lay the foundation for the establishment of a Continental Customs Union at a later stage;
- Promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties;
- Enhance the competitiveness of the economies of State Parties within the continent and the global market;
- Promote industrial development through diversification and regional value chain development, agricultural development and food security;
- Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes

Summary of Intra-African Trade

Figure iv: Cameroon Trade per region Across the World

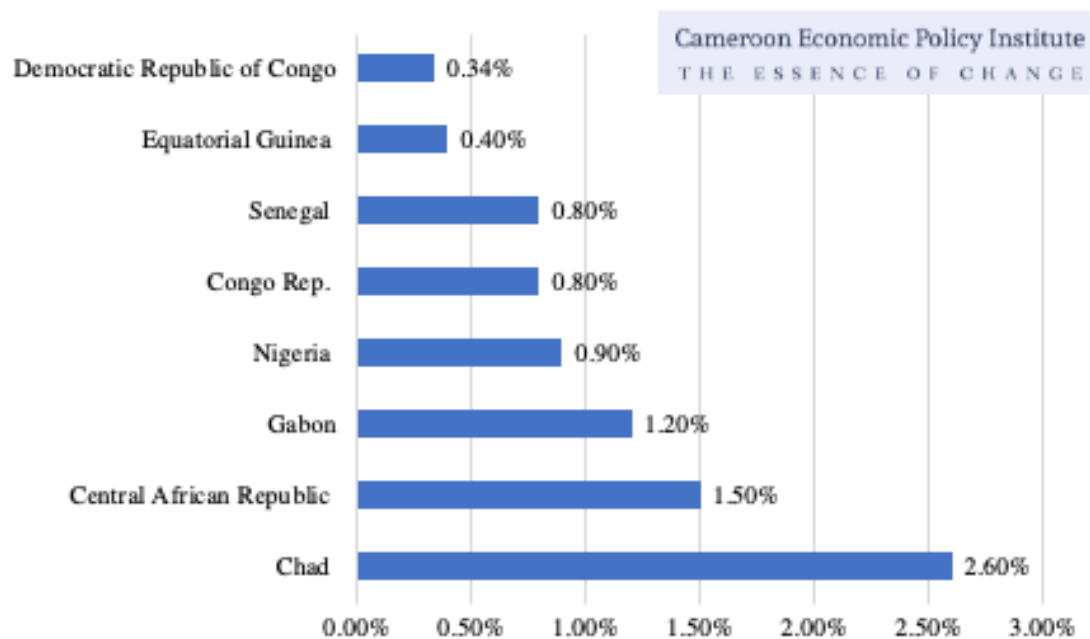


Source: [World Integrated Trade Solution, 2024](#)

As illustrated in the chart below, Cameroon’s main trading partner on a regional basis in Europe and Central Asia. This is driven by cultural, language and geographical proximity, while poor connectivity and infrastructure continues to impact intra-African trade (Kouam et

al, 2022; Nkafu Policy Institute, 2022). Less than a tenth of Cameroon’s trade is from Africa, illustrating the need and urgency of implementing and leveraging the African Continental Free Trade Area (AfCFTA). Chart V shows that the top three export destinations are CEMAC member countries even as culture and language has reinforced trade with francophone countries.

Figure V: Cameroon’s Top Trading Partners across Africa



Source: [World Integrated Solutions, 2024](#)

Cameroon’s largest trading partner outside Africa is China with Africa only accounting for 9.5% of its total trade. It’s important to note that every member of the CEMAC region is an important trading partner for Cameroon, illustrating the importance of regional economic communities (RECs), despite being the less integrated REC across the continent. Trade across the continent is constrained by a lack of transport and digital infrastructure, the prevalence of informal trade (Kouam et al, 2022), different regulations across the continent and a need to boost trade capacity for both traders and policy makers.

2.3. Protocols to the Agreement Establishing the AfCFTA

There are a total of six protocols that make up the AfCFTA, which are outlined below.

2.4. The Protocol on Trade in Goods

The Protocol seeks to create a liberalized market for the trade of goods in line with Article 3 of the AfCFTA. Once complete, it will make provisions to ensure there are clear and

transparent criteria for preferential treatment under the Agreement. The Protocol on Trade in Goods is comprised of nine annexures, of which the following seven are complete:

- **Customs Co-operation and Mutual Administrative Assistance.**
- **Trade Facilitation.**
- **Non-Tariff Barriers.**
- **Technical Barriers to Trade.**
- **Sanitary and Phytosanitary Measures.**
- **Transit.**
- **Trade Remedies.**

The Protocol on Trade in Services

The Protocol on Trade in Services is the second protocol to the African Continental Free Trade Area (AfCFTA) agreement and establishes a framework of principles and rules for trading in services (in addition to goods). The Services Protocol aims to create an open, transparent, and integrated (single) market for services across Africa. Building upon existing progress and harmonization of regulation at a regional level, this protocol will ensure that service providers across the continent participate in global value chains. The emphasis is on responsible regulation that does not compromise consumer protection and overall sustainable development ([Tralac, 2024](#)).

The protocol expressly acknowledges challenges that are faced by least developed countries, landlocked, island states and vulnerable economies as well as their unique economic circumstances and trade needs. Additionally, the establishment of a Single African Air Transport Market through the Yamoussoukro Decision is recognized as a vital step in boosting intra-African trade, particularly within the AfCFTA context ([AFCAC, 2024](#)). Finally, the AfCFTA Guided Trade focuses on five priority areas, namely tourism, transport, business services, communication services, and financial services.

2.5. The Protocol on Rules & Procedure on the settlement of disputes

The Disputes Protocol requires State Parties to fully implement the recommendations and rulings of the DSB. Failure to implement rulings of the DSB within the agreed timeframe will result in the guilty party paying compensation or having concessions suspended for an interim period.

2.6. The Protocol on Investment

The aim of the Investment Protocol is to establish a balanced, coherent, clear, transparent, predictable and mutually-advantageous continental framework for the principles and rules that govern investment promotion, facilitation and protection. This protocol encourages intra-African investment flows by establishing a balanced, predictable and transparent legal and institutional framework for investment

complete with appropriate mechanisms for the prevention, management and settlement of investment disputes.

The implementation of a successful investment protocol would: (i) expand the scope of the current AfCFTA, which already includes elements of free movement of capital and goods and services across Africa; (ii) enable African businesses to capitalize on opportunities for investment beyond national borders; (iii) allow investors to make decisions about investments with the assurance that their goods and services can be sold to a market of over 1.4 billion people; (iv) strengthen Africa's ability to produce the goods and services required for cross-border trade under favorable AfCFTA terms; and (v) in the process, strengthen the AfCFTA's ability to improve the lives of Africans as consumers, workers, and business owners ([Kouam, 2024](#)).

According to the Investment Protocol, State Parties are required to uphold established norms of protection such most-favored nation treatment, national treatment (post-establishment), and freedom from expropriation without compensation, as well as to encourage and facilitate intra-African investment. However, there are also exclusions from these commitments that are intended to give State Parties a buffer of regulatory space ([World Trade Institute, 2024](#)). It is noteworthy that the entire section (Article 26) of the AfCFTA Investment Protocol is devoted to encouraging and facilitating investment that aids in the battle against climate change. Lastly, the Investment Protocol includes the components of a dispute resolution mechanism as well. Under this mechanism, disagreements between State Parties, including those involving diplomatic protection under international law, are resolved in accordance with the standard procedures of the AfCFTA Protocol (Article 44) ([Tralac, 2023](#)). The contentious issue of investor-state arbitration is left to a future agreement that will be negotiated over the course of the year that follows the Investment Protocol's adoption.

Africa's ambition to create an integrated continental market, promote structural change, and develop a competitive private sector are the main tenets of the AfCFTA Investment Protocol. The relationship between the Investment Protocol and current bilateral investment agreements, as well as the implications of the grandfather clauses in the Protocol (e.g., Articles 13.4 and 14.3), which state that superior benefits granted to investors from third States under current or future bilateral or regional agreements will not be available to African investors governed by the Investment Protocol, are among the crucial issues that will require ongoing attention ([Erasmus, 2023](#)).

2.7. The Protocol on Intellectual Property Rights

African nations have invested in creating national intellectual property regimes and are signatories to numerous international treaties in recognition of the vital role that intellectual property (IP) plays in stimulating innovation and economic development in a world economy that is becoming more and more knowledge-driven. Despite this, Africa's intellectual property sector is still highly fragmented,

with numerous regional and continental programs and tools. This is a significant barrier to the AfCFTA's implementation. Additionally, it makes it more difficult for African designers, artists, entrepreneurs, and innovators to profit from their works, which in turn makes it more difficult to fully develop the creative economy on the continent ([Trade Unions & Trade in Africa, 2024](#)).

An encouraging step is the implementation of the IP Protocol. It seeks to develop uniform guidelines and norms for the advancement, defense, and upholding of intellectual property rights in order to facilitate the achievement of the AfCFTA's goals.

Plant variety protection, geographical indications, patents, utility models, industrial designs, undisclosed information, integrated circuit layout designs, copyrights and related rights, traditional knowledge, traditional cultural expressions and folklore, and genetic resources are just a few of the many IPRs that are covered by the Protocol. By offering a framework that is compatible with earlier international intellectual property treaties, the Protocol promotes the idea of the preservation of the *acquis* at the national, regional, and global levels ([Bowman's 2024](#)).

The Protocol's development-oriented and pan-African strategy, which seeks to achieve a suitable balance between IP protection, the advancement of public welfare, and the promotion of African interests, is a notable aspect. The Protocol focuses on capacity building, multi-layered cooperation, and technical assistance in the administration and enforcement of intellectual property rights. Additionally, it takes a forward-looking approach to emerging technologies and pays particular attention to the needs and interests of women and young entrepreneurs as well as micro, small, and medium-sized businesses ([UNECA, 2023](#)). The Protocol's implementation will improve and streamline procedures and systems for the defense and enforcement of intellectual property rights throughout the continent. It has the capacity to greatly boost innovation, encourage technological cooperation between businesses and individuals throughout continental value chains, and release a steady stream of intra-African investment to facilitate more advanced and expanded commerce under the AfCFTA.

Despite its importance, the approved Protocol merely offers a framework agreement; State parties will need to further negotiate and adopt a number of issues, obligations, and methods for the protection and enforcement of IPR contained therein. The function and mandate of the AfCFTA Intellectual Property Office (Article 31) will need to be clarified and governed, particularly with regard to its relationships to and effects on the two current regional IP organizations, the African Intellectual Property Organization (OAPI) and the African Regional Intellectual Property Organization (ARIPO).

2.8. The Protocol Competition Policy

One important step toward continental integration has been the approval of the AfCFTA Protocol on Competition Policy. Businesses can misuse their dominating market positions through price-fixing cartels, predatory behavior that eliminates local competitors, and other market-sharing agreements if there are no protections governing anti-competitive actions. The foundation of a functioning market economy is competition law ([Bowman's 2024](#)). Therefore, the protocol's goal is to do away with restrictive business practices and anti-competitive behavior in order to increase market efficiency, promote inclusive growth, and make sure that the benefits of trade liberalization aren't offset or negated by anti-competitive behavior.

Important clauses like "anti-competitive business practices" are defined in the Competition Protocol, indicating which actions are deemed incompatible with the market's ability to operate properly. These include, for example, rulings on mergers and acquisitions, restrictions on certain vertical and horizontal anti-competitive business activities, and actions linked to actions that distort the market. The creation of the AfCFTA Competition Authority is one of the other stipulations. It will operate independently and have the authority to decide on any undertakings, including merger approval, as well as to administer and enforce the Protocol's provisions.

Today, government initiatives and regulations that obstruct healthy competition, along with business practices that weaken competitive dynamics, limit competition in many African countries. These factors are frequently made worse by the lack of competition laws or the lax implementation of those that do exist. There are now more chances for competition in a larger continental market since the AfCFTA essentially removes tariffs and non-tariff barriers among its State Parties. In order to guarantee healthy competition throughout the continent, expedite the decline in consumer prices, and enhance corporate practices that support Africa's socioeconomic transition, the Competition Protocol will be essential.

2.9. THE OPERATIONAL INSTRUMENTS OF THE AFCFTA

2.9.1. The Rules of Origin

A regime governing the conditions under which a product or service can be traded duty free across the region

2.9.2. The Tariff concessions

It has been agreed that there should be 90% tariff liberalisation. Over a 10-year period with a 5-year transition, there will be an additional 7 % for "sensitive products" that must be liberalized. This will be supported by the AfCFTA Trade in Goods online portal where Member States will upload their tariff offers covering 90% of the tariff lines.

- *The AfCFTA Online Negotiation Tool will*
- *Facilitate the negotiations on tariff liberalisation between State Parties, Customs Unions or Regional Groupings under the AfCFTA;*
- *Provide tools to ensure the technical quality of the offers made;*
- *Increase transparency while safeguarding confidentiality; and*
- *Provide tools for users/negotiating groups to interact.*

2.10. The Pan-African Payments and Settlement System (PAPSS)

Is a centralized payment and settlement infrastructure for intra-African trade and commerce payments. This project is being developed in collaboration with the African Export-Import Bank, Afreximbank which will facilitate payments as well as formalize some of the unrecorded trade due to prevalence of informal cross-border trade in Africa

2.11. The African Trade Observatory

A trade information portal that will address hindrances to trade in Africa due to lack of information about opportunities, trade statistics as well as information about exporters and importers in countries. The coordination and implementation of the AfCFTA is undertaken by the AfCFTA Secretariat which is based in Accra, Ghana. The Secretariat is responsible for convening meetings, monitoring and evaluating the implementation process and other duties assigned to it by the Committee of Senior Officials, Council of Ministers, and the Assembly.

2.12. Institutional Framework of the AfCFTA

The Assembly

The Assembly, is the highest decision-making organ of the AU, and which has exclusive authority to adopt interpretations of the AfCFTA Agreement on the recommendation of the Council of Ministers. The decision to adopt an interpretation is taken by consensus.

2.13. The Council of Ministers

The Council of Ministers is comprised of Ministers for Trade or such other ministers, authorities, or officials duly designated by the State Parties. It takes decisions on all matters under the AfCFTA Agreement, and reports to the Assembly through the Executive Council of the AU. The AfCFTA Council of Ministers is separate from the AU Ministers of Trade (AMOT). The Council of Ministers meet twice a year in an ordinary session and may meet as and when necessary, in extraordinary sessions. The decisions taken by the Council of Ministers, are binding on State Parties and have legal, structural or financial implications shall be binding on State Parties upon their adoption by the Assembly.

2.14. The Committee of Senior Trade Officials

The Committee of Senior Trade Officials comprises Permanent or Principal Secretaries or other officials designated by State Parties. It is responsible for the development of programmes and action plans for the implementation of the AfCFTA Agreement. The committee monitors, constantly reviews and ensures proper functioning and development of the AfCFTA in accordance with the provisions of the Agreement. Subject to directions given by the Council of Ministers, the Committee of Senior Trade Officials meet at least twice a year and shall operate in accordance with the rules of procedures as adopted by the Council of Ministers. The Committee shall submit its report, which may include recommendations, to the Council of Ministers following its meetings. The RECs are represented in the Committee of Senior Trade Officials, in an advisory capacity.

Technical Committees: The Protocols of the AfCFTA Agreement establish various technical committees to assist with the implementation of the Agreement. They include the Trade in Goods Committee and Trade in Services Committee.

2.15. Implications for the Local Economy

With 55 participating countries and a gross domestic product (GDP) valued at US\$3.4 trillion, the African Continental Free Trade Area (AfCFTA) agreement will establish the largest free trade area in the world by number of participating countries. The agreement has the potential to lift 30 million people out of extreme poverty, but realizing its full potential will require implementing major policy reforms and trade facilitation measures. The AfCFTA could lift 30 million people out of extreme poverty and increase the earnings of 68 million people who subsist on less than \$5.50 per day. Of the \$450 billion in potential income benefits, \$292 billion would come from trade facilitation measures including reducing red tape and streamlining customs procedures with the adoption of the AfCFTA. AfCFTA implementation would facilitate the kind of profound reforms required to improve long-term growth in African nations.

Conclusion

The African Continental Free Trade Area (AfCFTA) agreement will create the largest free trade area in the world measured by the number of countries participating. The pact connects 1.3 billion people across 55 countries with a combined gross domestic product (GDP) valued at US\$3.4 trillion. It has the potential to lift 30 million people out of extreme poverty, but achieving its full potential will depend on putting in place significant policy reforms and trade facilitation measures. As the global economy is in turmoil due to the COVID-19 pandemic, creation of the vast AfCFTA regional market is a major opportunity to help African countries diversify their exports, accelerate growth, and attract foreign direct investment. The scope of AfCFTA is large.

The agreement will reduce tariffs among member countries and cover policy areas such as trade facilitation and services, as well as regulatory measures such as sanitary standards and technical barriers to trade. It will complement existing subregional economic communities and trade agreements in Africa by offering a continent-wide regulatory framework and by regulating policy areas— such as investment and intellectual property rights protection— that so far have not been covered in most subregional agreements in Africa.

Chapter 3: Methodology

3.1 Description

In order to assess the main objectives of this study, we employ a Regional Dynamic Computable General Equilibrium (RDCGE) model that stems from the PEP-w-t model ([Lemelin et al., 2013](#)). The implementation of this model necessitates Social Accounting Matrices (SAM) collected from the GTAP database. As our objective is based on Africa, the 2017 version of the Africa-gtap database (GTAP Africa 3 database) is used. This database was supplied during a GTAP Seminar on Africa in April 2024 by the GTAP managers.

3.1 Description of the database

The purpose of the Global Trade Analysis Project (GTAP) is to construct and supply SAMs used in CGE analyses on almost all countries in the world ([Aguiar et al., 2022](#)). For the recent version on African economies used in this study, it encompasses 51 countries and regions including 43 African countries and 8 other aggregated regions in the world. 65 sectors and 8 factors of production are supplied. Through the updating process, data are reconciled such that the following macroeconomic conditions (that ensure that each SAM account is balanced) are satisfied (Aguiar et al., 2022):

$$GDP = C + I + G + X - M \quad (1)$$

$$S - I = X - M \quad (2)$$

Where GDP is the Gross Domestic Product, C denotes households' consumption, G, the government consumption, I, total firm investment, X, exports, M, imports and S, total savings.

From the default GTAPAGG, we made the following aggregations: 10 regions (Oceania, East Asia, Southeast Asia, North America, Latin America, West Europe, Middle East, Cameroon, Rest of African countries, Rest of the world), 4 sectors and commodities (agriculture, industry, private services, public administration), 5 factors of production among which two for labor (skilled labor and unskilled labor) and 3 for capital (land, capital and natural resources).

3.2 Model description

This section presents in details the model as well as the scenarios.

3.2.1 Model

The dynamic PEP-w-t model is used with small modification. Before coming that the specific changes, let us summarize the model.

The model supposes a representative household whose objective is to maximize its satisfaction through a utility function encompassing a basket of commodities subject to its income. The latter is obtained by selling the factors of production that they own to firms. These firms operating in a perfect competition market produce a composite factor (value added) first, which is then combined to intermediate inputs to obtain the final product.

A part of this product is sold on the domestic market to satisfy the local demand and the other part is sold abroad in terms of exports. It is therefore supposed that the choice of domestic and foreign volumes depends on the degree of substitutability between local and foreign products taking into account trade margins that depict transportations costs.

This is modelled by a constant elasticity of transformation (CET) function (see equation 4). The solution of the program being given by equations 5 and 7. On the other hand, there is an imperfect substitution between domestic and foreign commodities consumed locally.

This means, household consumes both products, but would always prefer the cheaper one. The composite demand is therefore modelled as an Armington CES function (equation 10). The solutions of the cost minimization in each case give the optimal quantities of commodities that should be sold locally (equation 7), exported (equation 5), and imported (equation 9). As for the utilization of intermediate consumption, their optimal quantities are determined through a Leontief function based on technical coefficients linked to the output produced (equation 12). The choice of this type of function is due to the fact that there is no possible substitution between intermediate bundles ([Burfisher, 2021](#)).

But the value added is modelled as a CES function combining both capital and composite labor and capital factors (equation 13). Labor as well as capital are mobile between sectors. This means that factor remuneration is specific to each industry.

Thus, we suppose that firms' profit depends on the volume of labor and capital they employ which fluctuates with the remuneration rates on the factor market. Consequently, trade liberalization may heavily affect these profits modelled by:

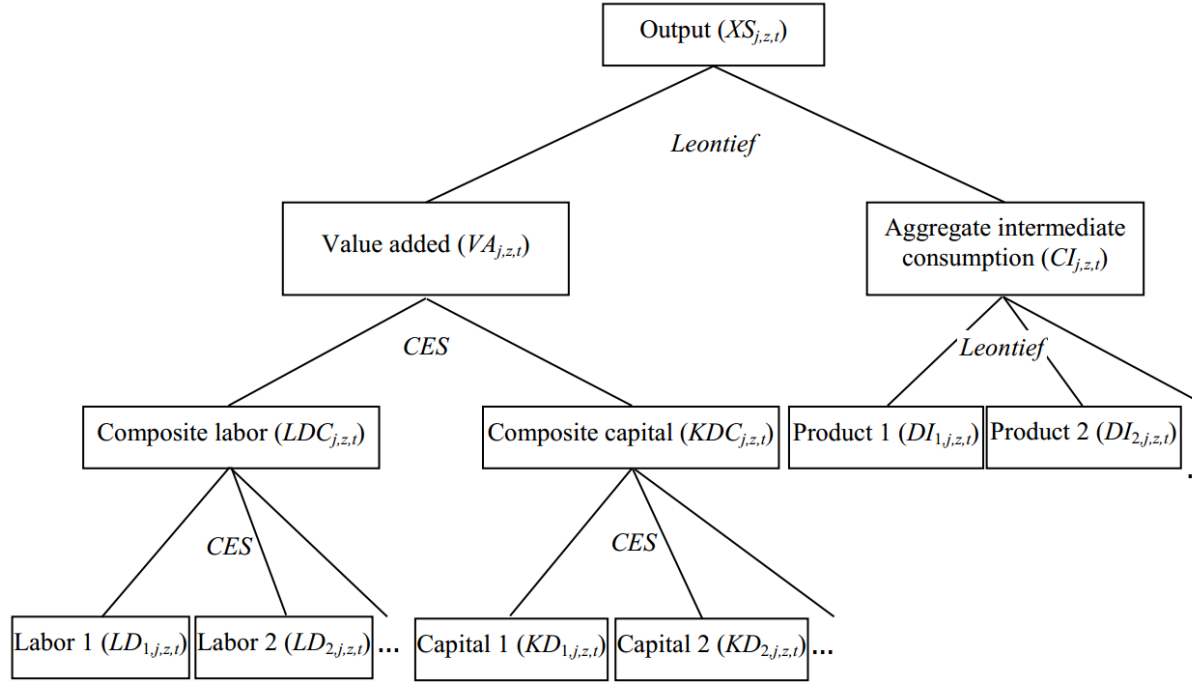
$$\pi_{j,z,t} = \left(\sum_l WTI_{l,j,z,t} \cdot LD_{l,j,z,t} + \sum_k RTI_{k,j,z,t} \cdot KD_{k,j,z,t} \right) - \left(\sum_l WTI_{l,j,z,t} \cdot LDO_{l,j,z,t} + \sum_k RTI_{k,j,z,t} \cdot KDO_{k,j,z,t} \right) \quad (3)$$

With $\pi_{j,z,t}$ the profit made by firm j in country z at year t , $LD_{l,j,z,t}$ and $KD_{k,j,z,t}$ are the volume of labor and capital used respectively and $LDO_{l,j,z,t}$ and $KDO_{k,j,z,t}$ their benchmark values (business as usual, BAU). $WTI_{l,j,z,t}$ and $RTI_{k,j,z,t}$ are prices of acquisition of a unit of labor and capital respectively and $WTI_{l,j,z,t}$ and $RTI_{k,j,z,t}$ their benchmark values.

Equation (3) indicates that a decrease in wages followed by a higher increase in labor demand will positively affect wages. The same observation goes for capital demand.

Regarding household consumption, the model assumes an extended linear expenditure system (LES) of the Stone-Geary utility function, which has two components: the minimum subsistence consumption and the supernumerary expenditures. After the subsistence level is reached, consumer demand is described by fixed marginal budget shares for all commodities in the supernumerary basket. This form of expenditure function collapses to the Cobb Douglas utility function if the frisch parameter is set to -1 and the income elasticities equal 1 ([Burfisher, 2021](#)).

Figure1: Nested structure of production



Source: Lemelin et al. (2013)

As described previously, output is computed by:

$$XS_{i,z,t} = B_{i,z}^{EXT} \left[\beta_{i,z}^{EXT} EXT_{i,z,t} \rho_{i,z}^{XS} + \beta_{i,z}^{DD} DD_{i,z,t} \rho_{i,z}^{XS} + (1 - \beta_{i,z}^{EXT} - \beta_{i,z}^{DD}) MRGN_{i,z,t} \rho_{i,z}^{XS} \right]^{\frac{1}{\rho_{i,z}^{XS}}} \quad (4)$$

Where $XS_{i,z,t}$ is the type's i output of country z ; $DD_{i,z,t}$ the domestic demand and $EXT_{i,z,t}$ the volume of commodity i exported by country z ; $MRGN_{i,z,t}$ the trade margin; $\beta_{i,z}^{EXT}$ and $\beta_{i,z}^{DD}$ the share parameters that under constant return to scale; $\rho_{i,z}^{XS}$ the parameter of the CET elasticity such that $\sigma_{i,z,j,z}^M = \frac{1}{1+\rho_{i,z}^{XS}}$ with $-1 < \rho_{i,z}^{XS} < \infty$; $B_{i,z}^{EXT}$ a scale parameter. The total export of country z is an aggregation of exports to all countries $EX_{i,z,zj,t}$ where zj is a trade partner country.

$$EXT_{i,z,t} = B_{i,z}^{EXT} \left(\sum_{zj} \beta_{i,z,zj}^{EX} EX_{i,z,zj,t} \rho_{i,z,zj}^{EX} \right)^{\frac{1}{\rho_{i,z,zj}^{EX}}} \quad (5)$$

$$EX_{i,z,zj,t} = \left[\frac{(1 - \beta_{i,z}^{EXB}) PD_{i,z,t}}{\beta_{i,z}^{EXB} PE_{i,z,zj,t}} \right]^{\frac{1}{\rho_{i,z,zj}^{EXB} - 1}} DD_{i,z,t} \quad (6)$$

$$EXT_{i,z,t} = \left[\frac{\beta_{i,z}^{DD} PL_{i,z,t}}{\beta_{i,z}^{EXT} PET_{i,z,t}} \right]^{\sigma_{i,z}^{XS}} DD_{i,z,t} \quad (7)$$

$$MRGN_{i,z,t} = \left[\frac{\beta_{i,z}^{DD} \cdot e_{z,t} \cdot PWMG_{i,t}}{\beta_{i,z}^{EXT} PET_{i,z,t}} \right]^{\sigma_{i,z}^{XS}} DD_{i,z,t} \quad (8)$$

With $e_{z,t}$ the exchange rate set exogenously to country z at unity; $PWMG_{i,t}$ the world price of margin i expressed in international currency.

$$IMT_{i,z,t} = \left[\frac{\beta_{i,z}^{IMT} PD_{i,z,t}}{(1 - \beta_{i,z}^{IMT}) PMT_{i,z,t}} \right]^{\sigma_{i,z}^M} DD_{i,z,t} \quad (9)$$

$$Q_{i,z,t} = B_{i,z}^{IMT} \left[\beta_{i,z}^{IMT} IMT_{i,z,t}^{-\rho_{i,z}^{IMT}} + (1 - \beta_{i,z}^{IMT}) DD_{i,z,t}^{-\rho_{i,z}^{IMT}} \right]^{\frac{-1}{\rho_{i,z}^{IMT}}} \quad (10)$$

$$IM_{i,zj,z,t} = \left[\frac{(1 - \beta_{i,zj,z}^{IM}) PD_{i,z,t}}{\beta_{i,zj,z}^M PM_{i,zj,z,t}} \right]^{\frac{1}{\rho_{i,zj,z}^{IM} - 1}} DD_{i,z,t} \quad (11)$$

With $IMT_{i,z,t}$ the volume of commodity i imported by country z ; $IM_{i,zj,z,t}$ the specific volume of commodity i imported by country z from country j ; $\beta_{i,z}^{IMT}$ and $\beta_{i,zj,z}^M$ the share parameters determined under constant to scale; $B_{i,z}^{IMT}$ a scale parameter.

For intermediate input, we have:

$$CI_{j,z,t} = io_{j,z} \cdot XS_{j,z,t} \quad (12)$$

Where $CI_{j,z,t}$ is the total intermediate consumption of industry j for country z , $XS_{j,z,t}$ the corresponding output and $io_{j,z}$ the technical coefficient of Leontief matrix.

For the value added, we have:

$$VA_{j,z,t} = B_{j,z}^{VA} \left[\beta_{j,z}^{VA} LDC_{j,z,t}^{-\rho_{j,z}^{VA}} + (1 - \beta_{j,z}^{VA}) KDC_{j,z,t}^{-\rho_{j,z}^{VA}} \right]^{\frac{-1}{\rho_{j,z}^{VA}}} \quad (13)$$

Where $VA_{j,z,t}$ the valued added of industry j for country z ; $LDC_{j,z,t}$ and $KDC_{j,z,t}$ the corresponding quantities of labor and capital respectively used; $\beta_{j,z}^{VA}$ a share parameter; $B_{j,z}^{VA}$ a scale parameter and $\rho_{j,z}^{VA}$ the substitution parameter.

Equations

In order to assess the impact of **AfCFTA** in the context of Cameroon's economic partnership agreement, a regional dynamic CGE model is employed. The fundamental features of the model stem from the PEP-w-t model. We present in this section the functioning of the model and describe how the targeted policies would affect the selected economies.

$$CTH_{z,t} = YDH_{z,t} - SH_{z,t}$$

$$SH_{z,t} = g_{z,t} \cdot PIXCON_{z,t}^{eta} + shcof_{z,t} \cdot YDH_{z,t}$$

$$YDH_{z,t} = YH_{z,t} - TDH_{z,t}$$

$$YH_{z,t} = YHL_{z,t} + YHK_{z,t}$$

$$YG_{z,t} = TDH_{z,t} + TPRCTS_{z,t} + TPROD_{z,t}$$

$$YROW_{z,t} = e_{z,t} \left(\sum_{i,zj} IM_{i,zj,z,t} \left(PWM_{i,zj,z,t} + \sum_{ij} PMG_{ij,t} \cdot trmg_{ij,i,zj,z,t} \right) \right)$$

$$GDP_BP_{z,t} = \sum_j PVA_{j,z,t} \cdot VA_{j,z,t} + TIPT_{z,t}$$

$$GDP_BP_{z,t} = GDP_BP_{z,t} + TPRCTS_{z,t}$$

$$TIPT_{z,t} = \sum_j TIP_{j,z,t}$$

$$TPRCTS_{z,t} = TICT_{z,t} + TIMT_{z,t} + TIXT_{z,t}$$

$$TIMT_{z,t} = \sum_{i,zj} TIM_{i,zj,z,t}$$

$$TIM_{i,zj,z,t} = ttim_{i,zj,z,t} \cdot IM_{i,zj,z,t} \cdot e_{z,t} \left(PWM_{i,zj,z,t} + \sum_{ij} PMG_{ij,t} \cdot trmg_{ij,i,zj,z,t} \right)$$

$$TIP_{j,z,t} = ttip_{j,z,t} \cdot PP_{j,z,t} \cdot XS_{j,z,t}$$

$$PD_{i,z,t} = (1 + ttic_{i,z,t}) \cdot PL_{i,z,t}$$

$$PM_{i,zj,z,t} = (1 + ttic_{i,z,t})(1 + ttim_{i,zj,z,t}) \cdot e_{z,t} + \left(PWM_{i,zj,z,t} + \sum_{ij} PMG_{ij,t} \cdot trmg_{ij,i,zj,z,t} \right)$$

$$PMT_{i,z,t} = \frac{(\sum_{zj} PM_{i,zj,z,t} PM_{i,zj,z,t})}{IMT_{i,z,t}}$$

$$PC_{i,z,t} = \frac{PD_{i,z,t}DD_{i,z,t} + PMT_{i,z,t}IMT_{i,z,t}}{Q_{i,z,t}}$$

$$DD_{i,z,t} = DS_{i,z,t}$$

3.2.2 Scenarios

Three main scenarios are considered in this study. In each scenario, import duties are cancelled vis-à-vis the Cameroon's trade partners.

Scenario 1: Cameroon economy within the EPAs

This scenario supposes the complete cancellation of import duties on products origin from the European Union. It is important to mention that we have considered West European countries (with 9 countries)¹ to represent to European Union (with 27 countries). Therefore, the results should be interpreted with precaution. Indeed, outcomes could be underestimated since many European Union countries are not taken into consideration. This limit is imposed by the database used. Since the aggregation of these 9 countries has been made in the Africa GTAP database, we could not make any modification apart from African countries.

Scenario 2: Cameroon economy within the AfCFTA

This scenario makes it possible to access the impacts of the implementation of the African continental free trade area on the Cameroon economy. Even though Cameroon is already in the APes since August 2016, we question what would be the impacts of *AfCFTA* without the EPAs. We do this in order to compare the consequences of the both agreements within the Cameroon economy.

Scenario 3: Cameroon in EPAs and its entry in the AfCFTA agreement

Under the economic partnership agreement, this scenario access the impacts of both EPAs and AfCTA on the Cameroon economy. This scenario is more realistic as it integrates current and future challenges of Cameroon on the international market.

4 Results and discussion

In this section, we present the main findings relatively to each scenario presented in the previous section. More specifically the following macroeconomic variables will be examined

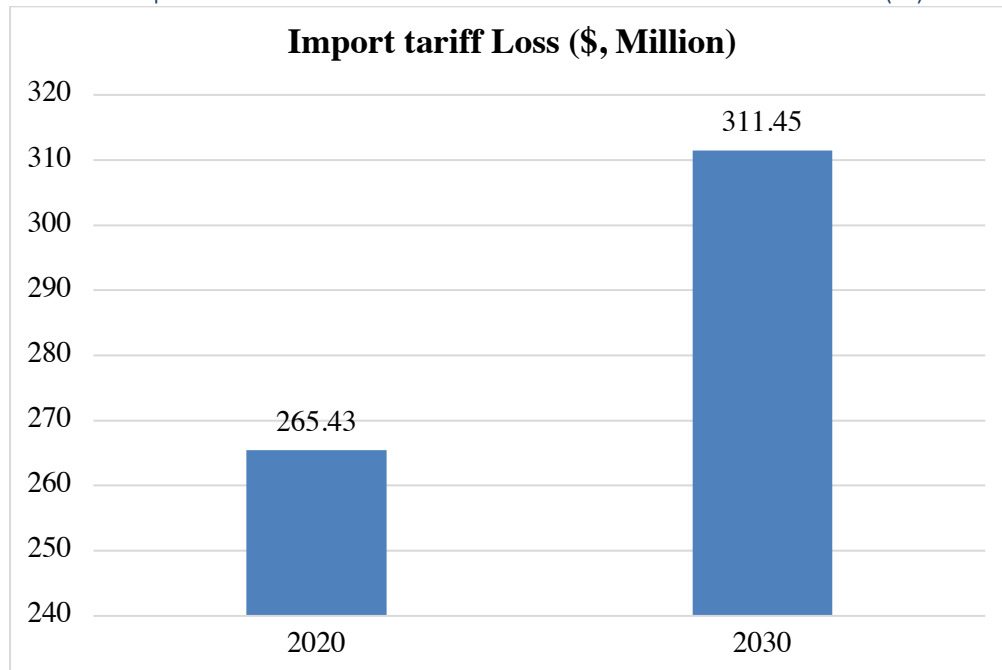
¹ Namely: Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, Switzerland

in details: Losses in import tariff, Economic growth, exports and imports, local prices and consumption, investment and firms' profit, income and savings, households' welfare, and wages.

Import tariff

Table 1 indicates that, under the Economic Partnership Agreement (EPA) scenario where import tariff by Cameroon on the European Union commodities is set at zero, Government naturally experiences a loss in import tariff estimated in 2020 to US\$265.43 million (about CFAF 160 billion in the local currency). In 2030 these losses will amount to US\$311.45 million (CFAF 188 billion). They represent 0.7% of the current GDP. Indeed, in 2030, the total import tariff of 1,115.52 falls to 804.06 under the EPAs.

Chart 1: Import tariffs could Fall under both the AfCFTA and the EPA (%)



Source: Authors

Under the second scenario where only import duties from African countries are cancelled, the loss in Government income would amount in 2030 to US\$213.56 million (CFAF 129 billion) which accounts for 0.46% of GDP. Under the third scenario where both agreements are applied, the loss in Government revenue would amount in 2030 to US\$537.32 million (CFAF 325 billion) which accounts for 1.17% of GDP.

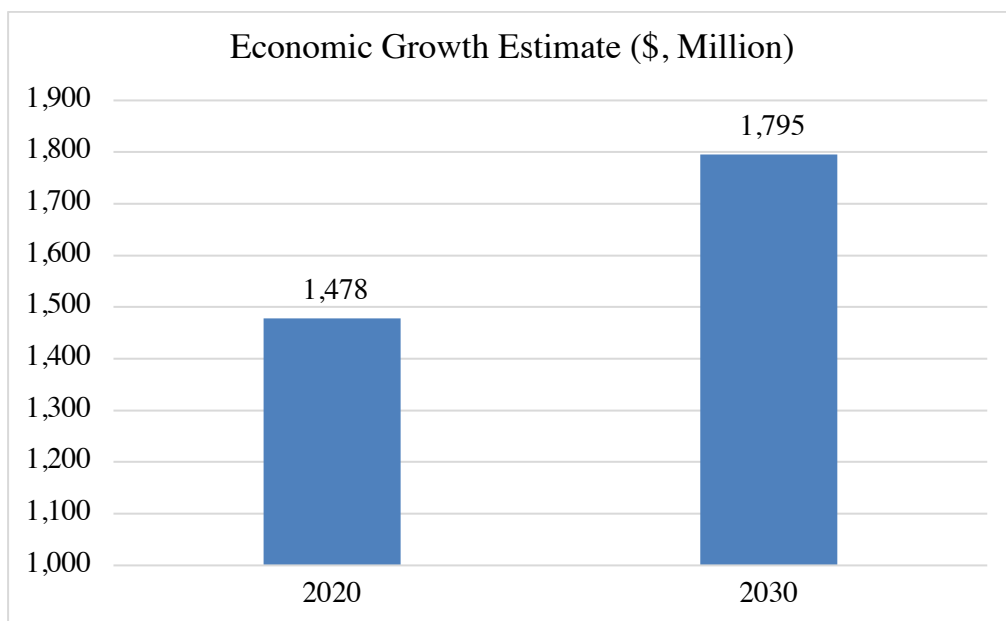
These results show that the Government revenue decreases more under the EPAs than under the AfCFTA agreement (US\$311.45 compared to 213.56 million). Moreover, this loss is underestimated since only 9 of the EU countries are taken into consideration. Compared to

other studies, [Abrego et al. \(2020\)](#) indicated from many results that AfCFTA generate for the continent losses that range from 0.03% to 0.02%. for about US\$1 billion to US\$7 billion.

Economic growth

EPAs generates losses in GDP. In 2020, it yields a loss of US\$445.32 million while in 2030 it amounts to US\$439.35 million for respective growth rate of -1.16% and -0.98%. However, if, only the AfCFTA agreement were to be applied by Cameroon, it would enhance its GDP by US\$1,478.34 million in 2020 against US\$1,794.79 million in 2030 for the respective growth rates of 3.88% and 3.99%. When both agreements are applied, we observe a GDP increase of US\$918.93 million in 2020 against US\$1,102.29 million in 2030 which represent GDP growth rates of 2.40% and 2.45% respectively.

Chart 2: Economic Growth Estimate in Millions (\$)



Source: Authors

To be more practical, if the Cameroon’s GDP in the beginning of year 2030 is US\$44,907 Million (which will be probably higher²), and the observed economic growth for that year is 5%, this growth under the EPAs would normally be $(44,907 \times 1.05 + 439,35) / 44,907 = 5.98\%$. This means that EPAs create a loss of 0.98 percentage point in the GDP growth, *ceteris paribus*. Meanwhile, without the EPAs, Cameroon’s economic growth under the AfCFTA would be $(44,907 \times 1.05 + 1793,79) / 44,907 = 8.99\%$. So, AfCFTA would increase

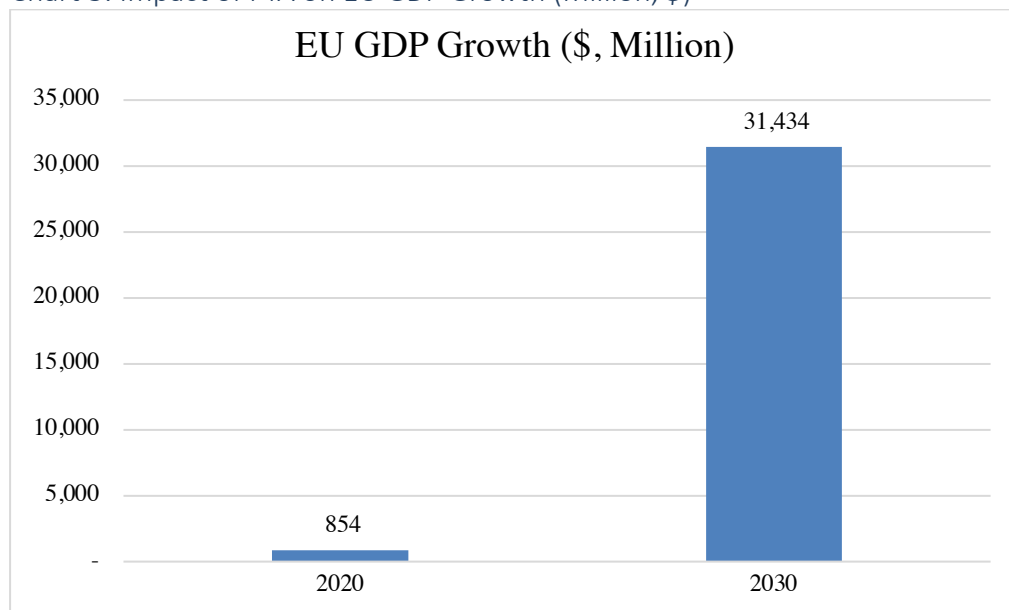
² This is because as in almost all the dynamic CGEs, all the endogenous variables including GDP increase at the population growth rate set at 2.8% for Cameroon.

Cameroon's economic growth by 3.99%. With both agreements, Cameroon's GDP would become $(5+2.45 = 7.45\%)$. This justifies how important AfCFTA are beneficial for Cameroon and all the other African countries.

What about the Cameroon's partners?

Table 2 shows that the GDP of EU increases by US\$853.61 million under the EPAS with Cameroon. This GDP increases more under the AfCFTA by US\$31,434.69 million. This increase represents 0.14% of its total GDP growth. The implication of this result is that AfCFTA will have indirect positive impacts on the other regions in the world. Regarding the rest of African countries, the results show that no African country benefits from the Cameroon's EPAs. An increase of US\$3,732.83 million in the total GDP is therefore expected from AfCFTA. This increase represents 0.13% of the GDP growth in 2030. In summary, AfCFTA in the Cameroon context highly contributes to improve economic growth.

Chart 3: Impact of FTA on EU GDP Growth (Million, \$)



Source: Authors

Trade impacts

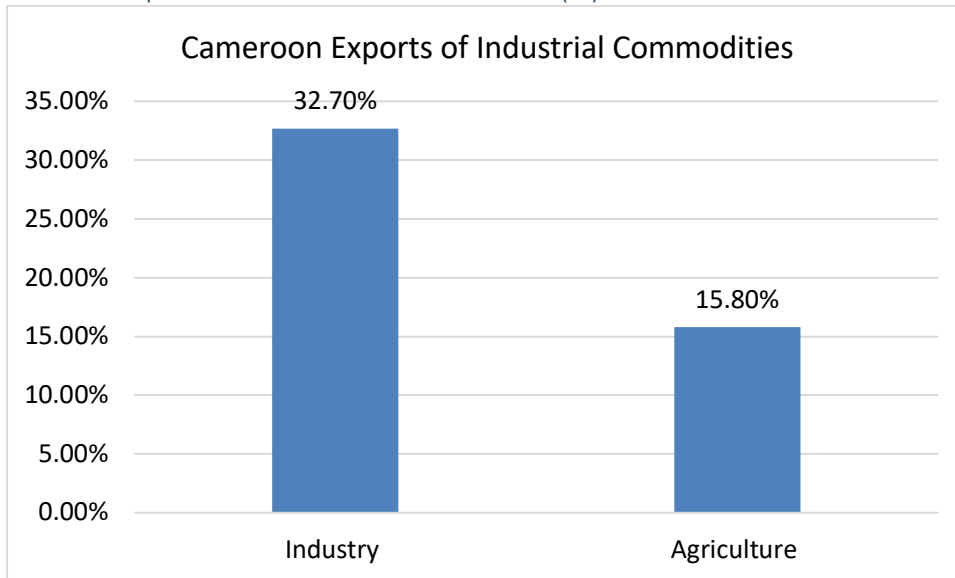
As shown in table 3, EPAs affects sectoral exports and imports for Cameroon.

Exports

In 2030, exports of agricultural commodities made by Cameroon to the EU increase by US\$6.55 million. They increase more in the industrial sector (US\$282.07 million). This is because, as shown in Table 7, Cameroon exports industrial commodities the more to EU (32.7% for industry against 15.8% for agriculture). On the other hand, exports from private

services decrease, albeit slightly by US\$0.01 million. However, its exports toward Africa are not affected under the EPAs even though 43.3% of its agricultural products against only 8.0% of its industrial products are sold in African (see table 7).

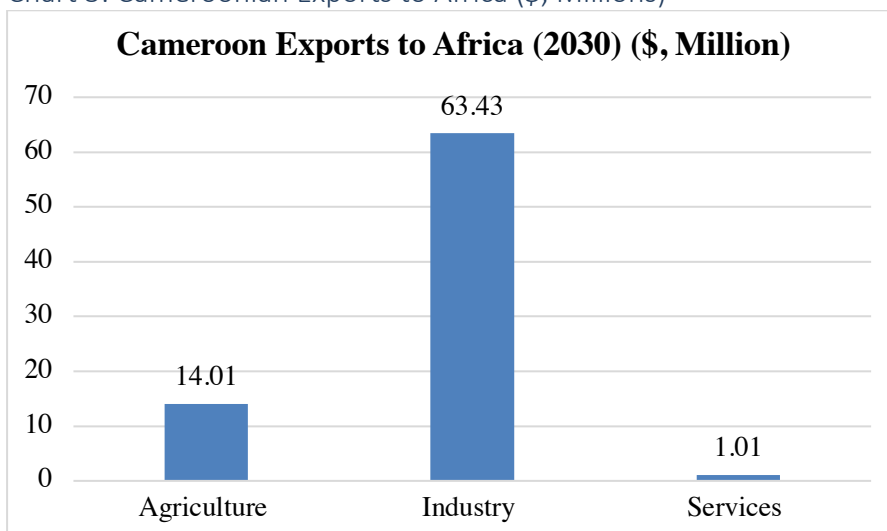
Chart 4: Exports of Industrial Commodities (%)



Source: Authors

Conversely, as far as the AfCFTA agreement is concerned, Cameroon experiences no additional export to EU while it increases its exports toward Africa (US\$14.01 million for agriculture, US\$63.43 million for industry and US\$1.01 million for services). With both agreements implemented, Cameroon’s exports increase from both (EU and Africa) sides. These results can be justified by the decrease in exports commodities prices as shown in Table 4. These prices shift down under the EPAs as well as the AfCFTA, the highest decrease of -12.62% being recorded under the EPAs in the industry sector.

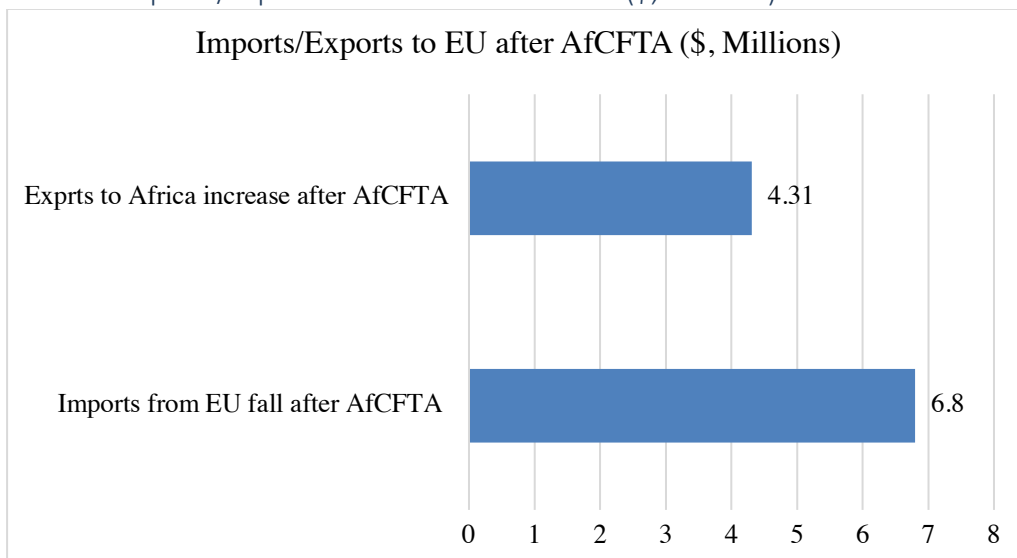
Chart 5: Cameroonian Exports to Africa (\$, Millions)



Imports

From the imports front, there is an increase in all scenarios. For agricultural products, they amount to US\$6.85 million toward EU under the EPAs while no change is observed for Africa. With AfCFTA implemented solely, Cameroon rather reduces its imports from EU by US\$4.31 million while augmenting those from Africa by US\$6.80 million. These trends remain unchanged when both trade policies are implemented. The decrease in imports being set at US\$0.9 million against Africa's increase of US\$6.80 million. As imports increase, imports prices logically decrease (see Table 4). This is the prove that foreign commodities become cheaper on the domestic market compared to local products and consequently will positively affect household's consumption and their well-being aftermath. And it is based on the fact that households will always solicit the cheaper commodity they consume when they rationally take their decisions.

Chart 6: Imports/Exports to EU after the AfCFTA (\$, Millions)



Source: Authors

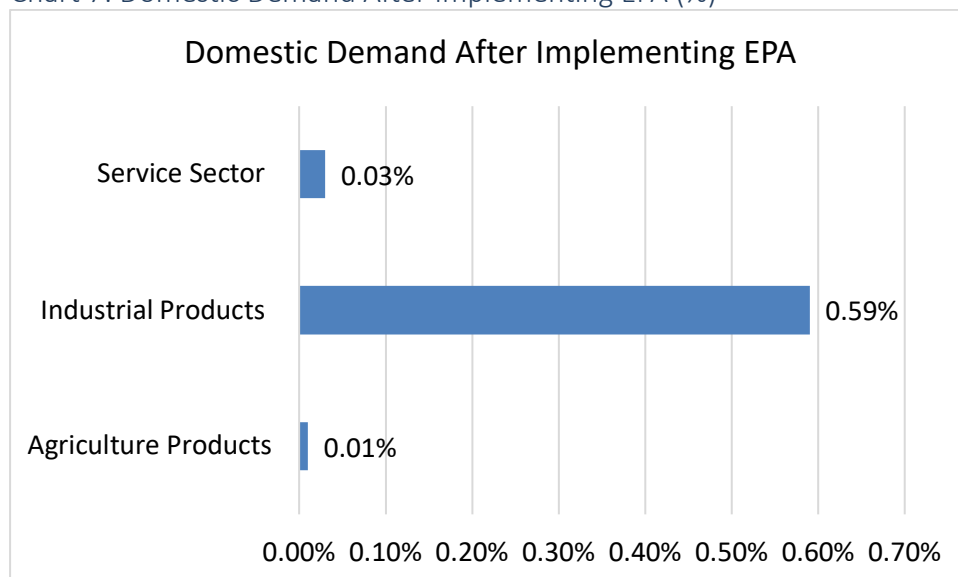
Industrial sector reveals the same observations as those of the agricultural sector. The only difference being that the impacts are larger. For example, imports from EU under EPAs increase by US\$323.19 million and decrease by 241.82 million under AfCFTA and 118.92 million for both policies. Meanwhile, Imports from Africa increase by US\$10.51 million under AfCFTA. This result has an important implicati4on on challenges in trade policies in Cameroon. It clearly shows that with EPAs already in application, AfCFTA will help mitigate losses from EPAs while providing innovative development perspectives. Moreover, as shown in the previous section, it helps not only to redress the development trend treaded by EPAs but also to provide better development perspectives.

Local prices and consumption

Domestic and composite demand in Cameroon

Table 4 indicates that domestic demand increases under the EPAs (0.01% for agricultural products, 0.59% for industrial products and 0.03% for services). This outcome is opposed to the AfCFTA (second) and the third scenarios which negatively impact domestic demand. Even though EPAs were precisely criticized by the national and international community to fragilize industries (namely infant industries), they do not really negatively affect domestic demand. Households while consuming commodities from EU the most, maintain their attractiveness for local commodities. This is in fact the result of important measures based on advertising and marketing in promoting made in Cameroon for over 5 years.

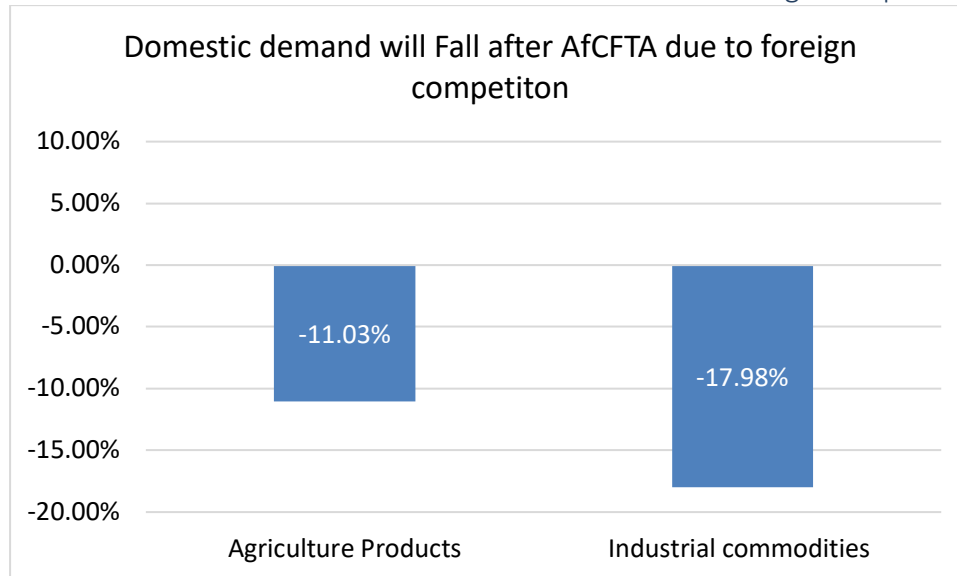
Chart 7: Domestic Demand After Implementing EPA (%)



Source: Authors

As just highlighted, AfCFTA negatively affect domestic demand (-11.03% for agricultural products and -17.98% for industrial commodities). But, importantly, we note a deeply increase in the demand of services of 49.84%. This result brings to our attention the fact with AfCFTA, Cameroon being open to the rest of African countries, its inhabitants will shift their demand curve toward the other countries according to their preferences (agricultural or industrial commodities) but their behavior for local services will be enhanced.

Chart 8: Domestic Demand will Fall after AfCFTA due to Foreign Competition



Source: Authors

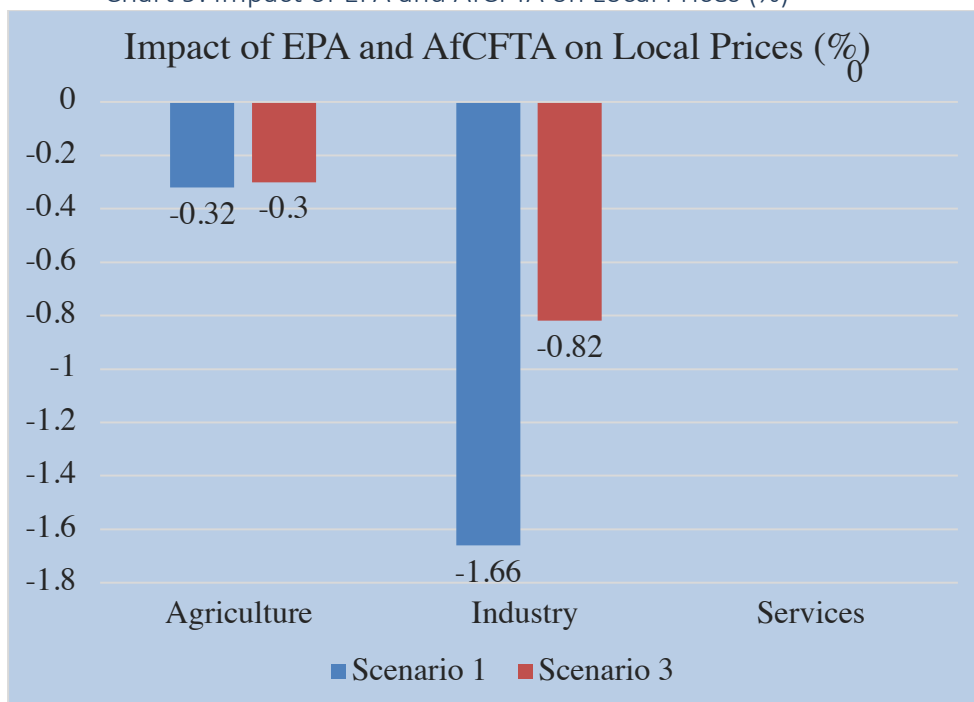
Composite demand in Cameroon

Composite demand modelled by an Armington CES function as the sum of domestic demand and demand for foreign commodities (imports) is presented in Table 4. This table shows that domestic demand follows-up the same tendency with domestic demand. For example, EPAs increase the composite demand for agricultural and industrial products by 0.08% and 3.49% respectively. Yet, AfCFTA reduces it by 10.82% and 15.07% respectively.

Households' consumption and prices in Cameroon

As for AfCFTA their magnitudes are (-0.32% for agriculture, -1.66% for industry and 0% for services). Under the third scenario, they are (-0.30% for agriculture, -0.82% for industry and 0% for services). This is the result of the harmonization of prices of local commodities and prices of imported commodities. They reveal that trade liberalization contributes to slow prices down ceteris paribus. However, if any exogenous shock occurs from the international market, they would probably jeopardize this fall in local prices since, both domestic and foreign commodities will experience the same inflation as currently observed around the world.

Chart 9: Impact of EPA and AfCFTA on Local Prices (%)



Source: Authors

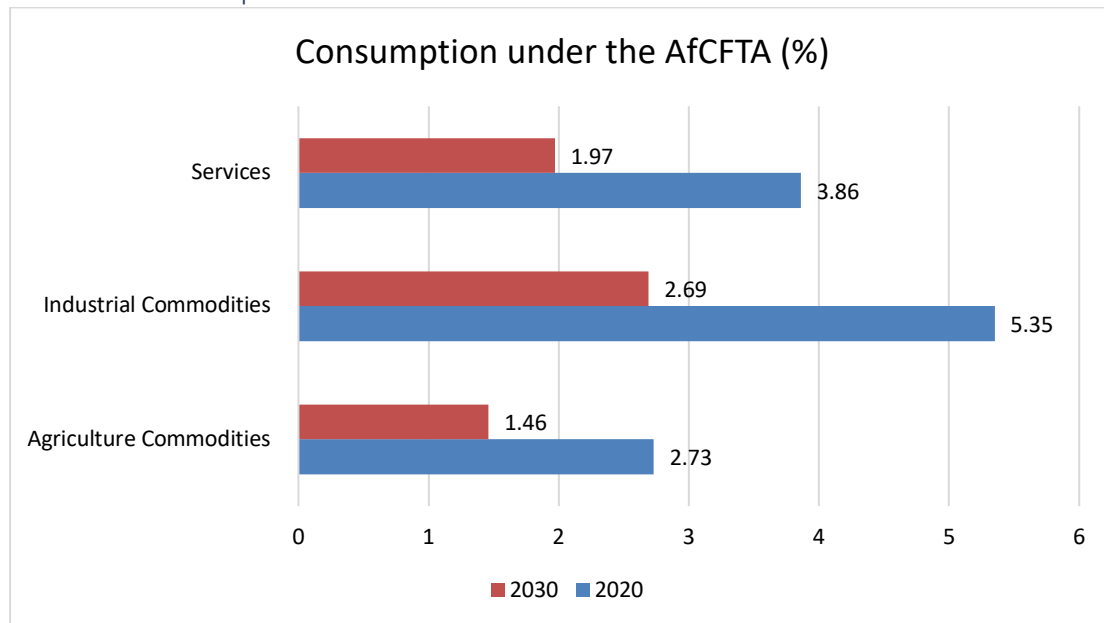
With these prices falling, households would increase their consumption. Unfortunately, we note that only the consumption of industrial commodities increases under the EPA's scenario with an increase rate of 0.13%, those of agricultural and services sectors being set to -0.04% and 0.08% respectively. In other words, this result demonstrates that, as enigmatic phenomenon, Cameroon households have a limited elasticity demand which has been modelled in mixed proportions by a Linear Expenditure System utility function of Stone-Geary (see Bursfisher, 2021).

In fact, the subsistence consumption part that evolves in fixed proportions of the consumer bundle is very important taking into account the living standards, while the supernumerary consumption part which evolves in flexible proportions is quite slow. On the other hand, as local authorities defended during the EPA negotiations, this agreement offers the Cameroon an import corridor to effectively set its industrial process, by constructing factories of high production capacities. This can justify why the consumption of industrial commodities increases.

Under the AfCFTA scenario and the third scenario, the law of demand is validated, showing a consumption increase of 2.73% and 1.46% for agricultural commodities, 5.35% and 2.69% for industrial commodities and 3.86% and 1.97% for services respectively. The same

tendency goes for the government consumption which increases by 0.32% and 0.30% for agriculture, 1.69% and 0.83% for industry but no change is observed for services.

Chart 10: Consumption will Increase under the AfCFTA



Source: Authors

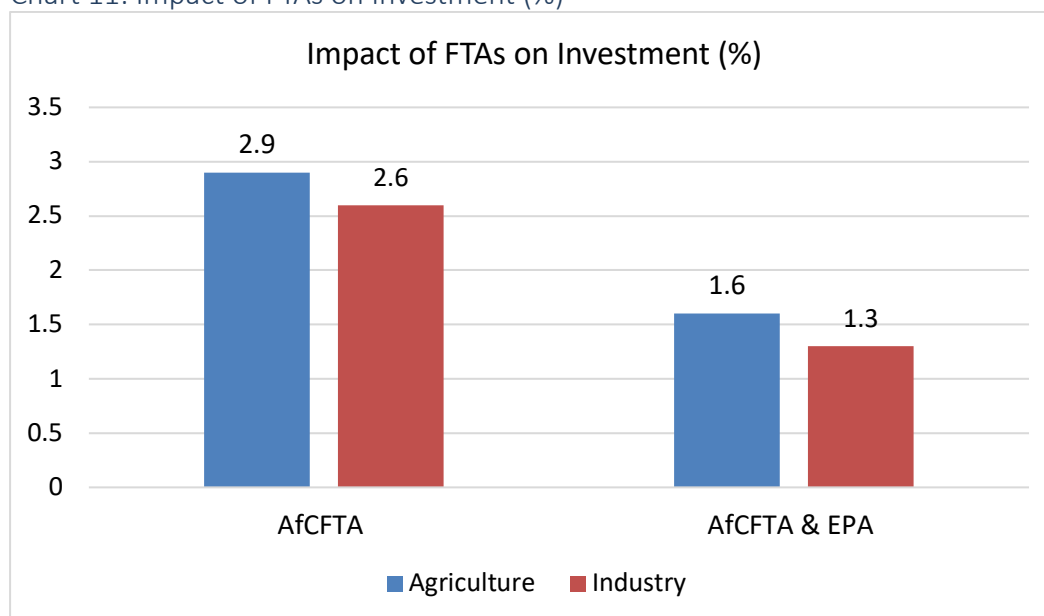
Investment and firms' profit

Table 4 shows that EPAs fragilize investment in the agricultural and services sectors, promoting only the industrial sector.

This is why we previously put forward the idea of industrialization supported by public authorities. They fall by 0.06% for agriculture and 0.11% for services while increasing by 0.19% for industry. As a result, firms profit falls (by US\$6.62 million in agriculture, US\$32.79 million in services). But there is also a fall in the industrial firms' profit of US\$10.6 million. This is due to the fact that investing in costly factories necessitates very long time to expect positive capital return.

Contrary to the EPAs, AfCFTA and the third scenario show positive impacts on both investment and firms' profit. Investment experiences an increase of 2.90% and 1.60% in agriculture, 4.30% and 2.14% in industry and 2.57% and 1.30% in services respectively. Meanwhile, profits increase by US\$62.42 million and US\$31.63 million in agriculture, US\$361.74 million and US\$183.07 million in industry and, US\$1220.54 million and US\$617.82 million in services respectively. Once, more these results show that EPAs mitigate gains from AfCFTA.

Chart 11: Impact of FTAs on Investment (%)

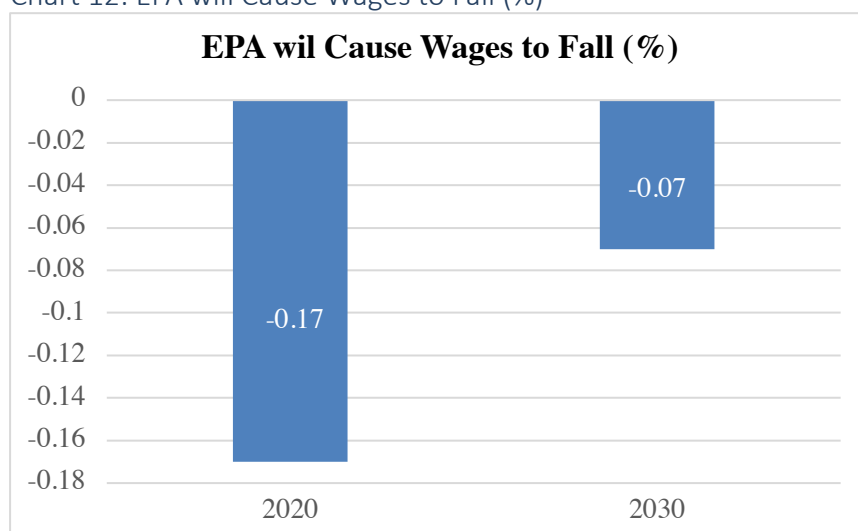


Source: Authors

Income and savings

Income and savings follow the same tendency with consumption. As expected, the decrease in households' consumption under the EPAs is a direct consequence of a fall in income (income effect). Indeed, Table 1 indicate a fall of 0.17% in 2020 against 0.07% in 2030 in households' income.

Chart 12: EPA will Cause Wages to Fall (%)



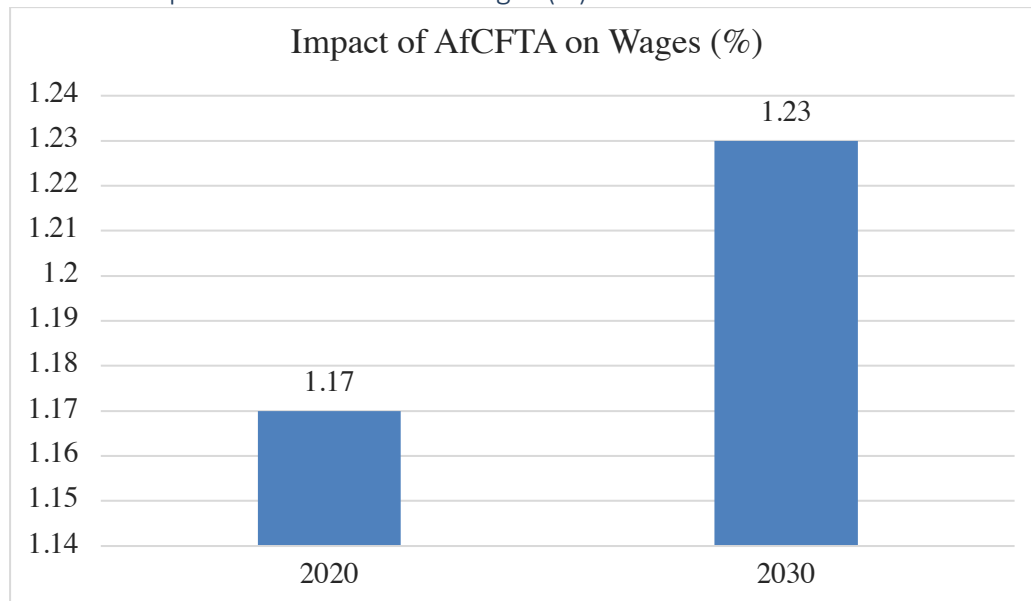
Source: Authors

As for the Government and the rest of the world, they experience income increase of 1.09% and 4.32% in 2020 against 1.19% and 4.26% in 2030 respectively. This increase in the Government revenue is globally due to increase in value added tax (VAT) and other internal indirect taxes because, as imports increase there is losses in imports duties but at the same time those commodities support some internal taxes such as VAT whose rate is 19.25%. On the other hand, we mentioned that exports increase. As a result, export taxes also increase such that the total Government income augments. Considering the AfCFTA scenario, income increases for all types of agents. For households, it increases by 2.30% in 2020 against 2.42% in 2030, for the government, it increases by 2.88% in 2020 against 2.88% in 2030 and for the rest of the world, it increases by 0.73% in 2020 against 1.53% in 2030.

When AfCFTA occurs during the EPAs, households experience slower increases of 1.17% in 2020 and 1.23% in 2030. At the same time, increases from the Government become 1.21%. However, income of the ROW becomes negative (-2.56% in 2020 against -2.15%). On the saving front, households saving falls in 2030 under the EPAs scenario by 0.12% against a 0.96% increase in government saving. Under the AfCFTA scenario, these impacts are all positive (1.39% and 2.34% respectively) while they augment by 0.70% and 0.99% under the third scenario.

A quick comparison shows that increase in income leads to lower increase in saving and decrease in income leads to lower decrease in saving. This highlights two fundamental laws: the Keynes' psychological law and the ratchet effect of Duesenberry (1949). More specifically, the first law shows that Cameroonians would save the higher proportion of income gained from trade under the AfCFTA, which offer banks more liquidities to finance investment but, within EPAs where they experience losses in income, they would tightly reduce they consumption.

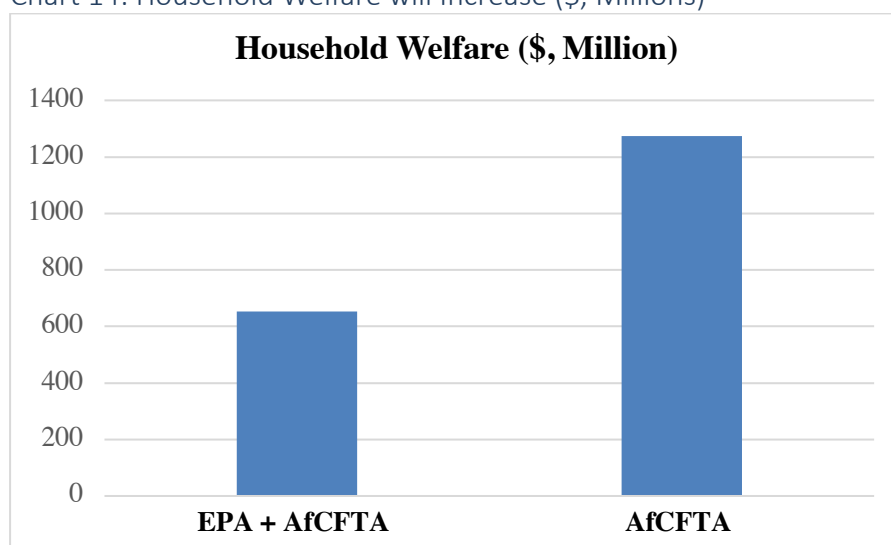
Chart 13: Impact of the AfCFTA on Wages (%)



Households' welfare

Households' welfare as in CGE analyses was captured by equivalent variation. Table 2 shows that under the EPAs scenario, Cameroon's households experience in 2030 a loss of US\$5.74 millions of welfare which represent 0.03% of their baseline situation. This means that the fall in consumption bundle that follows a drop in income shortens household utility by US\$5.74 million in monetary terms. However, the AfCFTA agreement improves household welfare with a deep increase of 6.09% for US\$1274.63 million. This increase slows-down with the application of both agreement by US\$651.79 million corresponding to 3.11%.

Chart 14: Household Welfare will Increase (\$, Millions)



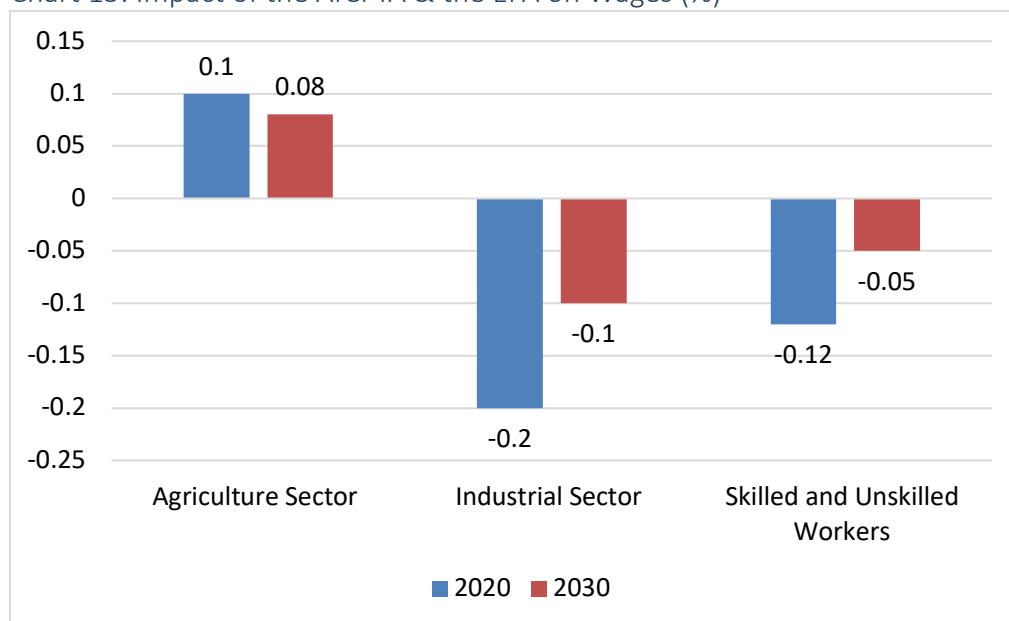
Source: Authors

On the EU side, EPAs contribute to households' welfare by US\$216.72 million which is quite small with respect to living standard. They gain more under the AfCFTA agreement with an increase of US\$10,468.54 million (0.13%). On the rest of African countries side, EPAs have no impact on households' welfare but AfCFTA increases their welfare by 0.12% (US\$1435,56 million).

Wage impacts

The impacts of AfCFTA are totally opposed to what do EPAs on the labor market both in 2020 and 2030 (see Table 5). Under the EPAs, wages go up in the agricultural sector (0.10% and 0.08%) but go down in the industrial (-0.20% and -0.10%) and services sectors (-0.19% and -0.09%). Both skilled and unskilled workers will see their wages fall by 0.12% in 2020 and 0.05% in 2030. These results show that EPAs by reducing profit margin of Cameroon's businesses (specifically in agriculture and services) as highlighted above, push them to shorten wages in order to keep their competitiveness.

Chart 15: Impact of the AfCFTA & the EPA on Wages (%)



Under the AfCFTA agreement for 2030, wages tend to go up in the industrial and services sectors (2.72% and 2.54%) despite a decrease of 1.08% in the agricultural sector. On the other hand, unskilled workers benefit more from the agreement with a wage increase of 1.79% against 1.74% for skilled workers. With both agreements implemented, the wages augment by 0.91% and 0.88% respectively.

Conclusion and Practical Implications

This report examined the impact of EPAs on the Cameroonian Economy. Principally, the Economic partnership agreement with the EU and the African Continental free trade area were examined. The Methodology involved the Computable General Equilibrium model where an accounting matrix for Cameroon was proposed and the impact of each of the agreements evaluated on some of the key macroeconomic aggregates. The findings can be summarized as follows:

If Cameroon eliminates import taxes on goods from the EU, it would lose about \$265 million (around CFAF 160 billion) in 2020. By 2030, this loss could increase to about \$311 million (CFAF 188 billion). This amount represents 0.7% of Cameroon's current economic output (GDP). If Cameroon removes import taxes only on goods from other African countries, the loss in government revenue would be about **\$214 million (CFAF 129 billion) in 2030**, which is **0.46%** of GDP. If Cameroon eliminates import taxes for both the EU and African countries, the total loss would be around **\$537 million (CFAF 325 billion) in 2030**, or **1.17%** of GDP.

The loss in government revenue is larger when removing import taxes on EU goods compared to just African goods. For instance, by 2030, the loss from the EU alone is projected to be about **\$311 million**, compared to **\$214 million** from African countries.

Under the EPAs, Cameroon's GDP would suffer losses. Specifically: In 2020, the loss was about \$445 million, which translates to a -1.16% growth rate. By 2030, the loss is expected to reduce slightly to \$439 million, with a -0.98% growth rate. The EPAs would lead to slower economic growth for Cameroon. If the GDP is expected to grow by 5% in 2030, the EPAs would reduce this growth by almost 1 percentage point, resulting in a growth rate of around 4% instead. If Cameroon only applies the AfCFTA agreement: In 2020, it would boost the GDP by about \$1.48 billion, leading to a growth rate of 3.88%. By 2030, the boost increases to about \$1.79 billion, with a growth rate of 3.99%. The AfCFTA would significantly enhance economic growth. If the GDP is growing at a rate of 5% without AfCFTA, applying it would increase the growth rate to nearly 9%, adding an extra 4 percentage points to the growth. With both the EPAs and AfCFTA: In 2020, the GDP would increase by about \$919 million, resulting in a growth rate of 2.40%. By 2030, the increase would be about \$1.10 billion, leading to a growth rate of 2.45%. The combination of both agreements leads to a moderate increase in

GDP growth compared to the EPAs alone. If the expected growth is 5% in 2030, applying both agreements would raise the growth rate to around 7.45%.

By 2030, Cameroon's exports to the EU are expected to increase significantly under the Economic Partnership Agreements (EPAs) and the African Continental Free Trade Area (AfCFTA), with industrial exports seeing a larger rise compared to agricultural exports. The EPAs contribute to a notable increase in exports to the EU, particularly in the industrial sector, while AfCFTA boosts exports to Africa across agriculture, industry, and services. Despite a slight decrease in private services exports and a minor overall decline in imports from the EU under AfCFTA, both agreements collectively enhance Cameroon's export performance and reduce commodity prices, making goods more affordable for consumers. This dual approach helps mitigate trade losses from EPAs and offers new development opportunities, indicating a positive impact on Cameroon's trade dynamics and economic well-being.

The Economic Partnership Agreements (EPAs) slightly increase domestic demand for agricultural (0.01%), industrial (0.59%), and service (0.03%) products. Despite concerns about EPAs harming local industries, they do not significantly reduce domestic demand. Households continue to favor local products due to effective marketing. Conversely, the African Continental Free Trade Area (AfCFTA) negatively impacts demand for agricultural (-11.03%) and industrial commodities (-17.98%) but boosts demand for services by 49.84%. This shift indicates that Cameroonians prefer local services while changing their consumption patterns for other goods. In the third scenario, both EPAs and AfCFTA lead to slight decreases in demand for agriculture and industry, with a negligible impact on services. Price liberalization under these agreements reduces commodity prices, enhancing consumption, particularly for industrial goods under EPAs. AfCFTA and the third scenario show improved investment and profits in agriculture, industry, and services, whereas EPAs result in lower profits due to high costs and delayed returns from industrial investments. Overall, while EPAs mitigate some gains from AfCFTA, both agreements positively influence investment and profits in various sectors. Under the Economic Partnership Agreements (EPAs), Cameroonian household income and consumption decrease slightly, while government and global income increase due to higher VAT and export taxes. Conversely, the African Continental Free Trade Area (AfCFTA) boosts incomes for households, government, and global entities, with significant increases in savings and welfare. Under both agreements, income growth slows, and the rest of the world's income declines. Welfare improves significantly with AfCFTA, while EPAs offer minor benefits.

The Economic Partnership Agreements (EPAs) and the African Continental Free Trade Area (AfCFTA) have opposing effects on the labor market. Under EPAs, wages rise in agriculture but fall in industry and services, with both skilled and unskilled workers experiencing decreased wages due to reduced business profit margins. In contrast, AfCFTA has a different impact, although specific details on these effects are not provided.

Practical Summary

The EPAs, while potentially beneficial for trade with the EU, would negatively impact Cameroon's GDP growth. This is because the revenue losses from tariffs would outweigh any benefits gained from increased trade with Europe, leading to slower overall economic growth. The AfCFTA would have a strong positive effect on Cameroon's economy. It would significantly boost GDP and enhance economic growth, making it a very beneficial agreement for Cameroon and other African countries. Implementing both the EPAs and AfCFTA would result in moderate economic growth, providing a balance between the benefits of increased trade with both Europe and Africa, but not as substantial as the AfCFTA alone. Eliminating import taxes on EU goods would result in a substantial revenue loss for Cameroon, with even greater losses if taxes are removed for both EU and African goods. The EPAs lead to a slight increase in domestic demand for some products but have mixed effects on income and consumption, with reduced profits and wages in certain sectors. The AfCFTA, on the other hand, enhances household income, savings, and welfare, and has a positive impact on investment and profits across various sectors. While EPAs boost exports to the EU and affect prices and imports significantly, AfCFTA offers additional growth opportunities in the African market. The combined effect of these trade agreements helps Cameroon enhance its export profile, especially in the industrial sector, while mitigating some of the challenges posed by the EPAs. The overall reduction in commodity prices due to these agreements makes both imported and local goods more affordable, benefiting consumers and boosting household well-being.

Key Recommendations:

Balance Trade Policies: Implement a balanced approach by integrating both Economic Partnership Agreements (EPAs) and the African Continental Free Trade Area (AfCFTA) to maximize export opportunities while minimizing negative impacts on domestic industries and revenues. This can be done by ensuring that national trade policies align with the goals of both agreements, avoiding conflicting policies that may undermine their effectiveness. Also, involving businesses, industry groups, and civil society in discussions to ensure that trade policies address their concerns and needs.

Strengthen Domestic Industries: Invest in and support local industries, especially those vulnerable to import competition under EPAs, to enhance their competitiveness and reduce adverse effects on wages and profits. This can be done through tax incentives and implanting the import substitution industrialisation particularly in vulnerable sectors of the economy.

Enhance Marketing and Consumer Support: Continue promoting local products through effective marketing and advertising strategies to bolster domestic demand and ensure local industries benefit from trade agreements. This is most feasible if the government makes avenue for Cameroonian entrepreneurs to partake regularly in international trade fairs and exposition events.

Diversify Export Markets: Leverage AfCFTA to expand exports beyond traditional markets, especially into other African countries, to offset any revenue losses from reduced import taxes. However, there is need to boot domestic productivity and competitiveness for this to be effective.

Monitor and Adapt: Regularly assess the impact of trade agreements on various economic sectors and make necessary adjustments to policies to address any emerging challenges or opportunities. This is effective if the human Capital put in place per sector actually meet the needs of this sectors. Efficient economists are particularly useful in the Trade, economy and Finance Ministries for this to be effective.

Support Economic Adjustments: Provide support to households and businesses that are adversely affected by trade policy changes, such as targeted financial assistance or training programs to ease transitions and enhance resilience.

Promote Investment in Key Sectors: Focus on increasing investments in sectors with high growth potential and those that are critical for economic diversification, ensuring that benefits from trade agreements are broadly shared. This is particularly the Agro-processing, the mining and oil and gas sectors whose potentials are promising for Cameroon.

Table 3: Impact on one-dimension variables

	EPA		AfCFTA		Both	
	2020	2030	2020	2030	2020	2030
YDH (%)	-0.17	-0.07	2.30	2.42	1.17	1.23
YG (%)	1.09	1.19	2.85	2.88	1.21	1.21
YROW (%)	4.32	4.26	0.74	1.53	-2.56	-2.15
SH (%)	-0.12	-0.07	1.31	1.39	0.66	0.70

SG (%)	0.89	0.96	2.32	2.34	0.98	0.99
SROW (%)	13.92	13.68	10.26	12.24	-1.86	-0.84
GDP_BAU (Mil\$)	38315.30	44906.51	38315.30	44906.51	38315.30	44906.51
GDP_SIM (Mil\$)	37869.98	44467.16	39802.64	46700.30	39234.26	46008.80
GDP_Diff (Mil\$)	-445.32	-439.35	1487.34	1793.79	918.96	1102.29
GDP_change (%)	-1.16	-0.98	3.88	3.99	2.40	2.45
TIMT_BAU (Mil\$)	951.78	1115.52	951.78	1115.52	951.78	1115.52
TIMT_SIM (Mil\$)	686.35	804.06	767.67	901.96	490.74	578.20
TIMT Diff (Mil\$)	-265.43	-311.45	-184.11	-213.56	-461.04	-537.32
TIMT (% GDP)	-0.70	-0.70	-0.46	-0.46	-1.18	-1.17

Note: YDH: disposable income ; YG: government income ; Yrow : income of the rest of the world; SH: household saving; SG: government saving; Srow: rest of the world saving; GDP_BAU: GDP before simulation; GDP_SIM: GDP after simulation; GDP_Diff: GDP_SIM-GDP_BAU; GDP change: change in GDP in percentage; TIMT_BAU: Total income from import tariff before simulation ; TIMT_SIM: Total income from import tariff after simulation; TIMT_xDiff : import tariff variation; TIMT(%GDP): import tariff variation percentage of GDP.

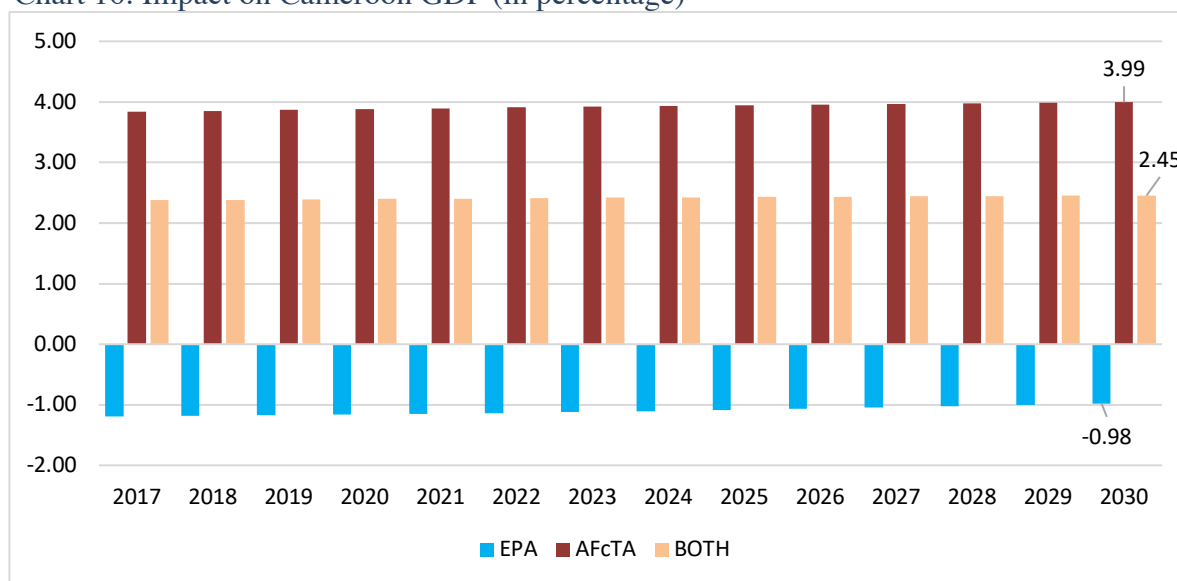
Source: Authors

Table 4: GDP and welfare Impacts in \$USD million in 2030

		GDP				Welfare			
		BAU	SIM	Diff	VAR(%)	BAU	SIM	Diff	VAR(%)
Cameroon	EPA	44906.51	44467.16	-439.35	-0.98	20940.52	20934.78	-5.74	-0.03
	AFcTA	44906.51	46700.30	1793.79	3.99	20940.52	22215.15	1274.63	6.09
	BOTH	44906.51	46008.80	1102.29	2.45	20940.52	21592.31	651.79	3.11
EU	EPA	23274444.34	23275297.95	853.61	0.00	8243262.33	8243479.05	216.72	0.00
	AFcTA	23274444.34	23305879.03	31434.69	0.14	8243262.33	8253730.88	10468.54	0.13
	BOTH	23274444.34	23274444.34	0.00	0.00	8243262.33	8243262.33	0.00	0.00
Africa	EPA	2869503.33	2869503.33	0.00	0.00	1225130.16	1225130.16	0.00	0.00
	AFcTA	2869503.33	2873236.16	3732.83	0.13	1225130.16	1226565.72	1435.56	0.12
	BOTH	2869503.33	2873236.16	3732.83	0.13	1225130.16	1226565.72	1435.56	0.12

Source: Authors

Chart 16: Impact on Cameroon GDP (in percentage)



Source: Authors

Table 5: Impact on trade in 2030 (in \$USD million)

		Exports								
		Agriculture			Industry			Services		
		BAU	SIM	Diff	BAU	SIM	Diff	BAU	SIM	Diff
EPA	CMR-EU	61.93	68.48	6.55	1950.19	2232.26	282.07	745.56	745.55	-0.01
	CMR-AFR	169.46	169.46	0.00	479.43	479.43	0.00	139.17	139.17	0.00
AFcTA	CMR-EU	61.93	61.93	0.00	1950.19	1950.19	0.00	745.56	745.56	0.00
	CMR-AFR	169.46	183.47	14.01	479.43	542.86	63.43	139.17	140.19	1.01
BOTH	CMR-EU	61.93	67.52	5.59	1950.19	2229.35	279.16	745.56	754.03	8.47
	CMR-AFR	169.46	183.47	14.01	479.43	542.86	63.43	139.17	140.19	1.01
		Imports								
EPA	CMR-EU	61.93	68.77	6.85	1950.19	2273.38	323.19	238.56	238.60	0.04
	CMR-AFR	85.93	85.93	0.00	444.88	444.88	0.00	93.71	93.71	0.00
AfCcTA	CMR-EU	61.93	57.62	-4.31	1950.19	1708.38	-241.82	745.56	939.73	194.17
	CMR-AFR	85.93	92.73	6.80	444.88	455.39	10.51	93.71	94.39	0.68
BOTH	CMR-EU	61.93	61.03	-0.90	1950.19	1831.27	-118.92	745.56	1117.16	371.61
	CMR-AFR	85.93	92.73	6.80	444.88	455.39	10.51	93.71	94.39	0.68

Source: Authors

Table 6: Impacts on some macroeconomic variables (in percentage)

	Agriculture			Industry			Services		
	EPA	AFcTA	BOTH	EPA	AFcTA	BOTH	EPA	AFcTA	BOTH
CH	-0.04	2.73	1.46	0.13	5.35	2.69	-0.08	3.86	1.97
CG	0.02	0.32	0.30	0.27	1.69	0.83	-0.03	0.00	0.00
DD	0.01	-11.03	-6.72	0.59	-17.98	-11.84	0.03	49.84	26.04
Q	0.08	-10.82	-6.57	3.49	-15.07	-11.27	0.03	49.84	26.04
INV	-0.06	2.90	1.60	0.19	4.30	2.14	-0.11	2.57	1.30
PM	-9.94	-8.13	-8.13	-13.21	-12.44	-12.44	0.00	0.00	0.00
PE	-9.55	-7.78	-7.78	-12.62	-12.05	-12.05	0.00	0.00	0.00
PC	-0.02	-0.32	-0.30	-0.27	-1.66	-0.82	-0.06	0.00	0.00
Profit (Mil \$USD)	-6.62	62.42	31.63	-10.63	361.74	183.07	-32.79	1220.54	617.82

Note: CH, Households consumption; CG: government consumption; DD: domestic demand; Q: composite demand; INV: Investment; PM: price of imported commodities; PE: price of exported commodities; PC: composite price

Source: Authors

Table 7: Impacts on labour demand and wages (in percentage)

		EPA		AfCFTA		BOTH	
		2020	2030	2020	2030	2020	2030
		Wages					
Sectors	Agriculture	0.10	0.08	-1.15	-1.08	-0.55	-0.59
	Industry	-0.20	-0.10	2.86	2.72	1.38	1.45
	Services	-0.19	-0.09	2.68	2.54	1.29	1.36
Qualification	Skilled workers	-0.12	-0.05	1.65	1.74	0.84	0.88
	Unskilled workers	-0.12	-0.05	1.71	1.79	0.87	0.91
		Labour demand					

Skilled labour	Agriculture	0.22	0.13	-2.71	-2.86	-1.39	-1.47
	Industry	-0.08	-0.04	1.09	1.15	0.55	0.58
	Services	-0.07	-0.03	0.92	0.96	0.47	0.49
Unskilled labour	Agriculture	0.22	0.13	-2.73	-2.88	-1.40	-1.48
	Industry	-0.08	-0.05	0.96	1.02	0.49	0.52
	Services	-0.07	-0.05	0.77	0.82	0.39	0.42

Source: Authors

Appendix

Table 8: Share of imports of country z from country zj in the total (in percentage)

	Ocea	East A	SEAs	Nam	Latin A	West Eu	Middle E	Camer	Afr	Row	Total
agr. Oceania		79.3	14.1	0.6	0.5	3.9	1.2	0.0	0.3	0.1	100.0
agr. East Asia	2.4		57.4	9.6	2.1	11.9	6.2	0.0	3.5	6.9	100.0
agr. SE Asia	3.0	69.5		7.5	0.6	9.6	6.9	0.0	1.4	1.5	100.0
agr. N America	0.8	47.0	14.4		8.3	19.8	5.4	0.0	3.6	0.6	100.0
agr. Latin Amer	0.4	48.3	8.6	19.2		16.0	4.0	0.0	2.2	1.3	100.0
agr. West Europe	0.6	20.4	16.0	12.0	2.5		24.8	0.1	14.2	9.4	100.0
agr. Middle East	0.6	46.6	25.5	9.2	0.3	15.1		0.0	1.9	0.8	100.0
agr. Cameroon	0.0	16.0	26.5	0.2	0.2	52.2	1.6		3.1	0.2	100.0
agr. Afr	0.7	26.4	17.1	9.0	1.8	37.9	6.1	0.1		0.9	100.0
agr. ROW	0.2	25.5	4.8	0.9	0.4	58.5	7.0	0.0	2.6		100.0
ind. Oceania		46.5	17.3	13.5	1.3	11.8	6.2	0.0	3.1	0.4	100.0
ind. East Asia	4.3		25.0	30.7	4.9	20.0	6.8	0.1	4.7	3.6	100.0
ind. SE Asia	3.7	39.1		20.8	2.6	20.4	7.9	0.1	4.2	1.2	100.0
ind. N America	3.1	29.7	11.2		15.9	30.7	6.3	0.0	2.1	1.0	100.0
ind. Latin Amer	0.9	20.8	9.8	34.7		20.9	5.3	0.1	5.8	1.9	100.0
ind. West Europe	2.7	26.1	9.3	27.5	4.9		13.1	0.1	7.8	8.5	100.0
ind. Middle East	0.8	18.4	18.9	11.2	1.6	33.8		0.1	11.0	4.2	100.0
ind. Cameroon	0.2	6.2	3.5	5.7	0.2	36.5	24.7		22.8	0.1	100.0
ind. Afr	0.7	21.9	8.4	9.5	3.3	39.7	15.6	0.2		0.8	100.0
ind. ROW	0.1	16.3	5.9	10.9	2.6	48.7	10.9	0.0	4.6		100.0
ser. Oceania		32.9	21.4	14.9	3.6	18.7	4.5	0.0	3.1	0.8	100.0
ser. East Asia	3.4		22.7	23.4	4.7	30.7	8.4	0.1	3.6	3.0	100.0
ser. SE Asia	6.3	27.1		20.9	3.0	30.4	5.9	0.1	3.8	2.5	100.0
ser. N America	3.2	21.9	10.0		10.8	43.0	5.8	0.0	3.6	1.7	100.0
ser. Latin Amer	1.5	14.5	6.6	35.8		31.8	5.0	0.0	2.6	2.1	100.0
ser. West Europe	3.3	18.6	10.2	35.2	7.3		9.9	0.1	6.4	9.1	100.0
ser. Middle East	2.1	18.3	8.8	20.2	4.1	35.8		0.1	4.3	6.3	100.0
ser. Cameroon	0.5	14.1	10.5	4.7	2.0	49.1	7.4		10.5	1.3	100.0
ser. Afr	1.8	14.1	9.0	14.9	2.9	46.6	8.1	0.1		2.6	100.0
ser. ROW	0.7	17.4	6.4	10.3	2.6	51.6	8.1	0.0	2.8		100.0

Source: Authors from GTAP database (2017)

Table 9: Share of exports of country z from country zj in the total (in percentage)

	Ocea	EastA	SEAs	Nam	LatinA	WestEu	MiddleE	Camer	Afr	Row	Total
agr . Oceania		4.9	24.9	11.8	8.3	3.3	27.2	0.0	15.8	3.7	100.0
agr. East Asia	19.8		7.8	9.6	14.9	1.4	29.6	0.1	8.3	8.5	100.0
agr. SE Asia	10.0	4.6		8.4	7.5	3.2	46.1	0.2	15.3	4.6	100.0
agr. N America	0.8	1.6	4.9		34.9	4.9	34.5	0.0	16.6	1.8	100.0
agr. Latin Amer	4.5	2.0	2.1	56.3		5.8	6.2	0.0	18.5	4.7	100.0
agr. West Europe	1.9	0.6	2.0	7.7	9.4		18.3	0.3	22.6	37.1	100.0
agr. Middle East	3.1	1.8	8.1	11.5	13.0	18.2		0.1	19.8	24.5	100.0
agr. Cameroon	1.5	2.9	1.0	12.3	6.5	15.8	0.8		43.3	15.9	100.0
agr. Afr	1.7	2.0	3.1	15.3	13.7	20.6	25.3	0.2		18.0	100.0

agr. ROW	0.8	8.2	6.9	5.4	17.2	27.5	21.9	0.0	12.1		100.0
ind. Oceania		46.9	16.5	12.3	0.9	21.5	1.2	0.0	0.5	0.1	100.0
ind. East Asia	3.4		28.9	19.5	3.7	34.3	4.9	0.0	2.8	2.4	100.0
ind. SE Asia	1.7	60.5		9.8	2.4	16.3	6.7	0.0	1.4	1.2	100.0
ind. N America	0.8	46.2	12.8		5.2	30.1	2.5	0.0	1.0	1.4	100.0
ind. Latin Amer	0.3	30.6	6.6	36.1		22.1	1.5	0.0	1.4	1.4	100.0
ind. West Europe	0.9	37.1	15.5	20.7	3.9		9.1	0.0	5.2	7.5	100.0
ind. Middle East	1.0	27.7	13.1	9.3	2.1	38.6		0.1	4.5	3.7	100.0
ind. Cameroon	0.3	31.3	13.4	3.1	4.1	32.7	5.5		8.0	1.5	100.0
ind. Afr	0.8	30.0	10.9	5.0	3.7	36.7	10.3	0.1		2.5	100.0
ind. ROW	0.1	31.2	4.2	3.3	1.6	53.8	5.3	0.0	0.5		100.0
ser. Oceania		14.0	23.4	26.1	2.5	27.5	3.9	0.0	2.0	0.6	100.0
ser. East Asia	5.5		18.0	32.3	4.4	28.0	6.1	0.0	2.8	2.9	100.0
ser. SE Asia	6.2	28.8		25.3	3.4	26.3	5.1	0.0	3.1	1.8	100.0
ser. N America	2.3	15.8	12.8		9.9	48.7	6.2	0.0	2.7	1.6	100.0
ser. Latin Amer	1.7	9.8	5.6	45.1		31.0	3.9	0.0	1.6	1.2	100.0
ser. West Europe	2.1	15.2	13.6	42.6	6.4		8.1	0.1	6.2	5.8	100.0
ser. Middle East	2.0	16.0	10.2	21.9	3.9	38.5		0.0	4.1	3.5	100.0
ser. Cameroon	1.7	10.8	11.7	20.8	3.4	38.1	5.5		7.1	1.1	100.0
ser. Afr	2.2	11.5	10.8	22.8	3.4	41.1	6.1	0.1		2.0	100.0
ser. ROW	0.6	9.3	7.1	10.8	2.7	58.2	9.0	0.0	2.2		100.0

Source: Authors from GTAP database (2017)

Table 10: Imports of country z from country zj (in US \$ million)

	Ocea	East A	SEAs	Nam	Latin A	WestEu	Middle E	Camer	Afr	Row	Total
agr. Oceania		136664.9	24244.6	986.6	947.0	6775.5	2032.5	4.8	560.6	130.9	172347.5
agr. East Asia	459.6		11180.9	1867.2	415.0	2328.3	1202.4	9.0	681.9	1348.7	19493.0
agr. SE Asia	2333.2	53419.0		5779.2	438.8	7414.8	5318.2	3.0	1051.4	1133.3	76890.7
agr. N America	1109.4	66276.4	20346.5		11763.6	27986.1	7597.7	38.6	5111.8	883.9	141114.1
agr. Latin Amer	775.5	102636.4	18246.1	40898.5		34027.5	8552.6	20.2	4597.8	2831.9	212586.5
agr. West EU	306.9	9866.2	7733.6	5792.9	1207.9		11980.2	49.6	6877.8	4523.4	48338.5
agr. MiddleEast	2547.8	204141.4	111666.7	40375.0	1291.9	66304.4		2.5	8465.0	3600.6	438395.3
agr. Cameroon	0.1	358.1	593.6	5.0	4.1	1167.5	35.9		68.8	4.7	2237.7
agr. Afr	1481.6	56904.6	36930.3	19401.1	3865.4	81634.8	13083.9	135.7		1983.5	215420.8
agr. ROW	349.1	58535.7	11079.2	2061.5	975.7	134193.2	16157.5	49.9	6026.3		229428.0
ind. Oceania		50010.7	18582.9	14487.0	1395.7	12649.0	6710.7	14.7	3284.4	378.1	107513.2
ind. East Asia	113411.6		663501.9	812873.5	129585.7	529944.3	181266.2	1494.5	123650.7	94375.2	2650103.5
ind. SE Asia	39945.6	423170.5		225113.4	27981.5	221067.2	85648.9	640.4	44941.1	12668.8	1081177.4
ind. N America	29838.6	286008.7	107959.5		152997.6	295639.1	60771.1	150.5	20668.6	9839.8	963873.4
ind. Latin Amer	2261.5	54882.8	25890.2	91639.2		55143.3	13977.3	198.1	15325.7	4949.6	264267.6
ind. WestEurope	52029.5	502440.2	179066.8	528588.2	93782.9		252467.9	1561.6	150962.0	162631.4	1923530.6
ind. MiddleEast	3021.5	71295.8	73061.0	43488.8	6314.6	130606.0		262.3	42497.4	16141.6	386689.1
ind. Cameroon	2.4	97.3	54.7	88.9	3.9	570.4	385.7		356.2	2.0	1561.5
ind. Afr	1270.6	41197.3	15826.0	17762.1	6137.4	74609.4	29222.0	383.9		1435.9	187844.6
ind. ROW	266.2	35805.8	12994.2	24000.3	5744.5	107196.3	23901.1	71.7	10114.1		220094.2
ser. Oceania		25479.6	16540.6	11575.1	2770.2	14514.8	3497.2	26.3	2382.6	646.0	77432.4
ser. East Asia	11464.8		77024.1	79244.6	15928.7	103841.2	28483.5	169.5	12311.7	10116.8	338585.0
ser. SE Asia	19208.5	82958.8		63863.5	9144.9	93119.5	18163.8	183.5	11538.9	7743.0	305924.5
ser. N America	21395.0	148787.5	67521.1		73404.1	291874.4	39055.8	325.6	24436.0	11684.2	678483.9
ser. Latin Amer	2029.1	20044.6	9058.1	49387.8		43860.7	6942.5	52.7	3645.6	2903.2	137924.2
ser. WestEurope	22537.8	129071.6	70343.9	244022.8	50453.1		68746.5	597.0	44010.6	63070.8	692854.1
ser. Middle East	3184.5	28155.2	13562.9	31122.0	6372.1	55165.5		86.2	6555.9	9771.8	153976.1
ser. Cameroon	3.5	100.4	74.9	33.2	14.4	350.0	52.4		75.0	9.1	713.1
ser. Afr	1676.2	12883.7	8231.1	13567.5	2604.8	42525.9	7371.9	111.4		2363.9	91336.4
ser. ROW	507.8	13273.7	4904.4	7860.3	2015.4	39448.7	6226.5	16.7	2171.5		76424.9

Source: Authors from GTAP database (2017)

Table 11: Exports of country z to country zj (in US \$ million)

	Ocea	East A	SEAs	Namer	Latin A	WestEu	MiddleE	Camer	Afr	Row	Total
agr. Oceania		459.6	2333.2	1109.4	775.5	306.9	2547.8	0.1	1481.6	349.1	9363.0
agr. East Asia	136664.9		53419.0	66276.4	102636.4	9866.2	204141.4	358.1	56904.6	58535.7	688802.7
agr. SE Asia	24244.6	11180.9		20346.5	18246.1	7733.6	111666.7	593.6	36930.3	11079.2	242021.5
agr. N America	986.6	1867.2	5779.2		40898.5	5792.9	40375.0	5.0	19401.1	2061.5	117167.0
agr. Latin Amer	947.0	415.0	438.8	11763.6		1207.9	1291.9	4.1	3865.4	975.7	20909.4
agr. West Europe	6775.5	2328.3	7414.8	27986.1	34027.5		66304.4	1167.5	81634.8	134193.2	361832.1
agr. Middle East	2032.5	1202.4	5318.2	7597.7	8552.6	11980.2		35.9	13083.9	16157.5	65960.8
agr. Cameroon	4.8	9.0	3.0	38.6	20.2	49.6	2.5		135.7	49.9	313.3
agr. Afr	560.6	681.9	1051.4	5111.8	4597.8	6877.8	8465.0	68.8		6026.3	33441.4
agr. ROW	130.9	1348.7	1133.3	883.9	2831.9	4523.4	3600.6	4.7	1983.5		16440.8
ind. Oceania		113411.6	39945.6	29838.6	2261.5	52029.5	3021.5	2.4	1270.6	266.2	242047.3
ind. East Asia	50010.7		423170.5	286008.7	54882.8	502440.2	71295.8	97.3	41197.3	35805.8	1464909.3
ind. SE Asia	18582.9	663501.9		107959.5	25890.2	179066.8	73061.0	54.7	15826.0	12994.2	1096937.2
ind. N America	14487.0	812873.5	225113.4		91639.2	528588.2	43488.8	88.9	17762.1	24000.3	1758041.4
ind. Latin Amer	1395.7	129585.7	27981.5	152997.6		93782.9	6314.6	3.9	6137.4	5744.5	423943.9
ind. West EU	12649.0	529944.3	221067.2	295639.1	55143.3		130606.0	570.4	74609.4	107196.3	1427424.9
ind. Middle East	6710.7	181266.2	85648.9	60771.1	13977.3	252467.9		385.7	29222.0	23901.1	654350.8
ind. Cameroon	14.7	1494.5	640.4	150.5	198.1	1561.6	262.3		383.9	71.7	4777.6
ind. Afr	3284.4	123650.7	44941.1	20668.6	15325.7	150962.0	42497.4	356.2		10114.1	411800.2
ind. ROW	378.1	94375.2	12668.8	9839.8	4949.6	162631.4	16141.6	2.0	1435.9		302422.4
ser. Oceania		11464.8	19208.5	21395.0	2029.1	22537.8	3184.5	3.5	1676.2	507.8	82007.1
ser. East Asia	25479.6		82958.8	148787.5	20044.6	129071.6	28155.2	100.4	12883.7	13273.7	460755.1
ser. SE Asia	16540.6	77024.1		67521.1	9058.1	70343.9	13562.9	74.9	8231.1	4904.4	267261.2
ser. N America	11575.1	79244.6	63863.5		49387.8	244022.8	31122.0	33.2	13567.5	7860.3	500676.8
ser. Latin Amer	2770.2	15928.7	9144.9	73404.1		50453.1	6372.1	14.4	2604.8	2015.4	162707.7
ser. West Europe	14514.8	103841.2	93119.5	291874.4	43860.7		55165.5	350.0	42525.9	39448.7	684700.7
ser. Middle East	3497.2	28483.5	18163.8	39055.8	6942.5	68746.5		52.4	7371.9	6226.5	178540.1
ser. Cameroon	26.3	169.5	183.5	325.6	52.7	597.0	86.2		111.4	16.7	1568.9
ser. Afr	2382.6	12311.7	11538.9	24436.0	3645.6	44010.6	6555.9	75.0		2171.5	107127.8
ser. ROW	646.0	10116.8	7743.0	11684.2	2903.2	63070.8	9771.8	9.1	2363.9		108308.9

Source: Authors from GTAP database (2017)

Table 12: Rate of taxes and duties on imports of commodity i from country zj

	Ocea	EastA	SEAs	Nam	LatinA	WestEu	MiddleE	Camer	Afr	Row
agr. Oceania		0.8	3.8	2.8	0.1	1.0	3.8	10.7	6.4	0.9
agr. East Asia	0.6		3.2	1.3	8.1	3.9	10.5	27.5	7.4	5.6
agr. SE Asia	0.4	0.6		0.3	10.2	0.5	5.5	11.9	10.2	1.5
agr. N America	0.1	4.3	6.6		3.5	0.7	4.9	14.2	10.0	0.9
agr. Latin Amer	0.0	1.0	5.6	0.2		1.1	14.2	13.5	3.7	2.2
agr. West Europe	0.3	3.5	9.4	11.3	4.7		8.6	11.0	7.1	4.1
agr. Middle East	0.0	0.8	1.2	0.3	0.6	0.1		24.4	0.5	3.8
agr. Cameroon	0.0	0.8	0.8	2.3	12.2	0.0	0.3		8.1	0.9
agr. SSA	0.0	0.6	3.0	0.1	2.2	0.3	1.8	8.8		2.6
agr. ROW	0.0	0.7	4.5	0.9	1.2	0.1	12.7	10.6	6.0	
ind. Oceania		3.6	4.3	1.4	6.9	3.3	5.0	15.1	5.9	8.9
ind. East Asia	1.5		3.1	2.4	9.2	3.2	6.4	19.8	12.5	6.4
ind. SE Asia	1.3	1.2		4.1	9.9	2.4	4.7	16.8	11.4	4.3
ind. N America	1.6	4.5	4.3		4.8	1.8	2.9	15.6	9.0	4.2
ind. Latin Amer	1.8	3.4	12.3	1.3		4.3	5.2	14.6	9.9	9.8
ind. West Europe	4.6	5.2	6.2	1.4	7.4		3.4	15.2	5.0	3.9

ind. Middle East	2.8	4.0	5.5	1.0	5.7	0.6		15.4	6.2	4.5
ind. Cameroon	1.3	1.2	1.6	0.5	4.1	0.1	0.1		2.8	5.0
ind. SSA	8.0	2.4	5.7	1.3	4.7	0.4	2.5	14.2		3.7
ind. ROW	3.4	3.9	5.7	1.4	2.5	1.6	6.5	11.5	7.9	

Source: Authors from GTAP database

No.	Code	No.	Code	Description
1	Oceania	44	Oceania	Australia, New Zealand
2	East Asia	45	East Asia	East Asia
3	SE Asia	46	SE Asia	Southeast Asia
4	N America	47	N America	North America
5	Latin Amer	48	Latin Amer	Latin America
6	West Europe	49	West Europe	Western Europe
7	MiddleEast	50	MiddleEast	Middle East
8	Cameroon	8	CMR	Cameroon
9	SSA	1	dza	Algeria
		2	egy	Egypt
		3	mar	Morocco
		4	tun	Tunisia
		5	xfn	Rest of North Africa
		6	ben	Benin
		7	bfa	Burkina Faso
		9	civ	C te d'Ivoire
		10	gha	Ghana
		11	gin	Guinea
		12	mli	Mali
		13	ner	Niger
		14	nga	Nigeria
		15	sen	Senegal
		16	tgo	Togo
		17	xwf	Rest of Western Africa
		18	caf	Central African
		19	tcd	Chad
		20	cog	Congo
		21	cod	Democratic Republic of the Con
		22	gnq	Equatorial Guinea
		23	gab	Gabon
		24	xac	Rest of South and Central Afri
		25	com	Comoros
		26	eth	Ethiopia
		27	ken	Kenya
		28	mdg	Madagascar
		29	mwi	Malawi
		30	mus	Mauritius
		31	moz	Mozambique
		32	rwa	Rwanda
		33	sdn	Sudan
		34	tza	Tanzania, United Republic of
		35	uga	Uganda
		36	zmb	Zambia
		37	zwe	Zimbabwe
		38	xec	Rest of Eastern Africa
		39	bwa	Botswana
		40	swz	Eswatini
		41	nam	Namibia
		42	zaf	South Africa
		43	xsc	Rest of South African Customs
10	ROW	51	Rest of World	Rest of World

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Civils Society Organizations who agree with the conclusion and recommendations of this report.

