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Executive brief

Central Africa: Agricultural trade policy debates and developments

1. Background and key issues

This brief focuses on agricultural policy debates and developments in Central Africa and covers the six countries of the Economic and Monetary Community of Central Africa (CEMAC) – Cameroon, Central African Republic (CAR), Chad, Republic of Congo, Equatorial Guinea and Gabon, plus the Democratic Republic of Congo (DRC) and São Tomé and Príncipe. These countries have a differentiated interest in the agricultural sector depending on levels of urbanisation, availability of agricultural land and the level of oil wealth. While in some countries the population is mainly rural and employed in agriculture (CAR, DRC, Chad and Equatorial Guinea), in others agriculture provides jobs for only a small percentage of the population (Gabon and São Tomé and Príncipe), while in the case of the Republic of Congo and Cameroon agriculture remains of considerable importance, despite a trade focus on oil and other natural resources.

A common feature in all of these countries is the insufficiency of local production to meet consumer needs, both in terms of volume and variety. Although two countries are almost or partly self-sufficient in basic foodstuffs (Cameroon and Congo), the remainder depend heavily on imports, with some facing problems of food security and malnutrition (Chad, CAR, DRC). In recent years only limited progress has been made in reducing hunger.

While regional trade integration could help improve the availability of food products and reduce dependence on extra-regional imports, Central Africa is poorly integrated economically, with very low regional trade flows. Countries mainly trade with the EU and increasingly with emerging economies. This is despite the existence of two major regional integration processes.

A CEMAC free trade area (FTA) has nominally been in force since 1998 and moved towards a customs union between 1994 and 2000, with the establishment of a four-band common external tariff (CET) ranging from 5 to 30%.

The Economic Community of Central African States (ECCAS) established in 1983 is composed of 10 states: the six

CEMAC member states plus DRC, São Tomé and Principe (STP), Angola and Burundi (which are also involved in other regional integration processes). Rwanda was originally part of ECCAS, but withdrew in 2007 to concentrate on the East African Community (EAC) integration process. The ECCAS member countries have adopted a tariff reduction scheme for intra-community trade which should in principle have come into effect between 2004 and 2007. However, these tariff reductions, as well as other aspects of ECCAS integration process, have not been implemented.

Given the ongoing Economic Partnership Agreement (EPA) negotiation process, which involves CEMAC countries as well as DRC and STP, there would appear to be a need to harmonise the CEMAC CET and moves towards an ECCAS CET. However no recent progress has been made.

> *"Given the ongoing EPA negotiation process, the CEMAC CET and moves towards an ECCAS CET need to be harmonised"*

The regional EPA negotiation process has progressed slowly since 2003. A bilateral interim EPA (IEPA) has been concluded between the EU and Cameroon, and has now been both initialled and signed. Cameroon therefore benefits from the duty-free, quota-free access to the EU market under Market Access Regulation (MAR) No. 1528/2007. However, no action has yet been taken by the government of Cameroon to implement commitments set out in the bilateral IEPA, given that such actions would carry regional implications. The least developed countries (LDCs) of Central Africa continue to enjoy duty-free, quota-free access to the EU market via the 'Everything But Arms' Agreement, while the two non-LDCs, Gabon and Congo, currently trade under the EU's standard GSP regime.

The regional-level negotiations continue to be held back by differences of opinion on Central Africa's market access offer to the EU, and EPA-related adjustment support issues. The liberalisation of trade with the EU could have important consequences for the already weak agricultural sector in the region, and there is now a policy consensus on the importance of getting to grips with the region-wide challenge of food insecurity, even if progress has been slow to date.

Efforts are under way to harmonise national policies, including at the levels of CEMAC and ECCAS, with the adoption of regional programmes for food security (PRSAs – *Programmes régionaux de sécurité alimentaire*), which include the coordination and harmonisation of food security and agricultural policies, the promotion of regional agricultural trade and the improvement of competitiveness on the world market. However, while some projects have been put in place, a lack of funding delays implementation. ECCAS has also created a fund for agriculture, the FSRDA, to promote food security. Nevertheless, by the beginning of 2011 only four member states had contributed to it.

In 2011, two Central African governments, DRC and CAR, signed Comprehensive African Agricultural Development Programme (CAADP) compacts aimed at promoting growth in agriculture of 6% per annum, to be achieved through the expansion of government expenditures in support of agricultural development to 10% of the national budget. In 2011 none of the Central African countries had reached the 10% target for budget allocations to the agricultural sector.

Six out of the ten ECCAS member states have ratified their national CAADP agricultural strategies, with the remaining four (Angola, Equatorial Guinea, STP and DRC) expected to complete the process in 2011.

2. Latest developments

Agricultural sector developments in Central Africa in 2011–2012

According to the United Nations Food and Agriculture Organization (FAO), cereals output increased 'substantially' in low-income food-deficit countries (LIFDCs) in 2010. However, despite good growing conditions in the LIFDCs of Central Africa (Cameroon, Chad, Congo, DRC and STP), production in these countries increased by only 2.8%, from 3.5 to 3.6 million tonnes, with these gains disappearing in 2011. Cereal imports in 2011 totalled 1.918 million tonnes (including 159,000 t of food aid) with imports of 1.932 million tonnes projected for 2012 (including 144,000 t of food aid).

There was severe localised food insecurity in 2010 in Central African Republic, Chad, Congo and DRC, due to refugee displacement, civil insecurity, volatile prices and droughts. This situation did not improve in 2011 in CAR, Congo and DRC, and deteriorated in Chad, with cereals production falling by 50% and prices increasing substantially. In 2011, in the face of unfavourable rains, production also fell in Cameroon. In contrast, the overall growing conditions were favourable in Gabon and the Republic of Congo.

Conflicts and climatic conditions have been major constraints on improvements in the food security situation, but other factors have also impeded agricultural development. While some parts of the region have physical constraints (arid zones in Chad or forests in Congo and Gabon), agricultural land could be better used in other areas. Investment in agriculture remains notably low. A study in 2011 by the US-based International Food Policy Research Institute (IFPRI) found that in Central Africa livestock and root crops have the highest growth potential, and recommended investment should be focused on these products.

Regional trade remains limited, with non-application of agreed external tariffs, non-tariff barriers and poor infrastructure continuing to impede trade in agricultural commodities. According to the IMF, 'some member states [still] impose additional taxes and duties'. In addition, differences remain between countries with regard to: import classification evaluation, exemption rules, and rules of origin application.

> *"Regional trade remains limited in Central Africa, accounting for only 1.2% of total trade"*

Custom procedures are also expensive and, because of lack of coordination, imported goods are taxed twice.

Developments in CEMAC and ECCAS

According to the IMF, intra-CEMAC trade accounted for only 1.2% of total trade in 2010, half the share of trade of 15 years ago. This very low volume of trade remains, despite the purported liberalisation of trade within ECCAS countries since 2004 and the customs union which has been fully established within CEMAC countries since 2000. In comparison, in West Africa, intra-regional trade accounts for 8% of total trade.

The EU and the United States are still the main partners of the region (32.2 and 23.6% of trade respectively) while China is emerging as an important partner, accounting for 16.4% of the region's trade.

CEMAC has adopted a Regional Economic Programme (REP) for the period 2009–2015 whose objective is to build a competitive regional environment to attract substantial private investment to growth sectors. In 2007, ECCAS member countries also adopted a strategic integration plan dubbed the Vision (2025), which is consistent with the CEMAC REP.

The CEMAC REP aims to significantly enhance intra-regional trade. The major components of the 2015 agenda include road improvements and rehabilitation, transportation facilitation measures and institutional support for CEMAC as a central pillar of regional integration. It is hoped that these measures will result in increased intra-community trade, with the target of 15% of total trade by 2015. Moreover, the implementation of the current CEMAC Customs Reform Programme is intended to increase haulage traffic along the Douala–N'Djamena and Douala–Bangui corridors and reduce the turnaround time by 20%.

> *"CEMAC has adopted a Regional Economic Programme aimed at significantly enhancing intra-regional trade"*

As for other African regions, the African Union has developed a Regional Integration Strategy Paper for 2011–2015 aimed at promoting regional integration. Consistent with the CEMAC's Integration Programme, the paper has identified two main areas of intervention: regional infrastructure development, and building institutional and human capacity.

Developments in agricultural sector policies with implications for regional trade

National agricultural policy developments in Gabon and the DRC

At national level, in 2011, Gabon and DRC have adopted programmes and laws that could help foster agricultural development. In addition, regional, international and donor initiatives have been launched to improve agricultural potential as a way to fight poverty.

In the case of Gabon, in the face of rising prices and price volatility the government of Gabon is preparing an Agricultural Programme for Food Security and Growth (PASAC –*Programme agricole de sécurité alimentaire et de croissance*) which aims to create 'a competitive agricultural sector through expanded local production, increased exports, improved access to financing and a focus on underdeveloped rural zones. In addition, the Ministry of Agriculture has set aside FCFA34 billion (€51.8 million) to finance agricultural and agro-industrial investments, along with an agricultural guarantee fund of FCFA900 million (€1.4 million).' This programme will complement the Agricultural and Rural Development Project (PDAR – *Projet de développement agricole et rural*) established in 2008, which provides for financial assistance to rural villages of the country.

Moreover, as part of the PASAC, the government launched an Investment and Agricultural Development Programme (PRODIAG – *Projet de développement et d'investissement agricole au Gabon*), with a budget of FCFA 13.2 billion financed through an AFD (French

Development Agency) loan to build capacities of stakeholders in the main agricultural industries.

The government also set up an Agency for Food Security (AGASA – *Agence Gabonaise de sécurité alimentaire*) which is 'designed to increase local production and enhance sanitary standards', the objective being to draw up 'a food security emergency plan to reduce imports by at least 5% a year, particularly for basic staples including cereals and rice, as well as meat and vegetables'.

In the DRC in December 2011, the government enacted its first agricultural sector law, with the sector having been largely unregulated previously. The new law aims to:

- promote the sustainable valorisation of agricultural potential, by integrating social and environmental aspects;
- stimulate agricultural production and promote self-sufficiency by establishing a specific custom and tax regime;
- boost agricultural exports to generate important resources for investments;
- promote local value addition;
- attract new sustainable energy technologies.

However, no precise details are set out as to the terms of the specific customs regime and the potential tools to be used to foster local value-added processing. CONAPAC, the national agricultural producer associations, called for lobbying of Parliament for 'the adoption of a law on the protection of domestic agricultural production that makes provision for tariff measures aiming at reducing food imports'.

In 2012, a US$50.87 million Rural Infrastructure Development Support Project (PADIR) funded by the African Development Fund in the provinces of Bas-Congo, Bandundu, Kasaï-Occidental, Kasaï-Oriental and Katanga is to become operational. This region of 36 million people, 60% of whom live on less than US$1 a day, has a high agricultural potential and is the main source of food supply to the entire DRC. The aim is to create 23,300 new permanent agriculture-related jobs by 2017.

Cotton, coffee, poultry and cereals sector policy developments in Cameroon

In light of the decrease in cotton production and in cotton producers since 2005 (–57% and –34% respectively between 2005 and 2009), the government of Cameroon has set up a programme to revive the sector. Some €10.7 million in subsidies to local producers is to be provided to promote greater local transformation of raw cotton into processed cotton. Export markets in other Central and West African countries are to be targeted. Currently, only 5% of production is processed and 95% exported as raw material. Bank financing totalling FCFA1 billion has been made available to the company, Sitraco, to set up a factory to process cotton into cloth pad and gauze bandage. This factory is expected to begin production in 2012.

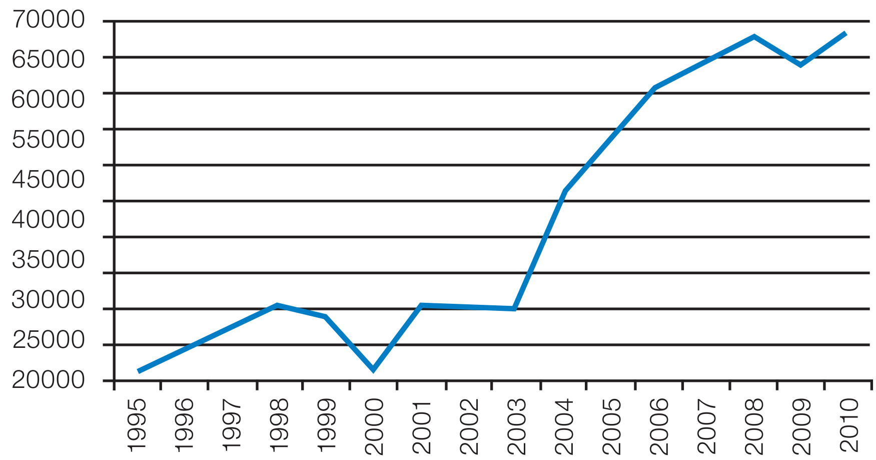
Similarly, in order to add value to cotton production, the Association of African Cotton Producers (APROCA), with the support of AFD, has launched a project for the development of fair-trade and organic cotton in West and Central Africa, including Cameroon. This 5-year project worth €11.9 million is being rolled out with the aim of boosting production and stimulating demand in Europe and North America.

In 2010, Cameroon coffee production declined by 39% to 35,000 tonnes, but recovered, reaching 65,000 tonnes in 2011. The dip in 2010 was attributed by the Cocoa and Coffee Inter-professional Board (CICC) to disease outbreaks, the normal cyclical decline, smuggling of coffee to Nigeria and market disruptions associated with political turmoil in North African markets. This nevertheless saw the adoption in 2010 of a €39.6 million 5-year recovery plan aimed at increasing production to 125,000 tonnes, by replacing aged plantations with improved varieties, better training of farmers and promoting increased use of fertilisers and more modern equipment.

In response to lobbying from the Citizens' Association for the Preservation of Public Interest (ACDIC), the government of Cameroon first introduced import licences for frozen poultry parts, and then in 2007 an import ban. Public health concerns around the handling of frozen poultry parts to some extent accounted for this decision. This policy has contributed to stimulating poultry production, which more than doubled in the 10 years to 2010, reaching 68,000 tonnes.

However, since 2008 and even more since 2011, the sector has faced difficulties arising from feed availability and cost. Lower than expected production in Cameroon and neighbouring countries, has seen maize prices increase dramatically (increasing 55% between April and July 2011 alone). This has resulted in some poultry farmers abandoning production, rather than face losses on poultry sales.

Figure 1: Poultry meat production in Cameroon 1995–2010 (in tonnes)



Source: FAOSTAT

Government efforts to promote maize production since 2005 through production subsidies proved ineffective in the face of problems of embezzlement. This led to the government resorting to maize import subsidies from 2009 onwards. ACDIC has expressed concern over the continuing need for maize import subsidies.

The experience of the poultry sector in Cameroon highlights the importance

> *"The experience of the poultry sector in Cameroon highlights the importance of taking into account inter-sector linkages in developing agricultural policies"*

of taking into account inter-sector linkages in developing agricultural policies and associated trade policies.

Given rising prices and high import dependency, ACDIC has been exploring the production and use of cassava flour in bread production (at a ratio of 90% wheat flour to 10% cassava flour). It is estimated that the use of 10% cassava flour in bread would save €100 million per annum in wheat imports and stimulate increased local production of cassava, resulting in an estimated 49,000 new jobs. In terms of flavour, the innovation is held to be acceptable to consumers, although it is thought that investment will be required to improve post-harvest handling in order to ensure a uniform quality for the milled cassava flour to be used in commercial bread production. For this investment in cassava milling to take place, however, millers are arguing that the government needs to ensure a bakery sector market for the higher quality cassava flour by mandating the use of 10% of cassava flour in all bread produced in Cameroon.

Such a local blending regulation could prove to be very efficient in reducing cereals imports and stimulating local production. However, in Nigeria concerns have been expressed over possible intolerance to the use of cassava flour in bread among diabetics, although Nigerian government representatives have maintained there is no scientific basis for these claims.

Central Africa and the International Cocoa Agreement

Three Central African states (DRC in 2011, Gabon and Cameroon in 2012) recently joined the 2010 International Cocoa Agreement which, over the next 10 years, seeks 'to create conditions for fairer and more sustainable global trade by strengthening international cooperation between producers and consumers within the ICCO framework'.

During the past decade, the International Cocoa Organization (ICCO) has implemented a number of projects with emphasis on the development of cocoa production and trade, as well as on the improvement of the income position of smallholder cocoa farmers. In this context in June 2011, ICCO launched a project on 'Sanitary and phytosanitary capacity building in Africa to mitigate the harmful effects of pesticide residues in cocoa and to maintain market access'. This project, which involves five major African cocoa-producing countries including Cameroon, aims to assist cocoa-producing countries to strengthen their expertise and capacity to implement international sanitary and phytosanitary (SPS) standards and to comply with pesticide residue regulations of importers.

Meanwhile, in October 2011 the World Cocoa Foundation, USAID and the Sustainable Trade Initiative (IDH) launched the African Cocoa Initiative, which will invest US$13.5 million in programmes for the development of a sustainable cocoa industry over 5 years in four countries, including Cameroon. It will focus on five areas:

- fostering public–private investments in cooperatives;
- improvement of genetic quality;
- improvement of productivity;
- development of farmers' education;
- improvement of supply chain functioning.

The novelty of the initiative lies in its financing, which is entirely sourced from 13 major food industry companies, including Kraft Foods, Nestlé and Cargill.

Progress in harmonising national policies with regional developments

In Central Africa, CAADP implementation is progressing slowly. Only two countries have signed their CAADP compacts and started working on their investment plans: the CAR (signed on 15 April 2011) and the DRC (signed on 18 March 2011). The Republic of Congo has launched CAADP implementation and is working towards signing its compact, while Cameroon, Chad, Gabon and São Tomé and Príncipe are expected to formally launch CAADP implementation in 2012.

While ECCAS should coordinate the CAADP implementation with its member states, it is not clear whether it has prepared a regional compact as in other regions. According to the European Centre for Development Policy Management (ECDPM), 'while many countries have developed national compacts and investment plans, … complementary action at the regional level is yet to be articulated in most Regional Economic Communities'. In addition ECDPM argues that now 'is the right time for stakeholders to go beyond *process* aspects of developing compacts and investment plans, to identify concrete *actions* for better-targeted and coordinated implementation.'

Progress and developments in the Central African EPA negotiations

Progress in regional negotiations and the state of play in bilateral relations

In February 2011, the Central Africa–EU EPA negotiations resumed after almost 2 years. Four negotiation rounds took place at technical level. According to the EC, 'negotiations regarding the trade in goods provisions are already well advanced'. In July 2011, the task force on market access had compiled a list of what it considered sensitive products likely to generate consensus among the negotiators. Negotiations on market access issues however are still ongoing.

"According to the EC, negotiations regarding the trade in goods provisions are already well advanced"

On rules of origin, negotiators are looking for simplifications that could help support structural development in Central Africa. An agreement has been reached on 'simple transformation' rules for textiles products, while in November 2011, discussions turned to cumulation of origin issues.

As reported by the EC, there are still disagreements on exports taxes, the most-favoured nation (MFN) clause and on the non-execution clause, which gives the EU the power to take steps against its ACP trading partners if they violate human rights, democracy and good governance principles.

"There are still disagreements on export taxes, the MFN and on the non-execution clauses"

The export tax issue seems likely to be less problematical than in other EPA configurations, given that only limited use is currently made of trade policy tools by Central African governments (on coffee and cocoa in Cameroon, on cattle and wild live animals in CAR, on green coffee in DRC, and on a limited list of agricultural products in Chad). However, the use of non-tariff tools, such as export bans and restrictions in Chad (livestock, cereals) and import restrictions in Cameroon (poultry products), could be more problematical. With regard to the MFN clause, the EU tentatively agreed to renounce its inclusion, and it also confirmed that it would not seek to include a standstill clause.

Negotiations regarding accompanying measures intensified in 2011. The working group in charge of this issue focused its efforts on the net fiscal impact of the EPA, as well as a methodology and a timetable that could be used to develop a joint guiding document. A document recapping the priority areas is being prepared (Regional Programme of EPA accompanying measures – PRADA).

In addition to technical meetings, information and awareness-raising workshops have been organised. In May 2011, a workshop was organised for Central African negotiators on legal issues relating to the EPA negotiations and possible mechanisms for resolving any future disputes, and in December 2011, an information meeting on the advantages of the EPA for business was held for Central African stakeholders.

EC proposals to revise the GSP regime, with a view to focusing on those countries that most need preferences, could serve to increase pressure on the government of Gabon to review its position on the EPA negotiations, since, as an 'upper-middle income country', Gabon would see itself graduated out of GSP preferences and would have to trade with the EU under the higher tariff MFN trade regime.

"EC proposals to revise the GSP regime would see Gabon graduated out of the GSP regime"

More broadly, at the level of the ECCAS, there have also been calls for the EPA process to:

- take into account the ECCAS integration project instead of the current hybrid grouping;
- accommodate and support the rapid completion of the implementation of the ECCAS customs union project;
- support appropriate investments in capacity building for the implementation of trade policy instruments within the ECCAS;
- ensure that tariff liberalisation commitments reflect the levels of economic and trade integration in the ECCAS region.

The bilateral Cameroon–EU IEPA

In terms of the bilateral Cameroon–EU IEPA, the government of Cameroon has signed the IEPA but has not yet taken steps to implement its IEPA commitments, given the ongoing regional negotiations and its obligations under the CEMAC customs union. In this context, the EC's September 2011 proposal to modify MAR 1528/2007 could well carry implications for Cameroon. While this proposal calls on the EU Council and the European Parliament to empower the European Commission to 'amend the list of countries that benefit from the preferences (Annex I of Council Regulation (EC) No 1528/2007) by removing those which have still not taken the necessary steps towards ratification of an EPA', a statement from Trade Commissioner Karel De Gucht indicates an expectation that signatory governments should be implementing EPA commitments by 1 January 2014, if duty-free, quota-free access to the EU market is to be continued.

The extent of the government of Cameroon's concern over this issue is demonstrated by the tabling of a bill in early 2012 for the ratification of the EPA. Against this background it remains unclear whether Cameroon's agricultural exports to the EU would be affected by the September 2011 EC proposal to modify MAR 1528/2007. This is particularly the case, since African governments are actively lobbying for the withdrawal of the EC proposal, while some senior members of the European Parliament are arguing for a deferment of the deadline until 1 January 2016.

However, any bilateral implementation of the EPA by the government of Cameroon may exert pressure on the CEMAC to move forward with a regional EPA so as to preserve the integrity of the common external tariff.

> *"Any bilateral implementation of the EPA by Cameroon may exert pressure on the CEMAC to move forward with a regional EPA"*

Trade negotiations with non-EU partners: The continent-wide FTA

Apart from negotiations with the EU, the Central African region may become engaged in negotiating a continent-wide free trade agreement (CFTA) as agreed by African Heads of State and Government in 2011 in Ethiopia. The CFTA would evolve from the proposed 26-country Tripartite FTA (T-FTA) and other regional FTA processes, upon their expected completion in 2014. These regional processes would then be consolidated into the CFTA between 2015 and 2016, with the pan-African pact launched in 2017. There are concerns that these target dates are unrealistic, given the complexities of harmonising tariffs across the T-FTA and the shortcomings in the implementation of numerous regional FTAs across Africa.

3. Current policy debates and issues

Operationalising existing commitments

In Central Africa the challenge remains of getting to grips with operationalising existing agricultural and trade integration strategies, through coordinated national action within a common regional framework. In the past year, emphasis has been placed on addressing transport infrastructure constraints and intensifying efforts to reform customs administration along clearly defined transport corridors. These transport corridor-based efforts could provide practical lessons for getting to grips with the wider challenges.

> *"In Central Africa the challenge remains of getting to grips with operationalising existing agricultural and trade integration strategies"*

Equally, moves to operationalise CAADP compacts, as well as efforts to broaden the geographical coverage of the CAADP process, could also assist in getting to grips with challenges related to national agricultural policy implementation and regional agricultural policy harmonisation. This is particularly the case if the regional CAADP process gives rise to a regional peer group review mechanism.

Addressing cross-sector linkages in poultry sector development policy

Tariffs and import restriction represent only a short-term solution to the challenges facing poultry producers in Central Africa. Of more significance is dealing with the challenge of the underlying cost disadvantages faced by Central African poultry producers arising from the high cost of feed, low levels of productivity linked to animal diseases, and infrastructure constraints on marketing. Options explored elsewhere in the ACP to address these constraints include:

- supporting the development of dedicated poultry feed supply chains (e.g. the regional initiatives in the Caribbean, or loan financing in Ghana);
- supporting the development of production of low-cost poultry feeds that do not compete with human food demand (East African Community countries);
- supporting the development and use of traditional crops as poultry feed at smallholder level (East African Community countries);
- promoting the distribution of poultry breeds to smallholder producers better suited to 'resource-poor village environments' (Uganda);
- ensuring cereals sector policy frameworks accommodate the needs of poultry producers (including in relation to pricing policy, trade policy and market information on supply, price and trade trends) (South Africa).

To move beyond trade measures and input subsidies, governments in Central Africa may need to support exploration of these various options by producer organisations.

Developing cross-regional cooperation in cassava flour promotion initiatives

Efforts to develop the commercial production of high quality cassava flour to reduce dependence on wheat flour imports could benefit from broader inter-regional cooperation, given the similar initiatives underway in Nigeria. This could include cooperation on:

- providing specific extension services to cassava farmers;
- the technologies for high quality cassava flour processing being developed and deployed;
- the policy tools to be used to promote high-quality cassava flour production;
- the policy measures being set in place to strengthen the functioning of cassava supply chains.

Targeting 'yield gaps' to enhance food security

In 2012, FAO launched the Global Agro-ecological Zones (GAEZ) portal, an online information system aimed at assisting government planners to identify specific geographical areas where food production could be sustainably increased by closing the 'yield gap'. The 'yield gap' is the difference in the yields attained in similar agro-ecological zones between low-yield and high-yield areas. This tool could potentially support agricultural policy makers in Central Africa in better targeting current efforts to enhance food production in the light of rising food import bills.

Reconciling national and regional approaches to EPA negotiations

It is unclear whether from 1 January 2014 delays in implementing EPA commitments will be taken as sufficient grounds for removing a country from the benefits of duty-free, quota-free access under MAR 1528/2007. There is considerable political discussion around the adoption of the EC proposals and legal controversy over the basis for the EU's actions and its rights and obligations under international law relating to the implementation of treaty commitments. These uncertainties nevertheless place the government of Cameroon on the horns of a dilemma, since implementation of EPA tariff elimination commitments would breach the CEMAC common external tariff. This, it is feared, could either seriously undermine the free circulation of goods within CEMAC customs union (as governments seek to maintain the commonly agreed external tariff) or compel neighbouring CEMAC governments to *de facto* accept the application of the bilateral Cameroon–EU IEPA to the whole of CEMAC. The EPA could thus be either a catalyst for more rapid integration or could fundamentally undermine the existing commitment to a common external tariff.

> *"The EPA could be either a catalyst for more rapid integration or could fundamentally undermine existing CET commitments"*

However, given the low level of intra-regional trade and existing anomalies in the application of the CEMAC CET, the bilateral tariff liberalisation commitments which Cameroon has entered into may prove less problematic than at first sight. The impact of the implementation of Cameroonian tariff elimination commitments on the

CEMAC regional integration process will depend on:

a. the overall level of transit trade which takes place through Cameroon;

b. the level of tariffs which would be applied on these products by fellow CEMAC governments; and

c. the level of trade in regionally sensitive products between the EU and Cameroon.

In this context it should be noted that even in regions with a high degree of trade integration, the situation of *de facto* implementation of tariff elimination commitments agreed by one member of a customs union can be 'lived with', as illustrated by the experience of the Southern African Customs Union since 2000, when South Africa began implementing its bilateral Trade and Development Cooperation Agreement with the EU.

The Cameroon–EU IEPA does not pose the same legal problem under the ECCAS, which is an FTA, not a customs union. Fellow ECCAS members retain the right to set their own tariffs on trade with third countries, including EU products exported via Cameroon. However this reality is complicated by the fact that six of the ten members of ECCAS are also members of CEMAC, while two are members of other regional configurations, including in the case of Burundi, the EAC. This lack of fit between EPA configurations and regional configurations greatly complicates the process of negotiations, as does the conduct of parallel bilateral and regional negotiations with members of the same customs union.

Against this background it can be argued that if an EPA is to become a catalyst for wider regional integration in Central Africa it will need to take into account the ECCAS integration project, provide assistance to capacity building for the implementation of trade policy instruments within the ECCAS, contribute to the rapid completion of the implementation of the ECCAS long-term vision, and ensure the liberalisation commitments entered into by each of the ECCAS countries reflects their levels of economic and trade integration and long-term development visions.

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