

Interim Economic Partnership Agreements – Central Africa: Cameroon. Memo - Brussels, 15 January 2009

1. State of Play

Cameroon agreed an interim EPA with the EU in December 2007. This agreement was put in place to prevent disruption to Cameroon's exports to the EU after the trade provisions of the Cotonou Agreement expired at the end of that month and provides additional time to negotiate a full regional EPA. As a result, the main exports of Cameroon still enjoy preferential access to EU markets. These include trade in aluminium, cocoa, bananas and other agricultural products worth around €314 million a year.

This country-specific interim EPA is a temporary solution while negotiations to replace it with a full EPA covering the entire Central African region are ongoing. The full EPA will entirely replace this interim agreement.

As the rest of the Central African region is largely made up of Least Developed Countries, they have duty free access to the EU under the Everything But Arms (EBA) scheme while full EPA negotiations continue. The exceptions are Congo and Gabon. They have benefited from the regular EU Generalised System of Preferences since 1st January 2008.

2. Main features of the interim EPA with Cameroon

Trade in goods

The provisions on Trade in Goods cover:

Duty free quota free access into the EU for all imports from Cameroon as of 1st January 2008, with transition periods for rice and sugar;

An asymmetric and gradual opening of its markets to EU goods, taking full account of the differences in levels of development between them and the EU (see below);

A chapter on trade defence with bilateral safeguards allowing each party to reintroduce duties or quotas if imports of the other party disturb or threaten to disturb their economy;

A chapter on Technical Barriers to Trade as well as Sanitary and Phyto-Sanitary (SPS) measures, to help Cameroonian exporters meet EU import standards; and

A chapter aiming to facilitating trade through measures such as more efficient customs procedures and better cooperation between administrations.

Goods liberalised in the Interim EPA

All imports from Cameroon have entered the EU duty and quota free since 1st January 2008 (other than transition periods until 2010 for rice and 2015 for sugar). This is an improvement over the previous Cotonou trade regime. In return, over the next 15 years, Cameroon will liberalize 80% of imports from the EU.

Liberalised EU imports are mainly industrial machines (pumps, generators, turbines, etc), vehicles (boats, aircrafts, cars), and certain chemicals. These are all inputs used by Cameroon's industries which are not produced locally. Eliminating import duties on these products will reduce the costs of inputs for local businesses

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EU-Central Africa Trade

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Goods not liberalised in the Interim EPA

Cameroon excluded a number of agricultural and non-agricultural processed goods from liberalisation towards EU imports, mainly to ensure the protection of certain sensitive agricultural markets and industries but also to maintain fiscal revenues.

The excluded products include most types of meat, wines and spirits, malt, milk products, flour, certain vegetables, wood and wood products, used clothes and textiles, paints, and used tyres.

Other elements

There is a detailed dispute settlement mechanism to support effective implementation of the agreements and new, improved, Rules of Origin will be annexed to the interim EPA as soon as they are agreed with the whole region in the full EPA negotiations. In the meantime Cameroon benefits from the general EPA improved Rules of Origin (Council Regulation 1528/2007).

Development Cooperation

Development Cooperation provisions make the link with the EU development cooperation. They identify priority areas of development cooperation to accompany the implementation of the interim EPAs. The main areas identified are:

- Development of basic infrastructure with a regional dimension;
- Agriculture and Food security with a regional dimension;
- Reinforcing, diversifying and upgrading of the capacity of the economic and productive sectors with a regional dimension;
- Reinforcement of regional integration;
- Improvement of the business environment; and
- Implementation of trade rules in the agreements.

3. State of play of the full EPA negotiations with Central Africa (November 2008)

Negotiation of a full EPA covering all the Central African countries (Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, and São Tome é Príncipe) are ongoing. The objective of the EU and Central Africa is to conclude an agreement at regional level, which would support development and foster regional integration.

In addition to agreeing a common Central African market access offer for goods, these negotiations cover trade in services, investment and other trade related rules relevant for development and regional integration such as competition or transparency in government procurement.

Since early 2008, three negotiation rounds have taken place with Central Africa, at technical or senior official level. The other interim EPAs and the full EPA with the Caribbean have been useful points of reference in these negotiations. Negotiators are re-examining any difficult issues in these negotiations in which Central Africa partners may wish to reconsider in the context of the full EPA. The EU recognises that each region will want to move at its own pace, discuss the substance with the EU and reach a view on the commitments they are ready to take.

The text of the trade in goods provisions has been largely agreed but still contains points of divergence where negotiators are looking for compromise, such as on export taxes, regional levies or the MFN clause. As is the case for the other interim EPAs, there are provisions covering trade defence, Technical Barriers to Trade, SPS measures, and trade facilitation. In addition, considering the tremendous diversity and wealth of the region in terms of forests, negotiators are discussing a chapter on forestry governance.

Central Africa has tabled a common market access offer for goods that is being used as a basis for negotiation as well as its own draft text on development cooperation. On services, the negotiations have gone relatively smoothly and are now reasonably close to completion. This would be a first for the region which has had little experience negotiating services.

Negotiations over Rules of Origin are also ongoing. These discussions started from the Rules of Origin used in the Cotonou Agreement and those contained in Council Regulation 1528/2007. Negotiators are looking for simplifications that could help Central Africa develop, such as the "simple transformation" for textiles products (already contained in Council Regulation 1528/2007).

Negotiations have not started on certain trade related rules such as competition or consumer protection due to lack of time. The Central African region nevertheless remains open to negotiating such rules.

Negotiations on Development cooperation provisions are continuing. They focus on the priority areas of development cooperation to accompany EPA implementation which were identified in the interim EPA (see above). There are still divergences between the expectations of the Central African Region and feasible linkages with existing European Community and EU Member States development cooperation instruments, including Aid for Trade packages under which the EU will support accompanying measures to the EPA.

In order to keep the momentum in the negotiations, the target date for completing the full EPA negotiations is now mid-2009.