

RÉPUBLIQUE DU CAMEROUN

-----  
Paix – Travail- Patrie  
-----

MINISTÈRE DE LA COMMUNICATION  
-----

REPUBLIC OF CAMEROON

-----  
Peace- Work- Fatherland  
-----

MINISTRY OF COMMUNICATION  
-----

# **IMPLEMENTATION OF CAMEROON'S COMMITMENTS UNDER THE BILATERAL ECONOMIC PARTNERSHIP AGREEMENT WITH THE EUROPEAN UNION**

## **PRESS BRIEFING**

**INTRODUCTORY STATEMENT BY H.E. ISSA TCHIROMA BAKARY  
MINISTER OF COMMUNICATION**

*Yaoundé, August 19, 2016*

**The Minister of Trade,**

**The Minister of Small and Medium-Sized Enterprises, Social Economy and Handicraft,**

**The Minister Delegate to the Minister of Economy, Planning and Regional Development,**

**Dear Journalists,**

**Distinguished Guests, Ladies and Gentlemen,**

I wish you all a warm welcome to this meeting during which we shall be discussing the implementation of our country's commitments under the Stepping stone Economic Partnership Agreement between Cameroon and the European Union which entered into force last August 03, 2016.

As you have noticed, I am accompanied on this occasion by three of my fellow colleagues of the Government: the Minister of Trade, the Minister of Small and Medium-Sized Enterprises, Social Economy and Handicraft, and the Minister Delegate to the Minister of Economy, Planning and Regional Development, to whom I am expressing my heartfelt gratitude for their availability to co-chair this press conference.

Permit me, Your Excellencies, to wish you a warm welcome to the Ministry of Communication.

Allow me to also acknowledge the presence of High level Experts from various Ministries whose portfolios are related to the issue on today's agenda. They include, as far as MINEPAT is concerned, the Director General of Cooperation and Regional Integration, the Coordinator of the Enterprises Upgrading Office, an Expert Lawyer in Business Law and an Expert in Trade negotiation; as far as MINFI is concerned, a Customs

Expert and an Expert in Domestic Taxation; as for the Ministry of Trade, the Director of International Trade Relations.

Several other Experts are present here and will at any time be able to take the floor and answer questions from the press.

**Distinguished Journalists, Ladies and Gentlemen,**

As you can see, the Government has mobilized the cream of the crop to enlighten you on the issue on today's agenda.

This attests of the importance that the **President of the Republic** attaches to the measure of which he has just ordered the implementation within the framework of the Stepping stone Economic Partnership Agreement between Cameroon and the European Union.

**Distinguished Journalists, Ladies and Gentlemen,**

On last August 03, the **Head of State** signed a decree to lay down the rules of origin and methods governing administrative cooperation under the Stepping stone Agreement towards the bilateral Economic Partnership Agreement between Cameroon and the European Union.

With this recent development, Cameroon resolutely steps into the first phase known as the “stepping stone phase”, of the implementation of the Economic Partnership Agreement (EPA) which was initiated on December 27, 2007 and signed on January 15, 2009, with the European Union.

With respect to the Stepping stone Agreement which is now effective, let me recall that it was ratified by Cameroon on July 22, 2014, and notified to the European Commission on July 25 of the same year.

**Allow me, before going into the crux of the matter, to say a word on what the Stepping stone Agreement is all about, in relation to the EPA**

**as a whole, which involves all countries of Central Africa Sub-region and the European Union.**

As a matter of fact, the Economic Partnership Agreement, is a free trade agreement which aims to enhance regional integration, to foster the integration of the economies of the sub region with those of the European Union through the progressive liberalization of the trade of goods in parallel with the drafting and adoption of fair rules, in order to ease and promote trade between both entities.

But this is a long-term objective involving major sub-regional blocks like Central Africa but which can be achieved, depending on the will of each State, through a Bilateral Agreement called “Stepping Stone Agreement” signed between the State concerned and the European Union.

Cameroon has decided to go in for this option, which is open to every country of the Sub-region; that is, to sign a Stepping stone Agreement, considered as a transitional agreement towards the final Economic Partnership Agreement.

The signing by our country of this bilateral agreement with the European Union is part of a strategic course of action on national interests, which aims to preserve preferential access for our products into the European market pending the conclusion of a comprehensive regional agreement.

Before getting to the Economic Partnership Agreement itself, it is certainly important to briefly trace the route which led there, from the Yaoundé I and Yaoundé II Conventions between 1963 and 1969, to the four Lomé Conventions signed between the European Economic Community then the European Union, and the African, Caribbean and Pacific group of States (ACP).

But obviously, none of these instruments led to the achievement of the policy objectives of economic development, diversification of production and the increase in trade that was set by the stakeholders.

It was as a remedy that the Cotonou Partnership Agreement was signed on June 23, 2000 to establish a new framework for cooperation aimed not only to promote and speed up economic development, but also to contribute to peace, security and the political and democratic stability of ACP countries.

Meanwhile the other Agreement – that is, the Cotonou Agreement – quickly faced the crippling consequences of the expiry in 2007 of unilateral preferential access arrangements for ACP countries to the European market, hitherto covered by a waiver under the General Agreement on Tariffs and Trade (GATT) in its 1994 revision.

In clear terms, as the European Union could no longer give ACP a unilateral preferential access scheme starting in 2008, it became imperative to negotiate a new framework for trade cooperation between both entities, but with on the ACP side, each of its six regional blocks, added to the requirement that this new instrument should be consistent with the rules of the World Trade Organization (WTO).

This obligation to comply with WTO rules involved the elimination of any of the following constraints:

- either the European Union offers the same trade preferences to all Developing countries;
- or it sets up reciprocal preferences under free-trade agreements and in this case, the European Union would no longer be obliged to extend such preferences to all Developing countries.

Debates within the European Union led to the choice of the second option, hence the advent of the Economic Partnership Agreement.

Now, back to the Stepping stone Economic Partnership Agreement – Bilateral agreement between Cameroon and the European Union – we have already said that it was an interim step leading to the implementation of the Economic Partnership Agreement per se.

**It is important to explain what this Stepping stone Agreement encapsulates and which are the products covered by the free trade it establishes.**

The Stepping stone Partnership Agreement between Cameroon and the European Union of which the **Head of State** has just decreed the effective implementation, mainly covers trade in goods.

It has already allowed Cameroon well before this date to enjoy preferential access of products made in Cameroon to the EU member countries since 2008.

Under this Agreement, Cameroon accepts in return for preferential access given to its products to the European Union, to open its domestic market to the tune of 80% of imports from the European Union.

Trade liberalization which underlies the structure of the Stepping stone Partnership agreement will cover a period of fifteen (15) years with a two-year moratorium and will be done per product group.

Three (03) product groups have been identified to that effect, provided that 20% of the products remain completely excluded from liberalization, to protect certain industries and sensitive agricultural markets and to minimize further losses in tax revenue induced by the lifting of customs barriers.

The first group of products known as “fast liberalization group” and which aims to serve the well being of populations includes:

- Products for household consumption up to 30% of the group total including basic commodities that contribute to fighting poverty, raw materials (19% of the group) and some capital goods (27% of the group), to give local companies access to inputs for their manufacturing process at low cost. This group includes: drugs, books, seeds or animal breeding products. The liberalization of goods in this group was scheduled to be done in four (04) years from the first year of liberalization known as Year 1.

The second group known as the "slow liberalization Group", which is intended to promote local production, includes machines and other capital goods (35%), semi-finished products (39%) and other raw materials to support local industry. The liberalization of this group is intended to support investment, allow local companies to upgrade their equipment and improve their competitiveness. This slow liberalization Group includes machines and mechanical equipment such as new vehicles and agricultural equipment, machines and electrical equipment or new tires. Products under this group are to be liberalized over a period of seven (07) years, from the second year of liberalization known as Year 2.

- The third group, known as the "very slow liberalization Group" which is intended to protect local production and ensure there is no impact on tax revenue, includes high tariffs products. These are usually semi-finished products (12%), finished goods that are not produced locally but for which a potential supply exists. This group also includes raw materials and capital goods (34%), which contribute significantly to customs revenue. The particularly slow liberalization of this group of products is intended to allow the emergence of a local industry in the sectors concerned. Products under this group include: building materials, clinker from which cement is made,

durum wheat, rubber materials, wood products or household items. Products in this last group are to be liberalized for a period of ten (10) years, from the fifth year of liberalization, called Year 5.

Certain products with a considerable development potential are excluded from customs and tariff liberalization in of spite of the current limited production.

These include crude animals and plants products. This clause aims to promote the diversification of our economy while protecting local supply.

Other issues are also addressed in the Stepping stone Agreement namely, the clauses dealing with export taxes and the most favored nation.

With regard to export taxes, it is clearly stipulated that the parties to the Agreement will no longer create new ones or increase the rates of existing ones, except in cases of notorious difficulties noticed in public finance balance or for environmental protection purposes.

Regarding the most favoured nation, Cameroon is called upon to grant a more favourable treatment to the European Union which could result from the fact that Cameroon is now party to an economic integration agreement with a major trading partner. The major trading partner is defined in this case as any developed country or group of countries whose share in world trade is greater than 1% and 1.5% respectively.

**Distinguished Journalists**, this is the substance of the Stepping stone Economic Partnership Agreement between Cameroon and the European Union.

**That notwithstanding, the truth is that there are still many people within the general public who are pondering on what could be the**



**opportunities related to the implementation of this Agreement and the challenges or risks that could impede its implementation.**

**Allow me to say a word on this issue.**

Regarding the expected opportunities of the Stepping stone Agreement, it is theoretically evident that trade liberalization brings about growth and speeds up development. It induces a reduction of trade costs and increases performance opportunities for companies.

It is worth noting that under the Economic Partnership Agreement, the elimination of tariffs on imports of raw materials and industrial equipment from the European Union reduces production costs for local products and improves the competitiveness of enterprises as well as national economy in general. The lifting of customs barriers where it will be applied, will act accordingly on the production and increase in exports. In this context, the Economic Partnership Agreement should quickly become a catalyst for upgrading enterprises, provided that the gains from liberalization are not offset by commercial intermediaries.

These findings were prospectively identified by several technical studies.

It should be underscored that the specialized services of the Ministry of Finance established in 2008 that the Stepping stone Economic and Partnership Agreement signed by Cameroon will result in a 3.5% decrease in prices of imported goods from the European Union at the end of dismantling and that, consequently, the reduction of production costs due to the cheap purchase of inputs and equipment imported from this economic zone would result in an increase in production for domestic market and fall of prices of local commodities.

With regard to the European Union, another study conducted in 2008 revealed that the Economic Partnership Agreement would have positive

effects on production, recording a gained growth rate of up to 0.20 of point on the annual reference period set at fifteen years, mainly due to the slashing of prices with special focus on capital goods.

Meanwhile, access to large pools of consumption such as those of the European Union will inevitably offer economies of scale opportunities in the production of goods nationwide as it would suddenly increase the export of goods and services.

It is evident that there are many challenges and even some risks related to the implementation of the Economic Partnership Agreement for our country, particularly in terms of foreign trade, production and employment, public finance and regional integration.

What are therefore the strategies devised by the Government to overcome such setbacks so as to take full advantage of the Stepping stone Economic Partnership Agreement?

In order to capitalize on the opportunities and benefits under the Agreement and minimize associated costs, Cameroon has devised a strategy based on three areas of intervention as follows:

- Strengthening supply capacity through the Enterprise Upgrading Office;
- The development of export capacity;
- The tax and institutional reforms related to the implementation of the Economic Partnership Agreement.

All these accompanying measures will also mitigate the negative effects of free trade thus established, through tax impact on economic compensation suffered by public finance and the multifaceted contribution of the European Union in financing the planned reforms.

**Distinguished Journalists,**

While leading us in the signing of this agreement - I am talking about the Stepping stone Agreement - the **Head of State, His Excellency Paul BIYA**, has once again allowed our country to prospectively envisage the future with serenity and to make sound decisions on major issues which are structured on a global economic scale.

It should be buttressed that the sole motivation of the **Head of State** at this point in time is that of guaranteeing the prosperity of our country in general and the well-being of all its citizens in particular.

In so doing, Cameroon has adopted an approach which involves both combination and balance between an interim bilateral approach, which preserves its economic interests, and a multilateral Agreement in the future within the framework of the Central Africa sub-regional block.

The **Head of State** therefore invites Cameroonians from all walks of life to stand together as one in the conquest of the economic world in order to be up to this task, the only one that deserves to be pursued in view of attaining emergence and achieving well-being of the entire Cameroonian nation.

**Thank you for your kind attention.**