

---

---

UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT

P.O. BOX 817 YAOUNDE

---

---

**ANALYSIS OF CROSSBORDER TRADE BETWEEN  
CAMEROON AND NEIGHBORING COUNTRIES**

Final Report

AEERD Ltd

Associates in Economic and Environmental Research and Development  
P.O. Box 14649 Yaounde, Cameroon

October 1993

---

ANALYSIS OF CROSSBORDER TRADE BETWEEN CAMEROON  
AND NEIGHBORING COUNTRIES

FINAL REPORT

This study was conducted by:

Beramgoto Tarounga  
Emmanuel Tambi  
Aboubakar Pefoura

With the assistance of:

Eyabi D.G. Eyabi  
Angele Nganguene  
Pascal Olinga  
Noe Woin

The authors wish to thank all market participants and officials of national and international institutions in Cameroon and neighboring countries for providing information used in this study. USAID/Cameroon Officials must be acknowledged for their guidance which contributed greatly to the success of this study.

Views expressed in this report are those of the authors and not necessarily those of USAID/Cameroon.

## TABLE OF CONTENTS

LIST OF TABLES	iv
LIST OF FIGURES	vii
LIST OF ANNEXES	ix
EXECUTIVE SUMMARY	xii
RESUME	xvii
SECTION 1: INTRODUCTION	1
1.1 Definition of Cross Border Trade (CBT)	
1.2 Background and justification	
1.3 Objectives	
SECTION 2: STUDY METHODOLOGY	
2.1 Problems encountered during data collection	
2.2 Data compilation and analysis	
2.3 Organization of the report	
SECTION 3: ECONOMIC ENVIRONMENT	7
3.1 Macro-economic environment in Cameroon	
3.2 Trade policies and the regional economic environment	
3.3 Crossborder trade: Its importance in the national and regional economies	
SECTION 4: RESULTS OF STUDY: CROSSBORDER TRADE BY COUNTRY	16
4.1 General findings	
4.2 Crossborder trade between Cameroon and Nigeria	
4.3 Crossborder trade between Cameroon and Gabon	
4.4 Crossborder trade between Cameroon and Chad	
4.5 Crossborder trade between Cameroon and Eq. Guinea	
4.6 Crossborder trade between Cameroon and C.A.R	
SECTION 5: SURVEY FINDINGS: CROSSBORDER TRADE BY GROUP OF COMMODITIES	31
5.1 General findings	
5.2 Crossborder trade of specific groups of commodities	
5.3 Analysis of export supply of some major Cameroonian commodities with potential region markets	
SECTION 6: POLICY ISSUES IN THE DEVELOPMENT OF CBT	51
6.1 Recent policy reforms	
6.2 Impact of policy on crossborder trade	

SECTION 7: IMPLICATIONS FOR REGIONAL TRADE IMPROVEMENT AND AGRICULTURAL DEVELOPMENT IN CAMEROON	55
SECTION 8: MARKETING ACTIVITIES AND DESIGN OF A MARKET INFORMATION SYSTEM	57
. Marketing activities	
. Gathering and updating agricultural market information	
. Processing market information	
. Dissemination of agricultural market information	
. Design of a market information system	
SECTION 9: CONCLUSION AND OUTLOOK	61
SECTION 10: RELEVANT PROJECT IDEAS	63
TABLES	68
FIGURES	135
BIBLIOGRAPHY	162
ANNEXES	163

## LIST OF TABLES

- Table 3.1 Sectorial distribution of current market prices in Cameroon.
- Table 3.2.: Growth in total per capita GDP in Cameroon. 1980/81 to 1990/91
- Table 3.3 Growth in total and agricultural GDP in Cameroon and neighboring countries (current market prices).
- Table 3.4 Population and urban population growth in Cameroon and neighboring countries.
- Table 3.5 Indices of per capita agricultural and food production in Cameroon and neighboring countries.
- Table 3.6 Value of trade in Cameroon and neighboring countries (millions of current US \$).
- Table 3.7 Net foreign trade in Cameroon and neighboring countries in millions US \$ (1980 - 1990).
- Table 3.8 Value of total exports from and imports into Cameroon (millions CFA).
- Table 3.9 Regional trade shares between Cameroon and neighboring countries.
- Table 3.10 Net trade value in Cameroon and neighboring countries (millions CFA).
- Table 3.11 Proportion of products exported from Cameroon.
- Table 3.12 Exports of staple products to neighboring countries (tons).
- Table 3.13 Value of commodity exported to neighboring countries (x 1000 CFA).
- Table 3.14 Unit export prices for commodity exported to neighboring countries (FCFA/Kg).
- Table 3.15 Volume of exports to neighboring countries, 1991 (tons).
- Table 3.16 Importance of regional export markets for commodities traded.
- Table 4.1 Volume (tons) of food traded with Nigeria by border location.
- Table 4.2 Persons interviewed at border towns.

- Table 4.3 Points of supply of food products exported to Gabon and Equatorial Guinea through the southern border.
- Table 4.4 Food products exported to neighboring countries.
- Table 4.5 Value (million FCFA) of crossborder trade of food commodities between Cameroon and neighboring countries.
- Table 4.6 Informal and formal exports of food products to Chad.
- Table 4.7 Informal and formal exports of food products to Nigeria.
- Table 4.8 Informal and formal exports of food products to C.A.R
- Table 4.9 Informal and formal exports of food products to Gabon.
- Table 4.10 Informal and formal exports of food products to Eq. Guinea.
- Table 4.11 Food products imported from neighboring countries.
- Table 4.12 Informal and formal imports from Nigeria.
- Table 4.13 Informal and formal imports from Chad, Gabon and Equatorial Guinea.
- Table 4.14 Exports versus imports.
- Table 4.15 Seasonal variation in prices of some food products exported to Gabon and Equatorial Guinea.
- Table 4.16 Profit margin for commodities exported to Gabon.
- Table 4.17 Customs duties rates applied in Cameroon.
- Table 4.18 Cost of major food products exported to Libreville (Gabon) from Foubot.
- Table 4.19 Volume (1,000T) of crossborder trade of food commodities between Cameroon and neighboring countries.
- Table 4.20 Value (million FCFA) of exports from and imports into Cameroon by neighboring countries.
- Table 4.21 Export volume (T) of major groups of products by country.
- Table 4.22 Export value (1000 FCFA) of major groups of products by country.
- Table 4.23 Import volume (T) of major groups of products by country.

- Table 5.1 Price variation by location relative to food exports to Nigeria.
- Table 5.2 Price variation by location relative to exports to Gabon (FCFA).
- Table 5.3 Volume of food trade with Gabon by border location (tons).
- Table 5.4 Volume of food trade with Equatorial Guinea by border location.
- Table 5.5 Short and long-run domestic and export supply elasticities.
- Table 5.6 Mean domestic and export supply and price values used in calculating short-run elasticities.
- Table 5.7 Coefficients of variation for domestic and export supply and price.
- Table 5.8 Projected domestic supply of commodities at low, medium and high growth rates.
- Table 5.9 Projected export supply of commodities at low, medium and high growth rates.
- Table 5.10 Inventory of products traded between Cameroon and neighboring countries.
- Table 5.11 Differentials in average prices in Cameroon and Gabon.
- Table 5.12 Variation in term of volume of mangoes traded with Gabon.
- Table 6.1 Domestic production of major staple commodities in Nigeria.
- Table 6.2 Domestic production of major staple commodities in Gabon.
- Table 6.3 Domestic production of major staple commodities in CAR.
- Table 6.4 Domestic production of major staple commodities in Chad.
- Table 6.5 Domestic production of major staple commodities in Cameroon

## LIST OF FIGURES

- Figure 3.1: Indices of per capita production in Cameroon (1979 - 1998 = 100).
- Figure 4.1: Distribution channels of exported food commodities.
- Figure 4.2: Value (billion FCFA) of formal and informal food exports to neighboring countries.
- Figure 4.3: Value (million FCFA) of formal and informal food imports from neighboring countries.
- Figure 4.4: Distribution of total value of Cameroonian food exports to neighboring countries.
- Figure 4.5: Distribution of total volume of Cameroonian food exports to neighboring countries.
- Figure 4.6: Distribution of total value of Cameroonian food imports from neighboring countries.
- Figure 4.7: Distribution of total volume of Cameroonian food imports from neighboring countries.
- Figure 4.8: Some examples of price differentials in trade between Cameroon and Nigeria.
- Figure 4.9: Some examples of price differentials in trade between Cameroon and Chad.
- Figure 4.10: Value of imports and exports of major groups of products.
- Figure 4.11: Distribution of total value of exported goods.
- Figure 4.12: Distribution (%) of total value of imported goods.
- Figure 4.13: Distribution (%) of total export value of fruits by country.
- Figure 4.14: Distribution (%) of total export value of roots and tubers by country.
- Figure 4.15: Distribution (%) of total export value of cereals by country.
- Figure 4.16: Distribution (%) of total export of other products by country.
- Figure 4.17: Distribution (%) of total export value of processed products by country.
- Figure 4.18: Distribution (%) of total export value of oil seeds by country.

- Figure 4.19: Distribution (%) of total export value of animal products by country.
- Figure 4.20: Distribution (%) of total export value of spices by country.
- Figure 4.21: Distribution (%) of total export value of vegetables by country.
- Figure 4.22: Distribution (%) of total export value of stimulants by country.
- Figure 4.23: Distribution (%) of total import value of oil seeds by country.
- Figure 4.24: Distribution (%) of total import value of animal products by country.
- Figure 4.25: Distribution (%) of total import value of other products by country.
- Figure 5.1: Seasonal variation in the average domestic prices key fruits and vegetables.

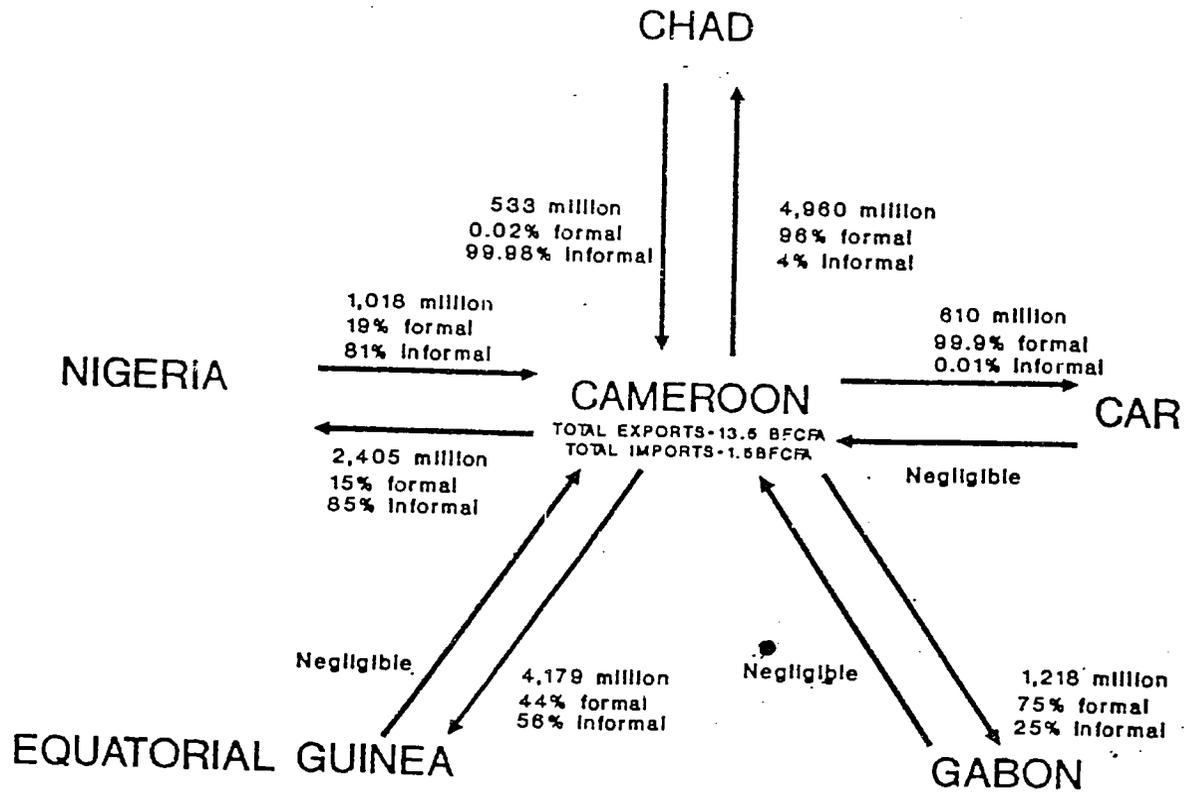
## LIST OF ANNEXES

- Annex 2.1 Border towns visited.
- Annex 2.2 Public services visited during the survey.
- Annex 2.3 Tropical outline for collection of crossborder trade information.
- Annex 3.1 Agricultural production and trade in Cameroon.
- Annex 3.2 Import prices indices in neighboring countries.
- Annex 3.3 Export and import shares (%) in regional trade in 1980/90 - 1991/1992.
- Annex 3.4 Value of commodities exported to neighboring countries.
- Annex 3.5 Commodity export to neighboring countries.
- Annex 4.1 Quality standards set by Cameroon Government for products imported to or from Cameroon.
- Annex 4.2 Road blocks and check points encountered from point of supply (Foumbot) to point of shipment (Douala) to Equatorial Guinea.
- Annex 4.3.1. A: Volume (T) of fruits exported by country.
- Annex 4.3.1. B: Value (1000 FCFA) of fruits exported by country.
- Annex 4.3.2. A: Volume (T) of vegetables exported by country.
- Annex 4.3.2. B: Value (1000 FCFA) of vegetables exported by country.
- Annex 4.3.3. A: Volume (T) of roots and tubers exported by country.
- Annex 4.3.3. B: Value (1000 FCFA) of roots and tubers exported by country.
- Annex 4.3.4. A: Volume (T) of cereals exported by country.
- Annex 4.3.4. B: Value (1000 FCFA) of cereals exported by country.
- Annex 4.3.5. A: Volume (T) of oil seeds exported by country.
- Annex 4.3.5. B: Value (1000 FCFA) of oil seeds exported by country.
- Annex 4.3.6. A: Volume (T) of spices exported by country.
- Annex 4.3.6. B: Value (1000 FCFA) of spices exported by country.

- Annex 4.3.7. A: Volume (T) of stimulants exported by country.
- Annex 4.3.7. B: Value (1000 FCFA) of stimulants exported by country.
- Annex 4.3.8. A: Volume (T) of animal products exported by country.
- Annex 4.3.8. B: Value (1000 FCFA) of animal products exported by country.
- Annex 4.3.9. A: Volume (T) of processed products exported by country.
- Annex 4.3.9. B: Value (1000 FCFA) of processed products exported by country.
- Annex 4.3.10.A: Volume (T) of other products exported by country.
- Annex 4.3.10.B: Value (1000 FCFA) of other products exported by country.
- Annex 4.4.1. A: Volume (T) of fruits imported into Cameroon from neighboring country.
- Annex 4.4.1. B: Value (1000 FCFA) of fruits imported into Cameroon from neighboring country.
- Annex 4.4.2. A: Volume (T) of vegetables imported into Cameroon from neighboring country.
- Annex 4.4.2. B: Value (1000 FCFA) of vegetables imported into Cameroon from neighboring country.
- Annex 4.4.3. A: Volume (T) of roots and tubers imported into Cameroon from neighboring country.
- Annex 4.4.3. B: Value (1000 FCFA) of roots and tubers imported into Cameroon from neighboring country.
- Annex 4.4.4. A: Volume (T) of cereals imported into Cameroon from neighboring country.
- Annex 4.4.4. B: Value (1000 FCFA) of cereals imported into Cameroon from neighboring country.
- Annex 4.4.5. A: Volume (T) of oil seeds imported into Cameroon from neighboring country.
- Annex 4.4.5. B: Value (1000 FCFA) of oil seeds imported into Cameroon from neighboring country.
- Annex 4.4.6. A: Volume (T) of spices imported into Cameroon from neighboring country.

- Annex 4.4.6. B: Value (1000 FCFA) of spices imported into Cameroon from neighboring country.
- Annex 4.4.7. A: Volume (T) of stimulants imported into Cameroon from neighboring country.
- Annex 4.4.7. B: Value (1000 FCFA) of stimulants imported into Cameroon from neighboring country.
- Annex 4.4.8. A: Volume (T) of animal products imported into Cameroon from neighboring country.
- Annex 4.4.8. B: Value (1000 FCFA) of animal products imported into Cameroon from neighboring country.
- Annex 4.4.9. A: Volume (T) of processed products imported into Cameroon from neighboring country.
- Annex 4.4.9. B: Value (1000 FCFA) of processed products imported into Cameroon from neighboring country.
- Annex 4.4.10.A: Volume (T) of other products imported into Cameroon from neighboring country.
- Annex 4.4.10.B: Value (1000 FCFA) of other products imported into Cameroon from neighboring country.
- Annex 5.1 General form of the domestic and export supply.
- Annex 5.2 Domestic supply projections in Cameroon.
- Annex 5.3 Export supply projections to neighboring countries.

ILLUSTRATION OF THE IMPORTANCE OF CROSSBORDER TRADE BETWEEN CAMEROON AND NEIGHBORING COUNTRIES: TOTAL VALUE OF IMPORTS AND EXPORTS (FCFA) ESTIMATED FROM SURVEY DATA AND 1992 OFFICIAL RECORDS.



NOTE: IN REALITY, TRADE BALANCE IS IN FAVOR OF NIGERIA AS MOST NIGERIAN GOODS ARE SMUGGLED INTO CAMEROON AND THUS UNRECORDED.

2

Major groups of products exported from Cameroon to neighboring countries by order of importance and their potential regional markets.

Group of products	Total export value (MRCFA)	Major products	Volume (T)	Value (MRCFA)	Major markets
Processed products	9,841	Wheat flour	10,713.7	5,200	Chad, Nigeria
		Beer	17,171.9	3,310	Eq. Guin., Gabon
Oil seeds	1,699	Palm oil	4,539.2	1,291	Nigeria, Eq. Guin.
		Palm kernel	6,856.4	337	Nigeria
Others	581	Cotton	2,256.6	575	Nigeria
		Dry beans	39	5	Nigeria, Chad
Stimulants	352	Sugar	1,033.35	267	CAR, Chad
		Cola nut	448.3	35	Nigeria, CAR
Fruits	288	Avocado	538	64	Gabon
		Tangerine	325	50	Gabon
Cereals	246	Rice	1,340.2	179	Nigeria, Eq. Guin.
		Maize	618.8	64	Chad, Gabon
Roots and tubers	150	Irish potatoes	201.8	54.8	Eq. Guin., Gabon
		Cassava	383.6	34.6	Gabon
Vegetables	146	Tomatoes	1,690.3	77.5	Gabon
		Kru	428.4	40	Nigeria
Spices	123	Onions	208	92	Gabon, Eq. Guin.
		Garlic	150	30.9	Eq. Guin., Nigeria
Animal products	82	Milk	58.2	30	Nigeria, CAR
		Livestock	0.48	28.8	Gabon, Eq. Guin.

Source: Survey data; DSCN/MINEPAT, 1992.

Major groups of products imported into Cameroon from neighboring countries by order of importance.

Group of products	Total import value (MFCFA)	Major products	Volume (T)	Value(MFCFA)	Major Supplying country
Animal products	506.3	Cattle	4,996.2	199	Nigeria
		Frozen fish	1,016.1	163	Nigeria, Eq. Guin.
Oil seeds	352.3	Groundnut	2,704.5	311	Chad, Gabon
		Egusi	66.1	18	Nigeria
Cereals	173.8	Millet	1,739.5	173	Chad, Nigeria
		Maize	81	0.5	Nigeria
Roots and tubers	144.8	Yam	721	140.7	Nigeria
		Irish potatoes	33.2	2.7	Nigeria
Vegetables	127.9	Tomatoes	247.4	121	Nigeria
		Okra	136.4	6.8	Chad
Other products	101.6	Beans	1,118.5	92.8	Chad, Nigeria
		Calabar Chalk	86.2	8.6	Nigeria
Spices	88.5	Garlic	283.6	56.7	Nigeria
		Onions	203.1	29	Nigeria
Processed products	65.8	Wheat flour	257.7	31.5	Nigeria
		Burnvita	8.4	16.8	Nigeria
Fruits	60.0	other fruits	180.5	51	Nigeria
		Oranges	78.1	8	Nigeria
Stimulants	39.5	Colanut	277.8	36	Nigeria
		Bitter cola	27.4	2	Nigeria

Source: Survey data; DCCN/MINPAT, 1992.

C

## EXECUTIVE SUMMARY

### 1- Background and methodology

Crossborder trade (CBT) is the exchange of goods and services between and among nations. Formal CBT implies legally recognized exchanges that take place on the basis of specific formalities related to national trade policies as well as bilateral or multilateral trade agreements. Informal CBT originates from illegal trade transactions in violation of these international arrangements and national import/export regulations.

Crossborder trade between Cameroon and neighboring countries is becoming increasingly important because of substantial declines in prices of oil and traditional export crops in the world market, and as a result of serious efforts by the Government to diversify agricultural exports in the context of the New Agricultural Policy.

The specific objectives of this study consist of compiling and analyzing information on formal and informal crossborder trade between Cameroon and neighboring countries with emphasis on food commodities, identifying constraints and potentials with the implications thereof, and making policy recommendations for decision making.

The methodology involves a rapid appraisal survey with the goal of drawing up further relevant detailed and timely research projects, and making recommendations for practical action. Primary data were collected at 27 border locations and time series data from customs services and the National Statistics Department through a total of 94 interviews.

### 2- The economic environment

The Republic of Cameroon covers an area of 475,000km<sup>2</sup> with a population of 11.8 million inhabitants. Its GDP increased by 8% annually between 1980/81 and 1985/86 as a result of the development of the petroleum sector and high prices of cash crops.

This trend has been substantially reversed since 1986. External debts of the country increased by 67% between 1987 and 1991. The GDP decreased by nearly 10% as a result of 25% decline in petroleum exports and 67% decrease in cocoa and coffee exports. Except for livestock for which the index of per capita production increased from 97.4 in 1985 to 110.2 (1979 - 1981 = 100) in 1990, per capita crop and food production declined between 1985 and 1990. Consequently, total public revenues declined, making it difficult for the State to honor its financial engagements.

Cameroon is committed to the Customs Union of Central African States (UDEAC) trade agreement designed to lead member states to the creation of a large common market. Internationally, Cameroon is a signatory of the trade convention binding the African, Caribbean and Pacific (ACP) countries to the European Economic

Community. Cameroon also has bilateral trade and economic cooperation agreements with several countries throughout the world.

Cameroon's total world merchandise exports rose from 434.1 billion FCFA in 1980 to 1,042.5 billion FCFA in 1985 but dropped to 582.1 billion FCFA in 1989. Imports increased from 490.6 billion in 1980 to 549.3 billion FCFA in 1989. Agricultural exports dropped from 209.7 billion FCFA in 1980 to 167.1 billion FCFA in 1990 while imports rose from 41.7 billion FCFA to 95.3 billion FCFA during the same period, giving a net export value of 61.2 billion FCFA in 1990. Global food imports have also increased, rising from 41.7 billion FCFA in 1985 to 69.6 billion FCFA in 1990. However, food exports decreased from 79.9 billion FCFA to 59.3 billion FCFA during the same period due mainly to the devaluation of the US dollar.

Cameroon's exports to neighboring countries averaged 5.0% of its total world trade in 1991/92 against 6.4% in 1989/90. In value terms, total exports to neighboring countries amounted to 35.4 billion FCFA in 1989/90 and dropped to 25.8 billion FCFA in 1991/92. Imports from neighboring countries made up an insignificant portion of total imports, averaging less than 1% in 1989/90 and 1990/91.

The non-convertibility of CFA franc outside the franc zone decided recently and the application of the Regional Reform Programme are expected to globally reinforce crossborder trade within the UDEAC zone and slow down commercial exchanges between Cameroon and Nigeria.

### 3- Current situation of cross-border trade of food between Cameroon and neighboring countries

Trade in food items between Cameroon and neighboring countries is a lucrative business attracting mostly informal traders who avoid payment of taxes to the Government and involving a total of 70 different items.

Wholesalers, retailers and informal traders commonly called "buyam sellam" are the major actors in the food export business to neighboring countries. They buy food items from two sources: directly from producers in village markets in the case of fresh and perishable products and from informal middlemen. Most fruits and vegetables exported to Gabon and Equatorial Guinea come from Foubot in the West Province and Obala, Yaounde, Ombessa and Balamba in the Center Province while onions and garlic are from the Northern Provinces.

Cameroon exported about 56 different food items to neighboring countries in the last fiscal year representing total earnings of 13.5 billion FCFA. Nearly 40% of exports are informal and 60% formal. In the case of Nigeria, informal exports represent 85% of total exports. Most earnings come from Chad (36.6%), Equatorial Guinea (31.3%) and Nigeria (18.4%). Gabon and CAR depend the least on food commodities from Cameroon.

Vegetables and fruits are the most important food items exported. Types, volume and prices of products exported vary with border location and season. Most products exported to Gabon are vegetables and fruits. Thirty four to 39% of roots and tubers are exported to Equatorial Guinea. Oil seeds are mostly exported to Nigeria.

As far as price variation is concerned, onions cost from 7,000 to 12,000 FCFA per bag of 90kg from September to January when they are scarce and 3,000 and 4,000 FCFA during the months of February to March when they are harvested.

During the last fiscal year, Cameroon imported about 44 different food products from neighboring countries with a total value of 1.5 billion FCFA. Informal imports account for 87.6% and formal imports 12.4% only. More than 50% of these commodities come from Nigeria and 34.8% from Chad. Imports from Gabon, Equatorial Guinea and CAR are negligible. About 30% of these are animal and fish products, 21% are oil seeds.

Trade formalities vary with trade agreements signed with neighboring countries. Cameroon, Chad, CAR, Equatorial Guinea and Gabon are bound by the trade convention of the Central African Customs Union (UDEAC) designed to gradually eliminate customs duties thus permitting free movement of goods within the union by 1998. The most important official document required for movement of goods is an invoice showing the origin of goods being traded across Cameroon borders. Customs duties are imposed on all goods produced outside the UDEAC zone. For Nigeria which is not a UDEAC member country, the required official documents are: business licence, import/export licence, an invoice with type, volume and value of products, quality certificate for food items and proof of payment of customs duties varying from 15.5% for ginger to 61.25% for groundnut.

Development of crossborder trade between Cameroon and neighboring countries is constrained by several factors. These include: official trade policy shortcomings including over-valued CFA vis-à-vis the Naira and inadequate market information system; excessive road blocks with an average of one every 8.5km on major highways causing long delays and increased losses in perishable food products; collection of bribes and illegal fees by law enforcement officers, especially customs agents, causing an increase in marketing cost by 7%; inadequate road infrastructure and transport facilities; traders ignorance of marketing skills and trade regulations; and difficult inter-state transfer of funds related to lack of banking agreements among concerned countries.

#### 4- Crossborder trade potentials

Potentials for crossborder trade in food items differ with natural conditions and food habits within and between national boundaries. Cameroon enjoys a diversity of climatic and ecological conditions, and agricultural production. It has

reached some degree of food self-sufficiency and good technological potentials to generate food surplus for exports.

Bilateral trade potentials vary from one country to another. Nigeria offers a large market for Cameroonian oil seeds and is likely to buy more agricultural products from Cameroon in the future. This eventuality is reinforced by the recently announced non-convertibility of CFA franc outside the franc zone indirectly affecting the exchange rate between this currency and the Naira and the application of the Regional Reform Programme.

Equatorial Guinea will remain a market for Cameroonian fruits and vegetables as well as manufactured goods for the next 5 to 10 years until it starts making good use of its rich volcanic soil and important forestry and fisheries resources.

Gabon offers a good market for Cameroonian processed food commodities, fruits, vegetables and oil seeds despite its small size and competition from Congo, South Africa and Europe. A new project funded by the French Fund for Development designed to produce fresh vegetables around the major cities of Libreville, Lambarene and Oyem will become operational in 3 years to come thus making competition even tougher.

Chad's economy is expected to improve with the gradual return of political stability, and the exploitation of oil reserves. These positive changes will enable its population to buy more manufactured goods from Cameroon.

Despite its rising per capita food production, the land-locked nature of CAR and the backward state of its economy will make it dependent on Cameroonian manufactured goods for years to come. However, this gloomy picture may improve if recent elections can lead to political stability and suspected oil reserves of 200 million barrels become real.

##### 5- Policy implications

Trade of food items between Cameroon and neighboring countries offers a good opportunity for implementation of the policy on diversification of agricultural exports. Requirements for its development include the promotion of the production of traditional food crops by facilitating access to required inputs and technology; a better organization of traders through training in marketing skills and organization of marketing cooperatives; a reduction of taxes and interest rates as a solution to the need to make Cameroonian products more competitive; a reduction of check points on major highways; sanctions against irresponsible law enforcement officers especially customs agents; the improvement of road network through promotion of local road construction companies so as to take advantage of the multiplier effects of huge investments in road projects; a reformulation of market information policy with the reinforcement of existing related public services and the promotion of private market information services; and the enforcement of trade agreements with neighboring countries

particularly the UDEAC trade convention.

In order to take a full advantage of the recent monetary and fiscal reforms in the UDEAC zone, member countries must quickly: formulate and implement economic policies that will encourage local investments; harmonize their trade policies so as to turn the CFA zone into a large common market; and develop cheaper substitutes to foreign goods, especially those from Nigeria, which are attractive to local populations.

Special programmes designed to monitor traders and producers reactions to the new monetary and fiscal reforms in the UDEAC zone will be necessary for a better orientation of any eventual policy adjustment.

## 6- Conclusions and outlook

A comparative examination of the trends of major macro-economic indicators in the countries concerned from 1988 to 1991 resulted in conclusions summarized below.

The cumulative populations of Cameroon, Nigeria, Gabon, Equatorial Guinea, Chad and CAR are growing at an average annual rate of 1.8%, with Nigeria recording the highest rate of nearly 3% and Equatorial Guinea keeping a constant population. Urban population is growing at the fastest annual rate of 10.1% in Chad and regressing at the rate of -0.25% in Gabon:

Total GDP is decreasing in Nigeria (-11.5%), Gabon (-6.9%), Cameroon (-1.4%) and Chad (-0.3%), and increasing in CAR (2.3%) and Equatorial Guinea (2.1%). Agricultural GDP is declining in Nigeria (-12.6%), Gabon (-7.4%), Cameroon (-6.9%), Chad (-2.4%) and CAR (-0.01%).

Small population size added to falling GDP and urban population in Gabon, a major importer of food items from Cameroon, are negative signals for this country's food exports in the sub-region. However, declining agricultural GDP in Nigeria, Gabon and Chad coupled with the rich and diverse agricultural potentials of Cameroon are indications that this country can easily improve its food exports in the sub-region.

Recent monetary and fiscal reforms of the UDEAC zone, the return of peace and political stability in CAR and Chad as well as prospects for oil exploitation in this country are necessary but insufficient conditions for the development of crossborder trade in this sub-region. The missing element is the creation of favorable conditions for private investments, particularly the reduction of taxes and interest rates on investment loans.

## RESUME

### 1- Contexte et méthodologie

Les échanges commerciaux inter-étatiques constituent une forme de commerce international des biens et des services. Ces activités sont légales lorsqu'elles s'exercent selon des formalités spécifiques basées sur les politiques commerciales nationales des pays concernés. Elles obéissent également à des réglementations relatives aux accords commerciaux bilatéraux et multilatéraux. Les échanges commerciaux inter-étatiques illégaux sont pratiqués en violation des accords internationaux et de la réglementation nationale en vigueur.

Les échanges commerciaux entre le Cameroun et les pays voisins prennent de l'importance face à la baisse des prix du pétrole et des produits agricoles de base d'une part et d'autre part sous l'impulsion des efforts pour la diversification des exportations agricoles déployés par l'Etat dans le cadre de la Nouvelle Politique Agricole Nationale.

Cette étude a pour buts précis la compilation et l'analyse des données sur les échanges commerciaux entre le Cameroun et les pays voisins avec un accent particulier sur les produits vivriers, l'identification des principaux obstacles et des potentialités de son développement et la formulation des recommandations pertinentes à l'intention des décideurs.

La méthodologie est basée sur les enquêtes diagnostiques rapides en vue d'élaborer le protocole d'une future étude rationnellement programmée, plus détaillée et mieux ciblée. Elle vise également à dégager des actions ultérieures pratiques dont la finalité est le développement des échanges commerciaux tant au niveau national que de la sous-région. L'on a collecté les données primaires dans 27 localités frontalières et les données en série auprès des services nationaux de douane et de la Direction des Statistiques et de la Comptabilité Nationales. Au total, 94 interviews ont été réalisés.

### 2- L'environnement économique

la République du Cameroun couvre une superficie de 475,000 Km<sup>2</sup> avec une population de 11,8 million d'habitants. Son PIB a connu une croissance moyenne annuelle de 8% entre 1980/81 et 1985/86, résultant essentiellement du développement des ressources pétrolières et de la hausse des prix du café et du cacao sur le marché mondial.

Cette tendance s'est complètement renversée depuis 1986. La dette extérieure du pays s'est accrue de 67% entre 1987 et 1990. Le PIB a baissé d'environ 10% à la suite de la chute de 25% et de 6% des revenus d'exportations pétrolières, et de café et cacao, respectivement.

A l'exception du sous-secteur de l'élevage dont l'indice de production par tête d'habitant a augmenté de 97,4 en 1985 à 110,2 (1979 - 1981 = 100) en 1990, la production agricole par tête d'habitant a reculé entre 1985 et 1990. En conséquence, les

(1979 - 1981 = 100) en 1990, la production agricole par tête d'habitant a reculé entre 1985 et 1990. En conséquence, les recettes de l'état ont chuté, rendant difficile le remboursement de la dette extérieure.

Le Cameroun adhère aux accords commerciaux de l'Union Douanière des Etats de l'Afrique Centrale (UDEAC) dont la finalité est l'intégration économique de la sous-région. Au niveau international, le Cameroun est signataire de la convention des pays ACP qui lie les pays d'Afrique, des Caraïbes et du Pacifique à la Communauté Economique Européenne. Le Cameroun a également signé des accords de coopération économique bilatérale et multilatérale avec plusieurs pays à travers le monde.

Les exportations totales du Cameroun ont augmenté de 434,1 milliard de FCFA en 1980 à 1.042,5 milliard de FCFA en 1985 mais ont baissé de 582,1 milliard de FCFA en 1989. Cependant, les importations ont augmenté de 490,6 milliard de FCFA en 1980 à 549,3 milliard de FCFA en 1989. Les exportations agricoles ont chuté de 209,7 milliard de FCFA en 1980 à 167,1 milliard de FCFA en 1990. Quant aux importations agricoles, elles sont passées de 41,7 milliard de FCFA à 95,3 milliard de FCFA pendant la même période avec une balance commerciale positive de 612 milliard de FCFA en 1990.

Les exportations du Cameroun vers les pays voisins constituent en moyenne 5% de son commerce avec le monde entier en 1991/92 contre 6.4% en 1989/90. La valeur des exportations totales vers les pays voisins qui était de 35,4 milliard de FCFA en 1989/90 est tombée à 25,8 milliard de FCFA en 1991/92. Les importations en provenance des pays voisins constituent une portion insignifiante des importations totales, s'élevant à une moyenne de moins de 1% en 1989/90 et 1990/91.

La non-convertibilité du FCFA en dehors de la zone franc décidée récemment et l'application du Programme de Réforme Régionale devraient logiquement renforcer les échanges commerciaux inter-étatiques dans la zone de l'UDEAC et ralentir les activités commerciales entre le Cameroun et le Nigéria.

### 3- La Situation actuelle des échanges de produits vivriers entre le Cameroun et les pays voisins

Le commerce des produits vivriers entre le Cameroun et les pays voisins constitue une activité lucrative qui concerne 70 produits différents et attire particulièrement les commerçants du secteur informel qui évitent le paiement des droits fiscaux à l'Etat.

Les grossistes, les détaillants et les opérateurs économiques du secteur informel encore appelés "Bayam Sellam" sont les principaux acteurs des échanges commerciaux entre le Cameroun et les pays voisins. Ils ont deux sources d'approvisionnement en produits vivriers: à partir des contacts directs avec les paysans au cours des marchés hebdomadaires villageois dans le cas des vivres frais et périssables; et auprès des intermédiaires. La majeure partie des fruits et légumes vendus au Gabon vient de

Foumbot dans la Province de l'Ouest et d'Obala, Ombessa, Balamba et Yaoundé dans la Province du Centre alors que les oignons et ails proviennent des Provinces septentrionales.

Le Cameroun a exporté environ 56 produits vivriers différents vers les pays voisins au cours de l'année fiscale écoulée, représentant des revenus totaux de 13,5 milliard de FCFA. Environ 40% des exportations sont frauduleuses et 60% officielles. Dans le cas du Nigéria, 85% des revenus proviennent des exportations frauduleuses. Les plus importants revenus d'exportation viennent du Tchad (36,7%), de la Guinée Equatoriale (31,3%) et du Nigéria (18,4%). Le Gabon et la RCA dépendent le moins des produits vivriers camerounais.

Le type de produits, le volume et les prix varient en fonction des localités frontalières et de la saison. Les exportations vers le Gabon sont dominées par les légumes et les fruits. Quinze à 68% des tubercules et des racines sont exportées vers le Gabon et la Guinée Equatoriale. Les oléagineux sont principalement écoulés vers le Nigéria. Concernant la variation des prix, les oignons coûtent 9.000 à 12.000 FCFA le sac de 90kg de Septembre à Janvier quand ils deviennent rares et 3.000 à 5.000 FCFA de Février à Mars correspondant à la période de récolte.

Le Cameroun a importé environ 44 produits vivriers différents des pays voisins au cours de l'année fiscale écoulée évalués à 1,5 milliard de FCFA. Les importations frauduleuses constituent 87,6% et les importations officielles 12,4% seulement. Plus de 50% de ces produits viennent du Nigéria et 34,8% du Tchad. Les importations en provenance du Gabon, de la Guinée Equatoriale et de la RCA sont négligeables. Les produits animaux constituent 30% des importations et les oléagineux 21%.

Les formalités relatives aux échanges commerciaux dépendent des accords signés avec les pays voisins. Le Cameroun, le Tchad, la RCA, la Guinée Equatoriale et le Gabon sont liés par la convention de l'Union Douanière des Etats de l'Afrique Centrale (UDEAC) destinée à éliminer progressivement les barrières douanières et à permettre la libre circulation des biens à partir de 1998 au sein de l'Union. Les formulaires de déclaration constituent la pièce officielle la plus importante sur laquelle est portée l'origine des produits traversant les frontières avec le Cameroun. Les tarifs douaniers varient selon que les produits sont d'origine de l'UDEAC ou non.

Dans le cas du Nigéria qui n'est pas un pays membre de l'UDEAC, les pièces officielles requises sont l'agrément de création d'entreprise, la licence d'importation/exportation, la déclaration indiquant le type, le volume et la valeur des marchandises, le certificat de qualité pour les produits alimentaires et un récépissé de dédouanement. Dans ce cas les tarifs douaniers varient de 15.5% pour le gingembre à 61.5% pour les arachides.

Plusieurs facteurs constituent des obstacles au développement des échanges commerciaux entre le Cameroun et les pays voisins. Ils comprennent: les insuffisances institutionnelles dont la surévaluation du FCFA face au Naira et au système inadéquat d'information sur le marché; les contrôles routiers excessifs avec en moyenne une barrière tous les 8,5km le long des principaux axes routiers. Ces multiples contrôles ont pour conséquences de longs retards entraînant le non respect des rendez-vous de livraison et la perte supplémentaire des produits. Le rançonnement des transporteurs et la perception des droits illégaux font augmenter les frais de commercialisation de 7%. L'on déplore également un réseau de communication routière inadéquat, l'insuffisance qualitative et quantitative des moyens de transport, l'ignorance des techniques et de la réglementation commerciales par les commerçants, et les difficultés de transfert de fonds entre les Etats à défaut d'accords bancaires.

#### 4- Les potentialités des échanges commerciaux inter-étatiques.

Les potentialités des échanges commerciaux inter-étatiques en produits vivriers sont liés aux différences de conditions naturelles et des habitudes alimentaires existant à l'intérieur et entre les pays concernés. Le Cameroun possède une diversité climatique et écologique permettant une production agricole variée. Par ailleurs, ce pays a atteint un certain degré d'auto-suffisance alimentaire et dispose d'un potentiel technologique devant lui permettre de dégager un surplus en produits vivriers pour l'exportation.

Les potentialités de commerce bilatérale varient en fonction des pays partenaires. Le Nigéria est actuellement un grand marché pour les oléagineux camerounais et peut absorber bien d'autres produits. Cette éventualité est envisageable avec l'annonce récente d'une part de la non-convertibilité du FCFA en dehors de la zone franc affectant le taux d'échange entre le Naira et le FCFA, et d'autre part de l'application du Programme de Réforme Régionale.

La Guinée Equatoriale restera un marché pour les fruits et les légumes aussi bien que les produits manufacturés camerounais pendant les 5 à 10 prochaines années.

#### 5- Les implications en matière de politique de développement des échanges commerciaux dans la sous-région.

Le commerce de produits vivriers entre le Cameroun et les pays voisins offre une bonne occasion pour l'application de la politique de diversification des exportations agricoles. Ceci peut se faire sur la base d'une politique commerciale sous-régionale cohérente qui prend en compte les contraintes et les potentialités identifiées au cours de cette étude. Cette politique doit intégrer les points suivants: la production des cultures vivrières traditionnelles en favorisant l'accès à la technologie et aux intrants requis; la transformation et le stockage des denrées alimentaires très périssables commercialisées; une meilleure organisation des commerçants par

des stages de formation en matière de technique commerciale et la mise en place de coopératives de vente; la réduction des taxes et des taux d'intérêt comme solution à la sur-évaluation du FCFA vis-à-vis du Naira et devant la nécessité de rendre les produits Camerounais plus compétitifs; la réduction des barrières de contrôle routier; les sanctions à l'encontre des agents indéliçables des forces de l'ordre, en particulier les agents de douane; l'amélioration du réseau de communication routière par la promotion d'entreprises locales des travaux publics dans le but de tirer tous les avantages de l'effet multiplicateur des gros investissements de construction routière; la réforme de la politique d'information sur les marchés avec renforcement des services publics y afférents et la promotion des services privés d'informations commerciales; le renforcement des accords commerciaux liant le Cameroun aux pays voisins en particuliers ceux signés dans le cadre de l'UDEAC; et le maintien d'un juste équilibre entre le développement économique et la protection de l'environnement.

Afin de bénéficier pleinement des avantages des récentes mesures monétaires et fiscales intervenues dans la zone de l'UDEAC, les pays de la sous-région doivent réagir rapidement en formulant et en appliquant des politiques économiques destinées à faire de la zone franc un grand marché commun; et en développant des produits de substitution moins chers par rapport aux produits étrangers, en particulier ceux du Nigéria.

Des programmes spéciaux de suivie de l'adaptation des commerçants et des producteurs aux réformes monétaires et fiscales intervenues dans la zone de l'UDEAC seront nécessaires pour une meilleure orientation des ajustements éventuels.

#### 6- Conclusion et perspectives d'avenir.

L'analyse comparative des tendances des principaux indicateurs économiques dans les différents pays concernés par cette étude de 1988 à nos jours a donné les résultats résumés ci-après.

La population cumulative du Cameroun, du Nigéria, du Gabon, de la Guinée Equatoriale, du Tchad et de la RCA s'accroît à un taux moyen annuel de 1,8% avec le Nigéria enregistrant le taux le plus élevé d'environ 3% et la Guinée Equatoriale maintenant une croissance zéro. La population urbaine du Tchad connaît le taux de croissance le plus rapide de 10,1%. Elle est en régression avec un taux de -0,25% au Gabon.

Le PIB total diminue au Nigéria (-11,5%), au Gabon (-8,9%), au Cameroun (-1,4%) et au Tchad (-0,3%) mais il est en croissance en RCA (2,3%) et en Guinée Equatoriale (2,1%). La contribution de l'agriculture au PIB est en baisse au Nigéria (-12,6%), au Gabon (-7,4), au Cameroun (-6,9%) au Tchad (-2,4%) et en RCA (-0,01%).

La petite taille de la population du Gabon ajoutée à la baisse de son PIB et de sa population urbaine sont des signes qui annoncent la baisse de sa capacité d'absorber les produits

d'exportations camerounaises, en particulier les produits vivriers. Cependant, la diminution de la contribution de l'agriculture au PIB enregistré au Nigéria, au Gabon et au Tchad indique tout aussi bien que le Cameroun qui dispose de ressources agricoles abondantes pourra accroître les exportations vers la sous-région.

Les récentes reformes monétaires et fiscales de la zone UDEAC, le rétablissement de la paix et de la stabilité politique en RCA et au Tchad, ainsi que les perspectives d'exploitation des ressources pétrolières de ce pays sont des conditions nécessaires mais insuffisantes pour le développement des échanges commerciaux dans la sous-région. Toutes ces mesures doivent être accompagnées par la création de conditions favorables aux investissements privés, en particulier, la réduction des taxes et des taux d'intérêt sur les prêts bancaires..

## SECTION 1. INTRODUCTION

The economy of Cameroon is typical of most economies in the Central and West African regions in that there is a wide range of non-traditional agricultural crops that are produced to meet domestic and foreign needs. Crossborder trade (CBT) in these commodities is becoming more and more important because of changes in domestic supply, demand and price conditions in the respective countries. Such trade has implications for the government in attempting to achieve national development goals.

The attainment of greater economic independence and self-reliance by a steady supply of non-traditional staple food crops and strengthening the balance of payments through increased export earnings, have become part of Cameroon's New Agricultural Policy (NAP). Her interest in achieving broad-based economic development reflects her preoccupation in earning the required foreign exchange, maintaining food self-sufficiency and domestic market stability.

The important question which emerges from this preoccupation however, is whether adequate information does exist on crossborder trade between Cameroon and neighboring countries that can be used to plan and formulate domestic and regional agricultural and trade policies that are necessary for achieving economic development.

### 1.1. Definition of Cross-Border Trade (CBT)

CBT involves international exchange of goods and services between nations. This type of trade takes place in two ways: formal and informal. Formal CBT involves exchanges that are legally recognized by each trading nation. Informal CBT originates from illegal trade transactions between nations. This type of trade is common among developing countries than among developed countries where proper bilateral and multilateral trade arrangements exist between and among the nations concerned. According to a recent ECA (Economic Commission for Africa) report, informal CBT involves the use of illegal channels for the importation and exportation of merchandise, bank notes, and the circulation of faked bank notes across international borders.

Informal CBT between Cameroon and neighboring countries is becoming increasingly important both in terms of type, volume and value of goods traded. Such trade is encouraged by a number of factors: international price differentials for particular commodities, foreign exchange fluctuations, market opportunities created by demand and supply conditions in the various countries and socio-cultural relationships (language, ethnicity, etc). In cross-border exchanges between Cameroon and neighboring countries, non-traditional commodities feature more than traditional export commodities. When the share of these commodities is taken into account, it will be observed that it represents more than 70% of total regional trade.

## 1.2. Background and Justification

This study of CBT between Cameroon and neighboring countries is conducted at the request of USAID/Cameroon whose goal is to assist the Government of the Republic of Cameroon (GRC) in attaining sustainable broad-based economic growth. One of USAID/Cameroon's objectives is to help in the development of an efficient and competitive market economy with greater participation of private individuals in production and marketing activities.

As a follow-up to the recommendations made in an earlier study on constraints and development prospects in the Cameroon agribusiness sector, the present study is intended to compile and analyze up-to-date data on CBT between Cameroon and neighboring countries so as to bring out major constraints and make policy recommendations for resolving them.

The main concern has been that too often, policy decisions in Cameroon concerning production and marketing of non-traditional crops are made in the absence of vital information on how they may affect various stakeholders (producers, processors, wholesalers, exporters, retailers, consumers and the Government as well).

Due to physical, institutional and administrative anomalies, potential exporters of commodities have cited the lack of market information on prices, export formalities, quality standards, and marketing contacts as important constraints to trade. Of special importance is the absence of market information for potentially promising markets in neighboring countries. Data on trade flows are practically non-existent, and available data are generally obsolete. The paucity in time series data on trade flows renders difficult the task of:

- (1) Quantitatively assessing the importance, performance and efficiency of the non-traditional agricultural products marketing system;
- (2) analyzing economic conditions and trends in Cameroon and neighboring countries;
- (3) assessing the magnitude and seasonality of changes in supply, demand and price factors on the marketing system; and
- (4) evaluating the effects of these changes on producer and trader behavior.

The importance of domestic and crossborder trade in non-traditional agricultural commodities and the lack of information on such trade makes it necessary to compile such information, identify marketing possibilities and analyze economic conditions and trends in Cameroon and the regional economy.

### 1.3. Objectives

In view of the preceding concerns, this study has the following objectives:

- (1) Compile and analyze information on formal and informal trade between Cameroon and neighboring countries (Nigeria, Chad, Gabon, Central African Republic and Equatorial Guinea) with particular attention to constraints and development prospects;
- (2) Assess the importance of trade and trading possibilities between Cameroon and neighboring countries;
- (3) Estimate producer supply response to changing market conditions and determine export supply potentials; and
- (4) make recommendations on specific policy alternatives to be pursued by USAID/Cameroon and the Cameroon government to ensure steady supplies of food at stable prices to domestic and regional markets.

## SECTION 2. STUDY METHODOLOGY

A Rapid Appraisal Survey (RAS) approach was used to collect and analyze primary and secondary data. This approach, also called diagnostic survey method, consists of rapidly exploring the contour of a problematic situation for a quick assessment of major components and their interactions, as well as constraints and potentials for improvement. From this step, relevant and timely research priorities can be drawn up and recommendations for action can be made to policy makers and various institutions interested in the situation under study. One of its assumptions is that it is cost effective and time saving.

RAS was thus adopted for this study as a quick way of identifying, under time and resource constraints, major limitations and opportunities of the commodity marketing system. As a cost-effective tool for compiling information on crossborder trade, the approach enabled a detailed identification of market information gaps including unexploited or under-exploited market opportunities.

Data compilation process started with a review of secondary information on CBT in Yaounde. The consultants then moved into the field from May 24 to June 15 for primary data collection. Prior to this, the consultants had planning meetings with USAID/Cameroon economists to agree on a tentative and non-exhaustive list of commodities (Annex 2.1) to be investigated. A time table of the study and an outline of the report were also discussed and adopted and necessary guidelines provided by the USAID economists during these meetings. While in the field, consultants had formal and informal interviews with government officials knowledgeable on CBT (e.g. customs officials), representatives of international organizations and embassies, entrepreneurs and traders.

Field visits were made to the following border towns: Cameroon/Nigeria border - Maroua, Mora, Mokolo, Bakki, Garoua, Demsa, Mayo Darle, Banyo, Ekok, Ekondotiti and Idenau. Cameroon/Central African Republic border - Garoua Boulai and Kentzou. Cameroon/Chad border - Figuil, Lere. Cameroon/Equatorial Guinea and Gabon borders - Ambam, Ebebiyin, Aban-Minko and Kye-Ossi. Further visits were made to the following cities in neighboring countries for further interviews with market participants: Libreville in Gabon, Malabo in Equatorial Guinea, and Calabar and Maiduguri in Nigeria (Annex 2.2). Plans to visit a weekly market at the border town of Mbaiboum, near Touboro where Chad, CAR and Cameroon boundaries meet could not be carried out because of insecurity related to rampant fraud involving unscrupulous traders.

Information was collected using a questionnaire (Annex 2.3) on value and volume exported/imported, domestic and export market price, customs procedures, duties collected, import/export formalities, trade regulations, foreign exchange conditions,

period of importation/exportation and mode of transportation. To evaluate trade constraints and transportation costs, one consultant accompanied a trader from product supply point (Foumbot) to the demand point (Malabo and Libreville).

### 2.1. Problems encountered during data collection

Data collection was constrained by two major factors, mainly the timing of the survey and the reluctance of interviewees to provide accurate answers to questions that were put to them. Concerning the time factor, two weeks of observation of crossborder trade that goes on throughout the year varying with season, location and actors were obviously not enough to get a true picture of all the events. However, these data are very useful for a better planning of a future survey that will take into consideration all the concerns expressed above.

Market participants and customs officers were generally reluctant to answer questions concerning quantities of goods traded and their exact prices. Traders were afraid to provide vital market information to potential competitors. Most of the time, customs officers wanted some money before giving out any information. In some cases, they tried to hide their unethical relationship with traders.

Bad road conditions also hindered field survey, especially in the East and the Adamawa Provinces. AEERD field workers had to travel on long distances of bad road in old and poorly maintained bush taxis. Even when they managed to reach their destinations on time, the Chiefs of Customs Posts were not there to provide official information on crossborder trade concerning their respective localities, because they had gone to major towns to wait for their salaries.

### 2.2. Data compilation and analysis

Data were extracted from questionnaires and entered into the computer using the Lotus 1-2-3 version 3.1 software. Prior to data entry, each questionnaire was screened for inconsistencies, omissions and differences in interpretations given to certain questions. This was done using notes taken during the interview process. Annual informal trade volume and value were estimated on the basis of the number of market participants attending weekly border markets and the type and volume of products brought to market every market day. Following the data entry process, descriptive statistics were computed for certain variables while for others, simple trends were established.

Detailed statistical analyses were carried out to determine cause-effect relationships using the SYSTAT statistical software. Domestic and export supply response rates were estimated for individual commodities using multiple regression analysis. Test statistics (t-test) were computed to evaluate the significance

of explanatory variables with a probability level of 5 percent.

Both short-and long-run price elasticities of domestic and export supply were computed from estimated coefficients. These were then used to make supply projections under alternative scenarios.

### 2.3 Organization of the reports

This report is divided into six sections. Section 1 introduces the subject matter and provides background information leading to the study. The survey methodology is presented in section 2 with problems encountered during data collection and data compilation and analysis. Section 3 describes the economic environment. Sections 4 and 5 are devoted to survey findings. The importance of various countries in the crossborder trade features in section 4 while section 5 highlights the importance of various products in the regional crossborder trade. Section 6 concerns policy issues in the development of crossborder trade.

## SECTION 3. ECONOMIC ENVIRONMENT

### 3.1. Macro-economic environment in Cameroon

The Republic of Cameroon has a population of 11.8 million inhabitants and covers an area of 475,000 km<sup>2</sup>. Like many African countries, Cameroon is currently experiencing a major economic and financial crisis. Drastic declines in world market prices of agricultural commodities and export earnings, lower oil revenues, an overvalued currency and a declining dollar have all contributed to the Cameroonian economy's sharp decline which began in 1985/86. GDP at current market prices rose from 1,796 billion FCFA in 1980/81 to 4,106 billion FCFA in 1985/86 (Table 3.1).

The advent of oil production in 1978 greatly influenced the increase in GDP. By 1985/86, the share of oil in GDP was over 17% and the share of oil in total government revenue was close to 45% (World Bank, 1987). Net foreign exchange earnings from oil represented 35% of total exports of goods and non-factor services. This permitted the expansion of domestic investments which in turn fuelled growth in agriculture and manufacturing.

These developments resulted in a yearly increase in GDP of 8% between 1981/82 and 1985/86 (Table 3.3). During the same period, agricultural sector growth averaged 2.8% per year while GDP in the secondary, tertiary and non-market sectors were more than doubled (Tables 3.1 and 3.3). The non-market sector (public administration and domestic services) also expanded at an unprecedented rate.

The boom ended in 1985/86 when oil prices declined sharply. After 1986, growth in GDP became negative averaging -5.2% per year. Measured in constant 1980 prices, per capita income which had risen to 233,000 FCFA in 1985/86, dropped by 7.4% per year to 158,400 FCFA in 1990/91 (Table 3.2).

The drastic decline in world market prices of Cameroon's principal export commodities helped to set off a chain of events with repercussions throughout the entire economy. External debt of the country increased by 67% between 1987 and 1991. Petroleum exports which constituted the main cause of the historical economic boom recorded between 1980/81 and 1985/86 declined by 25% (World Bank, 1992). Cocoa and coffee exports which constitute two major economically important commodities had the largest decrease of 67%.

Except livestock for which the index of per capita production increased from 97.4 in 1985 to 110.2 (1979-81 = 100) in 1990, per capita agricultural, crop and food production all declined between 1985 and 1990 (Figure 3.1). Agricultural and food production which constitute agriculture's share in GDP dropped from 27.2% in 1980/81 to 24.2% in 1989/90 (Table 3.1). Consequently, total public revenues declined, making it difficult for the State to honor its financial engagements.

The secondary sector's share which had risen to 32.5% of GDP in 1985/86 also dropped to 28.2% in 1990/91. The tertiary sector however, increased in importance, rising from 32% of GDP in 1980/81 to 35% in 1990/91.

### 3.2. Trade Policies and the Regional Economic Environment

Cameroon's trade policies, like those of UDEAC and other neighboring States, recognize the fact that export markets constitute a major source of foreign exchange earnings. As a result, this country regards as imperative, the promotion of its export potential through the guarantee (theoretical <sup>1</sup>) of an improved institutional, fiscal and administrative framework (GTS, 1991).

The objectives of trade policy consist of achieving:

- (i) greater economic independence,
- (ii) price stability,
- (iii) positive balance of payments through increased exports of traditional and non-traditional crops; and
- (iv) assisting in the attainment of food self-sufficiency through increased productivity and equitable distribution among regions and socio-economic classes (RC, 1990).

Cameroon's General Trade Schedule (GTS) classifies tradable commodities into three categories:

- the first involves goods whose importation or exportation is not subject to control. Except for a simple customs declaration and certification, these goods can be exported or imported without restrictions or prior authorization; examples include wheat flour, household equipment and appliances, clothing and stationery;
- the second category involves goods whose exportation is regulated because of domestic food security, price stability, environmental, plant and wildlife protection; importation of these goods is subject to quantitative restrictions and prior authorization with consideration given to the level of local production and regular market supply; commodities included in this category include livestock and fishery products (meat, animal feed, drugs, etc), alcoholic beverages, sporting and hunting equipment, etc;
- the third category involves products whose exportation or importation is forbidden for health and environmental reasons. Medicated soaps and skin creams are included in this list of products.

In the past, the government has used a number of measures to implement trade policy. Tariff and non-tariff measures involving

high import taxes, quantitative restrictions and price controls have all been used. The import tariff system has worked against growth in the export and productive sectors of the economy by creating high cost and price structures, making Cameroonian trade less competitive. Many import substitution industries have thus found their positions weakened as they become less competitive even in the domestic market. The system of quantitative import restrictions has resulted in delays in the acquisition of required goods, particularly inputs, and has increased production costs, thus diminishing the importance of cross-border trade in Cameroon.

Changes in the world economic environment and that of the Central African sub-region in particular, have significantly influenced trade policy in Cameroon. The important factors that have influenced regional trade have been:

- i) the income levels of consumers, as determined by the Gross Domestic Product (GDP) in the respective countries,
- ii) the growth in total and urban population,
- iii) the relative difference between domestic and import prices i.e. the import and/or export/domestic price ratio,
- iv) and domestic supply of agricultural commodities. Each of these is examined in detail for each country.

#### 3.2.1. Cameroon

Looking at income levels in the regional countries, Table 3.3 shows that except for Nigeria, Cameroon had the highest GDP of 3,839 billion FCFA in 1985. Growth in GDP was highest between 1980 and 85 averaging 7.9% per year. Growth in GDP became negative at 3.5% between 1985 and 1990. Per capita income also dropped from 233,000 to 158,400 FCFA during the same period. Agricultural growth turned from a positive annual rate of 2.8% (1980-85) to a high negative rate of 8.1% (1985-90) (Annex 3.1).

Total population grew by 2.8% per year (1989-91) while the share of urban population rose from 47.1% in 1988 to 48.3% in 1991 (Table 3.4). Growth in urbanization averaged 5.4%, second only to Chad in the sub-region. Judged from indices of consumer and import prices (1987=100), consumer prices rose from 1985 (87.6) to 1991 (113.4). Import prices also went up.

#### 3.2.2. Gabon

Gabon's GDP totalled 1,646 billion FCFA in 1985 but declined to 1,076 billion FCFA five years later. GDP growth was positive but minimal from 1980 to 1985. The growth picture changed, falling at 9.7% annually year after 1985. Per capita income also dropped by more than one third to 1.05 million FCFA in 1990. Although occupying a small share (11%) in Gabon's GDP, growth in agricultural GDP followed a similar pattern to that of GDP. Judging from production indices, per capita agricultural and food

production dropped from 86.0 to 84.0 between 1985 and 1990 (Table 3.5).

Population growth in Gabon was high by all standards (4.2%). The effective increase between 1988 and 1991 was 0.15 million inhabitants. Despite this situation, the share of urban population declined from 50.0% to 46.2%, giving a negative growth rate of 2.4%. Domestic prices in Gabon dropped between 1986 (index = 101.0) and 1988 (90.2) but rose again by 1991 while import prices maintained a continuous increase from 94.8 in 1986 to 110.4 in 1991.

### 3.2.3. Nigeria

Nigeria's growth pattern was quite similar to that of Equatorial Guinea, the country for which scanty data exist. At current market prices, Nigeria's GDP decreased from 50,676.5 billion FCFA in 1985 to 21,505.2 billion FCFA in 1991 (Table 3.3).

When expressed in Naira, growth in GDP averaged an annual rate of 2.2% prior to 1985 and 2.7% by 1990, reflecting Nigeria's conservative increase in oil production. Per capita income dropped from 530,261.5 FCFA in 1985 to 193,824.1 FCFA in 1990.

Growth in agricultural GDP was quite high, reaching 26.7% by 1990 despite earlier neglect of the agricultural sector. Despite a doubling of agricultural and consumer prices, per capita food production did not increase, reflecting the fact that production was concentrated on traditional export commodities. Import prices rose equally between 1987 and 1989. With the highest population (119.8 million inhabitants in 1991) in the sub-region, Nigeria's population grew at 2.2%. About one third of this population was urban with an annual growth of 2.0% (1988 - 1991).

### 3.2.4. Chad

Growth patterns in the GDP of Chad reveal the reverse of what happened in Cameroon and Gabon. Growth in total GDP was negative at 4.9% between 1980 and 1985. Growth picked up after 1985 despite the fact that total GDP dropped from 323.4 billion FCFA (Table 3.3) to 319.0 billion FCFA and resulted in slight decline of -1.5%. By 1990, total GDP dropped from 64,400 billion FCA to 56,670 billion FCFA. Agricultural GDP growth also declined between 1980 and 1985 but showed signs of picking up thereafter. On a per capita basis, agriculture and food production dropped. This could be attributed to the general decline in agricultural and consumer prices. The former declined from 103.4 in 1985 to 95.6 in 1990 while the latter declined from 124.4 to 113.0 in the same period (Table 3.5).

Growth in Chad's population was the lowest (1.2%) within the sub-region, placing total population at 5.68 million in 1991. Urban population makes up 34.4% of total population and rises at 9.3% annually year (1988 - 1991).

### 3.2.5. Central African Republic

In CAR, total and agricultural GDP exhibited a positive growth pattern. GDP rose from 315 to 353 billion FCFA between 1985 and 1990, registering an annual growth rate of about 2% (Table 3.3). As per capita GDP remained steady at 120,800 FCFA, growth in agricultural GDP picked up from 2.2 to 3.1% per year by 1990. Growth of the economy was highly reflected in the indices of agricultural and food production which rose by three points to 94.35 and 94.79 respectively (Table 3.5). This growth in agriculture came from the general increase in agricultural prices, the index of which went up from 98.2 to 103.2. On the consumption side, domestic prices went down while import prices went up by about 11% between 1988 and 1991. Population growth in CAR was moderate at an average annual rate of 2% between 1988 and 1991 (Table 3.4). Although making up half the total population, urban population growth was equally moderate at 1.04%.

### 3.3. Cross-border Trade: Its importance in the national and regional economies.

Cross-border trade in the formal and informal sectors has become important in recent years due to Cameroon's uncompetitive trade position in traditional export crops. Falling world market prices for crops such as coffee and cocoa have reduced export earnings, worsening Cameroon's balance of payments. Strengthening the balance of payments through increased export earnings from non-traditional commodities such as fruits and vegetables, roots and tubers, cereals, oil seeds etc has become part of Cameroon's New Agricultural Policy (NEP). The interest in achieving broad-based economic development reflects the preoccupation in increasing its market shares in these commodities.

#### 3.3.1. World Trade

Based on FAO and World Bank trade statistics, Cameroon's total world merchandise exports rose from 434.1 billion FCFA in 1980 to 1,043.18 billion FCFA in 1985 but dropped to 583.15 billion FCFA in 1989. Imports increased from 490.63 to 549.33 billion FCFA in 1989 (Table 3.6). Agricultural exports dropped from 314.03 billion FCFA in 1980 to 142.66 billion FCFA in 1990 while imports rose from 62.44 billion FCFA to 31.4 billion FCFA during the same period, giving a net export value of 61.25 billion FCFA in 1990. Global food imports have also increased, rising from 41.78 billion FCFA in 1985 to 69.69 billion FCFA in 1990 respectively. However, food exports dropped from 79.96 billion FCFA to 59.35 billion FCFA during the same period due mainly to the devaluation of the US dollar.

According to data presented in Table 3.7, Cameroon slipped from a net exporter of total merchandise in 1986 to a net importer in 1987 and 1988. In 1989 net exports from Cameroon totalled 33.8 billion FCFA. Except in 1990 during which Cameroon became a net food importer, a net agricultural and food export position has always been kept.

Comparatively, total merchandise exports in CAR exhibit a downward trend, falling from 44.1 billion FCFA in 1980 to 41.18 billion FCFA in 1989 (Table 3.6). Imports remained relatively constant at an annual level of 77.68 billion FCFA between 1980 and 1988. Net total agricultural exports remained constant at 9.45 billion FCFA during the same period (Table 3.7). Both food imports and exports have increased.

During the period for which data are available, Chad's total merchandise exports rose from 21.6 billion FCFA in 1980 to 33.35 billion FCFA in 1987. Imports rose faster than exports, reaching 109.9 billion FCFA from 22.2 billion FCFA in the same period. Although both agricultural exports and imports have declined between 1985 and 1990, exports have exceeded imports, giving Chad a net export position of 16.6 billion FCFA in 1990. Food exports and imports have declined equally since 1985. Chad maintained generally a net food exporter except in 1990.

Gabon's total merchandise trade revealed exports to have fallen from 651.9 billion FCFA in 1980 to 357.4 billion FCFA in 1988 while imports have risen. Agricultural exports have equally fallen, while imports have risen from 32.7 billion FCFA in 1980 to 34.8 billion FCFA in 1990. Although food imports have been steady at about 3.19 billion FCFA, food exports, which have been very low, declined from 1.77 billion FCFA in 1985 to 0.84 billion FCFA in 1990. These trends reinforced Gabon's position as a net agricultural and food importer.

The preceding analysis of individual country's trade position reveals that CAR, Chad and Equatorial Guinea were net total merchandise importers between 1980 and 1989 while Cameroon and Nigeria were net exporters only from 1987 to 1989 (Table 3.6). Gabon was a net exporter of total merchandise. For all countries considered, Cameroon had the highest net imports of 2.7 billion FCFA in 1980, followed by CAR with 22.2 billion FCFA and lastly by Chad (0.48 billion FCFA). Nigeria's exports exceeded imports by 2,797.8 billion while Gabon's net exports were 446.1 billion FCFA. Cameroon's trade position improved in 1985 and 1986 but became worse in 1987 and 1988. By 1989, exports exceeded imports by 34.13 billion FCFA. Nigeria's trade position also trailed that of Cameroon, worsening between 1986 and 1988.

Apart from Gabon which was a net importer of agricultural products, all other countries were net exporters of agricultural products. Net agricultural exports declined in all countries however. Cameroon's net exports of agricultural products dropped from 168 billion FCFA in 1980 to 174.3 billion FCFA in 1985 but rose to 131.7 billion FCFA in 1989. In 1990 net exports declined to 61.25 billion FCFA. In CAR net exports dropped from 13.4 billion FCFA in 1985 to 0.35 billion FCFA in 1990 while Chad's net exports dropped from 50.3 billion FCFA in 1985 to 16.6 billion FCFA in 1990. CAR and Gabon appeared as net food importers. Except in 1990, Cameroon and Chad appeared as net food exporters.

### 3.3.2. Regional Trade

Exports from Cameroon to neighboring countries (Central African Republic, Chad, Equatorial Guinea, Gabon and Nigeria) amounted to an average of 6.4% in 1989/90 and 5.0% in 1991/92, of her total trade in world markets. In value terms, exports amounted to 35.4 billion FCFA in 1989/90 and dropped to 25.8 billion FCFA in 1991/92 (Table 3.8). Imports from neighboring countries made up an insignificant portion of total imports, averaging less than 1%. In value terms, imports increased however, from 2.4 billion FCFA to 3.9 billion FCFA, giving Cameroon a net export value of 22.0 billion FCFA in 1991/92.

Of total regional exports, Equatorial Guinea absorbed 29% in 1989/90. In 1991/92 its share dropped to 10.8% probably due to the worsening economic crisis in this country. CAR and Gabon absorbed 25.4% and 24.4% respectively in 1989/90 (Annex 3.3). Gabon's share of Cameroon's exports rose to 35.0%. It is suspected that with a reduced purchasing power, more Gabonese turned to cheaper food from Cameroon. CAR's imports from Cameroon dropped to 20.0% in 1991/92 for the same reason cited in the case of Equatorial Guinea. Nigeria's share also rose from 16.9% to 20.7% during the same period (Table 3.9).

Cameroon absorbed 64.0% of regional imports from Nigeria followed by 24.0% from Gabon in 1989/90. Imports from Nigeria rose to 84.0% while those from Gabon dropped to 15.0% in 1991/92. This big difference can be attributed to the currency exchange rate which makes Nigerian goods more attractive to Cameroonian consumers. This trend is expected to change in coming months with the application of the non-convertibility of FCFA outside the franc zone and the Regional Reform Programme in the UDEAC countries. In a short term, Cameroon imports from Nigeria will continue but at a reduced rate. Balance of trade between the two countries might reach an equilibrium in the medium term if Cameroon can produce competitive substitutes to Nigerian goods through economic policies favoring local investments.

As a net regional exporter, most of Cameroon's net exports went to Gabon (8.5 billion FCFA) and CAR (5.1 billion FCFA) in 1991/92. Net exports to Nigeria were lowest (2.1 billion FCFA) in 1991/92 after falling from 7.9 billion FCFA in the previous year (Table 3.10).

### 3.3.3. Regional Agricultural Trade

From available data, quantities of agricultural commodities sold in domestic markets in Cameroon vary from 10 to 55% of total production. Supplies to export markets in neighboring countries are quite small, varying from 0.001% for cassava to 19.0% for rice. Table 3.11 shows that apart from rice, export supplies to neighboring countries are an insignificant portion of domestic production. Rice exports vary from 3 to 19%. Most of these, however, originate from imports that are re-exported and not from domestic production. Exports of wheat flour which is generally smuggled into Nigeria from Cameroon remained comparatively low

due probably to a lower demand in that country.'

In 1986, 0.83% of Cameroon's tomatoes were exported to neighboring countries. The export supply share rose to 3.63% by 1991. The share of potatoes, yams, groundnuts and fruit exports declined between 1986 and 1991 while the share of bananas increased from 0.02 to 0.05% in the same period. This share is low because of a low demand in Gabon which also produces some bananas and gets extra supplies from Congo.

In terms of volume, Cameroon's exports increased within the last five years. By commodity group, exports of cereals took up a greater portion of quantities traded regionally. Stimulants were next with tea, cola nuts and malt as leading commodities. Exports of fruits were equally high in 1991. Cassava took up a greater portion of root and tuber exports. Irish potato exports were next with 33.0 tons. Yam exports dropped from 37.4 tons in 1986 to 14.4 tons in 1991. Rice exports averaged 1,447 tons in 1991, after dropping from 2,667 tons in 1987 (Table 3.12)

Total vegetable exports have increased in recent years while fruit exports have declined. In particular, tomato exports went up to 518 tons from 119 tons in 1986. It can be noted that the number of vegetable growers has increased in past years due to massive lay offs from private and para-statal companies.

Exports of oranges, mangoes and pineapples dropped from 305 to 176 tons in 1991. Exports of stimulants have also increased in recent years. Sugar exports rose from 402 tons in 1986 to 2,127 tons in 1991. Tea exports also rose from 160 to 287 tons while cola nuts have fluctuated a lot, reaching 256 tons in 1991 (Table 3.12). This is probably related to the gradual return of peace in Chad, a major importer of tea and sugar from Cameroon.

The value of commodity exports are summarized in Table 3.13. In 1991, Cameroon earned more foreign exchange from exports of stimulants, followed by exports of cereals and fruits. Earnings from tea and sugar totalled 565 million FCFA while those from rice and wheat totalled 123 million FCFA in 1991. Earnings from fruits totalled 133 million FCFA. Quantities traded and earnings are evidently a function of the export prices summarized in Table 3.14. For some commodities (e.g. cassava, tomatoes and sugar), unit export prices have declined over the years whereas for others (e.g. maize, fruits and chocolate), prices have increased. The greatest variation in unit prices occurred for pineapples. Commodities for which significant price fluctuations occurred reflect their seasonal supply nature.

Table 3.15 presents information on commodity exports by source in 1991, the most recent year for which data are available. Practically, all roots and tubers were exported to Gabon. Cereal exports were shared among Chad, Gabon and Nigeria. Nigeria absorbed 95% of rice exports and all exports of wheat, whereas Equatorial Guinea had 4.5% of rice. Gabon and Chad had 68% and 31% of maize exports respectively. The large share of rice exports to Nigeria stems from illegal trade arrangement between

Nigerian and Cameroonian suppliers where rice is first imported into Cameroon and then re-exported to Nigeria following the latter's current ban on rice imports. Thus, Cameroon acts as an intermediate importer of rice for Nigeria.

Most vegetable (tomatoes) exports went to Gabon (83%) and Nigeria (16%) while 94% of onions went to Nigeria and 4.2% to Equatorial Guinea. Gabon picked up all exports of green beans. Chad appears to be a major importer of Cameroon's fruits (141 tons) followed by Nigeria (82 tons) then Gabon (78 tons).

As far as stimulants are concerned, Chad was a major consumer of Cameroonian sugar (2,102 tons) in 1991. The rest went to Gabon. Data on coffee exports in 1989 indicate that exports totalled 656 tons, 98% of which went to Gabon, mainly processed coffee. All exports of malt and 86% of tea went to Nigeria. Similarly, all cola nut exports were absorbed by Nigerian markets. Regional banana exports were exclusively sent to Gabon whereas 74% and 25% of groundnuts went to Gabon and Chad, respectively (see Annexes 3.4 and 3.5).

It can be observed from the preceding analyses that CAR, Chad and Equatorial Guinea are not major export markets for most tradable commodities. Using a scale of 1 (very important) to 4 (not important), market outlets for Cameroon's export commodities are evaluated and presented in Table 3.16. Chad has a market for sugar and fruits, Equatorial Guinea for rice (after Nigeria), chocolate, and onions while CAR has a small market for chocolate and tea. Cassava, maize, tomatoes, green beans, chocolate, bananas and groundnuts sell well in Gabonese markets while Nigeria is famous for rice, wheat, onions, fruits, tea, malt and cola nuts.

Although market opportunities exist in neighboring countries for commodities produced in Cameroon, export supply from Cameroon will be influenced by domestic economic conditions in these countries as well as the performance of their domestic food and agricultural sectors.

## SECTION 4-- RESULTS OF THE STUDY: CROSSBORDER TRADE BY COUNTRY:

This section summarizes the findings of the rapid appraisal survey on CBT between Cameroon and neighboring countries. First, the general findings are presented. This is followed by the presentation of the situation of crossborder trade by country and by commodity based on collected on-the-field and time series data.

### 4.1 General findings

#### 4.1.1. Border localities

Twenty seven border localities were visited, 22 (81%) within Cameroon and 5 (19%) in neighboring countries (CAR, Chad, Equatorial Guinea, Gabon and Nigeria) (Annex 2.2). Field visits were made to Malabo (Equatorial Guinea), Libreville (Gabon), and Calabar and Maiduguri (Nigeria). No visit was made to Bangui (CAR) because of reported strikes by civil servants in that city. Most of the food products exported to Chad pass through Figuil and Lere to southern Chad whereas goods that pass through Kouseri are mostly manufactured goods. In terms of variation in volume, over 71% of food exports to Nigeria pass through Limbe and Idenau in the South West Province. Demsa in the North is next with 9% whereas Banyo and Ekok each take less than 1%. Eighty eight percent and 73% of exports to Gabon and Equatorial Guinea go through Douala by sea while 12% and 27% go through Aban-Minko and Kye-Ossi, respectively (Table 4.1). Imports from Nigeria pass through Mayo Daxle (24%), Demsa (22%), Limbe/Idenau (13%), Tiko (12%) and Ekok (10%). The least imports come in through Banyo (0.6%) and Mundemba (1.6%).

#### 4.1.2. Market participants.

Market participants involved in CBT are wholesalers, retailers, informal traders known as "buyam sellam" and transporters. In all, 94 interviews were conducted with traders and business managers, transporters and other key informants (e.g. customs officials) at border towns and major capital cities within and outside Cameroon. Forty and thirty three percent of traders were at the Equatorial Guinea and Nigerian borders respectively with 7% each at the Chadian and CAR borders. Traders (wholesalers, retailers, informal retailers or "buyam sellam") constituted 54% of the survey sample while other participants and transporters made up 30% and 16% respectively (Table 4.2). Most traders involved in trade with Equatorial Guinea were interviewed in Douala, Malabo and Kye-ossi. Of business managers interviewed, most were owners of agribusiness enterprises in Cameroon (UCCAO, SODECOTON, CHOCOCAM), supermarket owners in Gabon (AGROGABON, MBOLO supermarket) and Equatorial Guinea (ROMANO, EGTC, Filberts Obiang Bazard). In Calabar and Maiduguri more interviews were conducted with traders than with business managers.

#### 4.1.3. Sources of products exported to neighboring countries

Wholesalers and retailers purchase food items from two sources: (i) directly from producers in village markets in the case of fresh and perishable products (fruits and vegetables, roots and tubers); and (ii) from informal middlemen (Figure 4.1).

Vegetables originating from the West Province (Foumbot) are exported to Gabon via Yaounde and Ambam. A small portion passes through Douala along with vegetables destined for Equatorial Guinea. Fruits to Gabon and Equatorial Guinea originate from the Center Province (Table 4.3). Rice that is exported to Nigeria comes from two major areas: The Upper Noun Valley Development Authority (UNVDA) in Ndop and SEMRY in Yagoua. Imported rice that is re-exported to Nigeria passes through Douala and is either directly shipped to Lagos by sea or by road via Tiko, Limbe, Idenau and Ekondotiti. Palm oil and palm kernels originate from PAMOL and SOCAPALM in the South West and Littoral Provinces respectively. Shipment to Nigeria is via Idenau and Ekondotiti. Palm oil from Widikum in the North West Province gets to Nigeria via Ekok and Ikom onto Calabar. The quantity that goes to CAR via Garoua Boulai originates from SOCAPALM and PAMOL via Douala, Ngaoundere (by train) and then to Garoua Boulai. All cotton exported formally to Nigeria comes from SODECOTON.

Perishable products originating from the West and Center Provinces are assembled and transported by truck (generally by night) to border towns or point of shipment (Douala). About half is sold at the borders to traders from neighboring countries while the other half is transported directly to the importing country. In the case of Gabon, most wholesalers and retailers are Cameroonians resident in Libreville. They are shop owners in Gabon and get most of their supplies from Cameroon. Major clients in Gabon are Africans of other nationalities. The Republic of Congo is an important competitor to Cameroonian food products sold in Gabon with supplies of cassava, cocoyams, plantains and oranges.

### 4.2 Cross border trade between Cameroon and Nigeria

#### 4.2.1 Trade Formalities

Comparatively to the other neighboring countries which are bound to Cameroon by the UDEAC convention, Nigeria has specific trade agreements with this country. Nigeria, which is not a UDEAC member country, has a different trade agreement with Cameroon. For Cameroonian goods to cross the border to Nigeria, formalities summarized below must be met on each side of the border:

On the Cameroonian side:

- presentation of a business licence;
- presentation of a valid import/export licence;
- payment of customs duties on imported goods with rates

varying from 29.5% for powdered milk to 61.25% for groundnut (Table 4.17);

presentation of an invoice with the description of the goods;

proof of quality standards by presentation of a phytosanitary or animal health certificate also called quality certificate for plant and animal products, respectively (Annex 4.1).

There are import restrictions on pears, apples, cassava, pineapples, olives, pepper, rice, flour, mangoes and maize and export restrictions on garri and palm oil.

On the Nigerian side, similar formalities apply. However, duty rates are different as well as criteria for issuing a quality certificate defined in the Nigerian Standard Organisation Statute. Restrictions also exist on imports of cassava, pineapples, olives, peppers, rice, flour, oranges and maize from Cameroon while export restrictions exist on garri and palm oil to Cameroon.

#### 4.2.2 Type and volume of products traded

##### a) Export

Cameroon exported about 41 different food items to neighboring countries equivalent to 117.38 million tons worth 13.49 billion FCFA in the last fiscal year (See Tables 4.19 and 4.20). In terms of value, exports to Nigeria represent about 18.4% of total exports to the sub-region coming second to Chad with 36.7% (See Figure 4.4). Nearly 80% of food exports to Nigeria are informal equivalent to a volume of 14,460 tons valued at 2.1 billion FCFA (See Tables 4.19 and 4.20).

Out of the 20 food items exported to Nigeria, only half were exchanged officially (See Table 4.7). In general, fruits and vegetables do not appear on the list of formal traded products probably because their economic importance in the sub-regional trade is not recognised by public authorities. Palm oil is the most money making item with total export value of .826 million FCFA followed by cotton, wheat flour, palm kernel and rice with respective values of 575, 348, 337 and 109 million FCFA.

When manufactured goods are taken into account, Cameroon becomes an importer. The positive food trade balance is greatly influenced by rice and wheat flour imported via Cameroon. Cotton from Chad is also exported to Nigeria through Cameroon.

##### b) Imports

Cameroon imported a total of 25 different food items from neighboring countries equivalent to 15,086 tons worth 1.55 billion FCFA in the past fiscal year (See Tables 4.19 and 4.20). In terms of value, imports from Nigeria represent about 6.56% of

total imports from the sub-region, coming first followed by Chad with 34.3%. Imports from Gabon, Equatorial Guinea and CAR are negligible (See Figure 4.6). Nearly 80% of food imports from Nigeria are informal equivalent to a volume of 719,000 tons worth 826.1 million FCFA (See Tables 4.19 and 4.20).

Out of 32 food items imported from Nigeria 25 of them enter Cameroon informally. Cattle imported through Mayo Banyo Division in the Adamawa Province is the item draining the largest amount of nearly 200 million FCFA from the country (See Table 4.12) followed by yam, tomatoes and milk valued respectively at 140, 125 and 102 million FCFA. Populations from the North Province prefer Nigerian yam for its taste and inhabitants of South West Province for its low price. Locally produced yam is preferably exported to Gabon where it earns more money.

#### 4.2.3 Potentials of crossborder trade with Nigeria

Comparison of imports from and exports to Nigeria shows that balance of crossborder trade in food is largely in favor of Cameroon.

Nigeria offers the largest market among the countries concerned. It is already buying large quantities of rice, wheat, palm oil, palm kernel, cotton and manufactured goods such as soap from Cameroon. Cameroon is also buying a good number of food items from Nigeria especially for its draught prone Northern Provinces.

As indicated earlier, the application of the new measures taken by the Bank of Central African States are likely to change the course of trade between Cameroon and Nigeria. Although it is too early to make any predictions, trade between Cameroon and other UDEAC member countries is likely to be strengthened on one hand and prove detrimental to Nigeria on the other. Reports from informal sources are in support of this eventuality.

With a population growing at the rate of 2.8% yearly, agricultural GDP declining at an annual rate of -12.6%, and a huge population size of 119.8 million inhabitants (See Tables 3.3 and 3.4), Nigeria offers an interesting future market for Cameroonian food products. However, this hope is mitigated by comparatively high prices in Cameroon and declining revenues in Nigeria.

#### 4.2.4 Variation in prices and volume of commodities

Crossborder trade between Cameroon and Nigeria is justified on the basis of price differentials. Some examples are shown in Figure 4.8. Price differential in the case of water melon is the most striking as this product costs only 50 FCFA in Nigeria and almost 5 times that price in Cameroon. The price of rice which is 320 FCFA/kg in Nigeria represents twice its value in Cameroon. The ban on rice imports by the Nigerian Government in order to stimulate local production is rather causing its massive smuggling into this country from and through Cameroon.

Food commodity prices also vary with location along the border with Nigeria (See Table 5.1). For instance the price of rice varies from 200 FCFA/kg at Mayo Darle and Banki in the North Western border to 80FCFA/kg at Ekondotiti, Mbonge and Mundemba in the South-West border area. The price of rice at Ekok which is also at the South West border area is twice as high as that observed at the 3 other localities. Rice with a high price is produced in Cameroon by SEMRY in the far North Province and UNVDA in the North West Province.

It can also be seen in Table 5.1 that the price of wheat flour exported to Nigeria through South West border locations varies from 150FCFA/kg at Idenau to 80FCFA/kg at Ekondotiti, Mbonge and Mundemba. Wheat flour with the higher price is produced in Cameroon by "Les Grands Moulins du Cameroun" and SCM. While the one with a lower price is most likely foreign flour smuggled into Nigeria through hidden water ways of Mbonge, Mundemba and Ekondotiti.

In terms of variation of volume with space, more than 71% of food exports to Nigeria pass through Limbe and Idenau in the South West Province. Demsa in the North is next with 9% whereas Banyo and Ekok each take less than 1%. Imports from Nigeria pass through Mayo Darle (24%), Demsa (22%), Limbe/Idenau (13%), Tiko (12%) and Ekok (10%). The least imports come in through Banyo (0.6%) and Mundemba (1.6%).

#### 4.2.5 Constraints and implications on CBT development

The exchange rate between the Naira and the CFA constitutes an important policy constraint influencing trade between Cameroon and Nigeria.

It was observed during the survey that the over-valued exchange rate constitutes an important policy constraint that has influenced trade between Cameroon and Nigeria. The existence of a black market exchange rate has aggravated the situation. Because the CFA franc is over valued relative to the Naira, exports to Nigeria have become less attractive relative to imports. At present, the CFA exchanges for 105 to 120 Naira per 1,000 FCFA in the black market compared to 100 Naira per 1,000 FCFA at the official rate. The rate depends on the total amount of FCFA one wants to exchange against the Naira. From 10,000 FCFA and above, one is likely to get 120 Naira for 1,000 FCFA. As a consequence, Nigerian goods are imported and sold in Cameroon at prices below domestic cost of production thus discouraging domestic production. This is particularly true in the North Provinces where Cameroonians prefer Nigerian yam to Cameroonian yam.

With the non-convertibility of the CFA franc outside the franc zone announced recently and the application of the Regional Reform Programme from January 1994 within the UDEAC zone, the exchange rate issue will no longer be a constraint to crossborder trade between Cameroon and Nigeria. In the short and medium terms, and before Cameroon can react to these new measures by

producing cheaper substitutes to Nigerian manufactured goods, imports from Nigeria will continue to be attractive to Cameroonian consumers, but the level will be reduced.

#### 4.2.6 Conclusion:

Despite rampant frauds reported in commercial exchanges between Nigeria and Cameroon, the balance of trade is in favor of the latter. Oil seeds are most money making Cameroonian food items in the Nigerian market. In terms of food trade, Nigeria is earning important amounts of money through exports of cattle to Cameroon. Nigeria remains the most interesting market for Cameroon. The intensity of trade between the two countries is expected to decrease with the recent monetary and fiscal reforms in the UDEAC zone.

### 4.3. Crossborder trade between Cameroon and Gabon

#### 4.3.1 Trade formalities

Formalities related to trade between Cameroon and Gabon are mainly governed by the UDEAC convention. The main feature of this convention is the single tax regime still in force. The single tax regime has been seriously distorted in its application because it contains too many exemptions. These exemptions include a very lax quota system, and a proliferation of fiscal derogations granted abusively. Under these arrangements which remain in force until January 1994, formalities related to trade between Cameroon and Gabon include:

- presentation of a business licence;
- presentation of a valid import/export licence;
- customs duties of 2% taxed by the Gabonese customs service.

When this study was coming to an end, it was announced that the single tax regime will be replaced from January 1994 by a series of new fiscal agreements included in the Regional Reform Programme whose application mechanism was adopted on June 21, 1993. Interesting points of the Regional Reform Programme are: the Common Preferential Tariff (CPT), applicable to goods manufactured within the UDEAC zone whose rate will be reduced gradually from 20% in 1994 to 0% starting in 1998. At the same time, the Common External Tariff (CET), which applies to goods manufactured outside the UDEAC zone will remain relatively high varying from 5% to 35% for essential required items and from 35% to 80% for common household items.

#### 4.3.2 Type and volume of products traded

##### a) Exports

Cameroon's food exports to Gabon in the last fiscal year represent nearly 9% of the value of total exports to the sub-

region which is 1.2 billion FCFA (See Figure 4.4). Only 18% of these exports are informal equivalent to a volume of 1,580 tons evaluated at 301 million FCFA (See Tables 4.19 and 4.20).

Food exports to Gabon comprise a total of 32 different items of which 13 entered this country informally and 19 formally (See Table 4.9). By comparison with Nigeria, fruits and vegetables are more important in the food trade with Gabon although they come third with a total value of 150 million FCFA after soda drinks and beer with 247 million and 226 million FCFA, respectively.

#### b) Imports

Dry and frozen fish are the two major items imported officially into Cameroon from Gabon with a negligible volume of 550 tons and value of 69 thousand FCFA (see Table 4.13).

#### 4.3.3 Potentials for crossborder trade with Gabon

It is clear from the preceding section that food trade between Cameroon and Gabon is one way and in favor of Cameroon. Cameroon and Gabon are both members of the UDEAC. They are already exchanging a good number of food products. Cameroon can expect to capture a big share of the Gabonese market of fruits and vegetables now enjoyed by Europe and South Africa. There are indications that Gabonese supermarket managers are willing to buy fresh food supplies from Cameroon provided that they are regular in supply and meet quality standards. With its relatively high purchasing power, Gabon will continue to depend on food imports from Cameroon because its agricultural DGP is declining at the fast annual rate of -7.4%. Although total GDP and urban population are also decreasing at annual rates of -6.9% and -0.25%, respectively, the purchasing power in Gabon is still relatively high by sub-regional standards to guarantee a stable market for Cameroonian food products.

However, a new project funded by the French Funds for Development for the production of fresh vegetables around the major cities of Libreville, Lambarene and Oyem (Jeune Afrique Economic, 1993) will make competition tougher in the next 3 years.

#### 4.3.4 Variation in prices and volume of commodities

Volume and value of trade between Cameroon and Gabon are not known precisely. However, they vary with time and location. Table 4.15 shows that price variations within Cameroon are quite pronounced for fruits and vegetables because of seasonal variations in supply. Onions for example reach their highest price (7,000 - 12,000 FCFA/90 kg bag) between September and January when supply is scarce, but are relatively cheap between February and August. Tomatoes, mangoes and water melons become less expensive as from April.

From observations of market prices in Libreville, with confirmation from super market owners and transporters, market prices do not seem to fluctuate as much in Gabon as they do in

Cameroon. This indicates that profit margins will remain high as long as prices in Cameroon remain low. Trade in tomatoes would thus be most profitable between September and January, water melons and mangoes between April and August, and onions between February and March.

Prices of mangoes, onions and tomatoes traded with Gabon increase gradually from Douala to Aban-Minko at the border to Libreville where they reach their highest level. For instance, a bag of 90kg of onions costs 10,000 FCFA in Douala, 18,000 FCFA at the border town of Aban-Minko and 25,000 FCFA at Libreville which is more than twice the initial price (see Table 5.2). These high prices are simply in response to the relative scarcity of this product.

It is interesting to note that at the time of the survey, 88% of food items corresponding to 8,163 tons exported informally to Gabon went by boat through the port of Douala while only 12% or 1,116 tons went through Aban-Minko (see Table 5.3). For Equatorial Guinea, 1,368 tons corresponding to 78% of informal food exports from Cameroon pass through Douala against 512 tons or 27% through Kye-Ossi, a border town (see Table 5.4). The fact that more food is exported to Gabon through Douala than through the Southern border localities of Aban-Minko and Ambam can be explained by the closing of the Southern border with Gabon by the Cameroonian authorities during the field survey. This measure has been lifted already.

#### 4.3.5 Constraints and implication on CBT development

It is not known to what extent bad road conditions are affecting trade between Cameroon and Gabon but they are certainly contributing to slow down the development of commercial exchanges between these two countries. Transport facilities are also generally inadequate. Trucks are usually more available than boats which are in bad conditions most of the time, limited in number and seldom on schedule.

These constraints are characterized by excessive controls at road blocks and check points and extortion of traders by law enforcement officers (police, gendarmeries, customs, forestry control officers). There are 37 road block/check points on the 360 km road between Foubot and Douala (Annex 4.2). It is estimated that each check point takes about 6 minutes, making the time required to move products from Foubot to Douala to be 8 hours instead of 5. This can cause heavy penalties for late delivery and increased losses in case of perishable products. Even when transporters meet all the formalities, they are required to pay illegal fee of 350 to 500 FCFA per truck to law enforcement officers at each check-point.

Table 4.18. presents transportation costs and illegal fees and duties collected by law enforcement officers for various products transported from Foubot to Gabon via Douala. Illegal fees are estimated at 75 FCFA per bag of 25 kg of tomatoes, onions, irish potatoes, etc. Illegal customs duties are estimated at 200 FCFA per 25 kg bag. These charges incurred during transportation

increase total cost by 2% for illegal fees and 5% for illegal customs duties.

Figures discussed above were estimated on the basis of the following information:

a/ cost components within Cameroon:

- \* road transport cost: 60,000 FCFA/T for 24 hours;
- \* bribe at each check point: 500 FCFA/check point;
- \* bribe at the sea-port of Douala: 50,000 FCFA/10T;
- \* illegal customs duties: 10,000 FCFA/T;
- \* illegal declaration: 40,000FCFA/20,000T;
- \* phytosanitary inspection fee: 250FCFA/20,000T.

b/ cost components in Gabon:

- \* road transport cost: 325 FCFA/bag of goods without consideration for weight;
- \* retaliatory customs duties: 2% of declared initial value;
- \* bribe: 5 FCFA/100kg.

#### 4.3.6 Conclusions

Crossborder trade between Cameroon and Gabon is basically one-way in favor of Cameroon. Most earnings are generated from exports of fruits, roots and tubers, and oil seeds. However, Gabon is a small market already attracting food products from Congo, South Africa and Europe. With the decline in GDP and the political commitment for agricultural development in Gabon, crossborder trade in food products between the 2 countries is expected to slow down despite the recent monetary and fiscal reforms of the UDEAC zone.

#### 4.4. Crossborder trade between Cameroon and Chad

##### 4.4.1. Trade formalities

Trade formalities are the same as in the case of Gabon with the difference that the UDEAC convention with respect to the single tax regime is better reinforced. Chad depends so much on Cameroon for its foreign trade and Cameroon benefits so much from its economic cooperation with Chad that the two sides always make enough efforts to remain good neighbors. Currently, formalities related to trade between the two countries include:

- presentation of a business licence;

- presentation of an invoice with description of goods;
- presentation of a certificate of quality;
- payment of customs duties based on the UDEAC agreements; and
- filling of a UDEAC permanent survey form.

#### 4.4.2 Type and volume of products traded

##### a) Exports

Cameroon exports 14 different food items to Chad representing 36.37% of the value of total exports to the sub-region (see Figure 4.4). Value of informal exports to this country is relatively low, representing 4% of total volume estimated at 6,370 tons (see Table 4.19 and 4.20) with a value of 1.2 billion FCFA.

Out of the 14 food items exported to Chad, 9 enter this country informally in small quantities (see Table 4.6). Manufactured goods are predominant with wheat flour occupying the first place with a total value of 4.6 billion FCFA followed by beer and mineral water with respective values of 65.8 and 44.7 million FCFA.

##### b) Imports

Imports from Chad represent only 11% of total exports to this country. Groundnut comes first with a total value of 284.9 million FCFA followed by millet with 172.6 million FCFA. Most of these imports are informal (see Table 4.20). It is interesting to note that Cameroon imports soya beans from Chad.

#### 4.4.3. Potentialities

Food trade between Cameroon and Chad is to the advantage of Cameroon which has a relatively advanced agribusiness sector. Trade in traditional food items flows in one direction or the other depending on political situation in Chad and draught conditions in the 2 Northern Provinces of Cameroon. The economic cooperation ties between Cameroon and Chad are expected to be reinforced with the return of peace and political stability in this country coupled with the announced exploitation of its oil reserves in the near future. The recent monetary and fiscal reforms in the UDEAC zone should accelerate the development of trade between the two countries.

#### 4.4.4. Variations in prices and volume of commodities

As mentioned earlier, two types of food products are exchanged between Chad and Cameroon. These are traditional food commodities common in Chad and the 3 Northern Provinces of Cameroon and the manufactured products with relatively high added value. Flow of trade in traditional food commodities changes direction from one country to the other with variation in demand and price

differential illustrated in Figure 4.9. Okra which costs 50 FCFA/kg in Chad is imported into Cameroon where its price is twice higher. Agricultural prices vary with season in Chad also but they remain generally low due to the low income in this country.

#### 4.4.5. Constraints and implications on CBT development

Constraints deplored in the crossborder trade between Cameroon and Chad are of infrastructural nature and related to administratif set-up. Trucks transporting goods from Douala seaport to land-locked Chad are insufficient and often poorly maintained. They must travel on dirt roads between Fomban in the West Province or Obala in the Centre Province to Tibati. Drivers always complain of harassments from law enforcement officers controlling road traffic for one reason or the other. The fact that information on trade potentials between the two countries is not made available to businessmen is also a serious constraint that must be brought to the attention of decision makers.

#### 4.4.6. Conclusions

Chad is a net importer of food items from Cameroon. These include mainly manufactured goods, particularly wheat flour. Cameroon is importing mainly traditional food items such as mullet, oka, groundnut and dry beans from Chad. One big surprise is the imports by Cameroon of soya beans from Chad.

The final conclusion is that crossborder trade between Cameroon and Chad is expected to be strengthened with the return of peace and political stability in Chad, the exploitation of its oil reserves and the recent monetary and fiscal reforms of the UDEAC zone.

### 4.5. Crossborder trade between Cameroon and Equatorial Guinea

#### 4.5.1 Trade formalities

Trade formalities between Cameroon and Equatorial Guinea obeys standards set by the UDEAC conventions with the single tax regime as the main feature. However, from January 1994, trade formalities between the two countries will change with the application of the Regional Reform Programme summarized earlier. Detailed trade formalities include:

##### a) on the Cameroonian side

- presentation of a business licence;
- presentation of a valid import/export licence;
- customs duties based on specific clauses of the UDEAC convention, particularly the single tax regime;
- presentation of a certificate of quality in conformity with

standards set by Cameroon shown in Annex 4.1; and

- the filling of a UDEAC permanent survey form.

The same formalities are applied on the side of Equatorial Guinea. However, payment of a fixed customs duty of 1,500 FCFA designed to speed up clearance procedure is required.

#### 4.5.2. Type and volume of products traded

##### a) Exports

Cameroonian exports to Equatorial Guinea concern 28 different food items with a total volume of 20,545.8 tons evaluated at 4.17 billion FCFA (see Table 4.10). In terms of value, exports to Equatorial Guinea represent about 31.26% of total exports to the sub-region, coming second to Chad with 36.76%. Exports to Equatorial Guinea are generally formal as far as volume is concerned. However, in terms of value, informal exports represent 56% of total exports, placing this country second behind Nigeria with 85% (see Figure 4.2).

Out of the 25 food items exported to Equatorial Guinea, only 12 entered this country informally by comparison with Nigeria during the last fiscal year (see Table 4.10). Manufactured goods such as beer, cigarettes and soft drinks are the most money making items in Equatorial Guinea with total values of 2.8, 0.3 and 0.2 billion FCFA, respectively. In terms of unprocessed food commodities, cassava flour, rice, onions, garlic, garri and beef from Cameroon sell well in Equatorial Guinea.

##### b) Imports

As in the case of Gabon, trade between Cameroon and Equatorial Guinea is practically one way in favor of Cameroon. However, imports from Equatorial Guinea are generally limited to small quantities of traditional food items such as fresh water fish, palm oil, groundnut, lemon and coconut bought by Cameroonians living at the border. The value of these imports are of no significant economic importance for Cameroon.

#### 4.5.3 Crossborder trade potentials

Cameroon and Equatorial Guinea are also UDEAC member countries bound by trade agreements designed to promote crossborder trade. As a country under reconstruction and serious administrative limitations, Equatorial Guinea will remain a market for Cameroonian food items and manufactured goods for the next 5 to 10 years until it develops its own agriculture. Livestock sector is non-existent and there are no on-going agricultural projects. However, this country has good potentials for development. Its oil production, currently estimated at 4,000 barrels a day, is expected to increase to 12,000 barrels per day in the next fiscal year. It has rich volcanic soil and important forestry and fisheries resources.

#### 4.5.4. Variation in prices and volume of commodities

Table 4.15 presents market prices of principal commodities exported to Equatorial Guinea. Price variations within Cameroon are quite pronounced for fruits and vegetables because of seasonal variations in supply. Onions for example reach their highest price (7,000 - 12,000 FCFA/90 kg bag) from September to January when supply is scarce, but are relatively cheap as from February. Tomatoes, mangoes and water melons become less expensive as from April.

From observed market prices in Libreville, with confirmation from super market owners and transporters, market prices do not seem to fluctuate as much in Equatorial Guinea as they do in Cameroon. This indicates that profit margins will remain high as long as prices in Cameroon remain low. Trade in tomatoes would thus be most profitable between September and January, water melons and mangoes from April to August, and onions from February to March.

It is interesting to note that at the time of the survey, 78% of food items corresponding to an estimate of 1,368 tons exported to Equatorial Guinea, from Cameroon pass through Douala against 512 tons or 27% through Kye-Ossi, a border town (see Table 5.4).

#### 4.4.5. Constraints and implications on CBT development.

Constraints to crossborder trade development between Cameroon and Equatorial Guinea are similar to those encountered in the case with Gabon. They consist of:

- poor road conditions;
- inadequate sea and land transport facilities in terms of quantity and quality;
- harassments of traders by over-zealous and/or bribe hungry law enforcement agents on both sides of the border;
- long customs clearing procedure on the Cameroonian side aggravated by unavailability of agents;
- too many road controls inside Cameroon resulting in increased marketing cost and product losses;
- limited market size in Equatorial Guinea;
- underdevelopment in Equatorial Guinea; and
- unorganized traders on both sides.

#### 4.5.6. Conclusions

Balance of food trade between Equatorial Guinea and Cameroon is in favor of the latter. It concerns mainly processed food items such as beer, cigarettes and soft drinks; and unprocessed

commodities including cassava flour, rice, onions, garlic, garri and beef. The increasing GDP and underdeveloped agriculture in Equatorial Guinea are signs that this country will remain an interesting market for Cameroonian food products for the next 5 to 10 years.

#### 4.6. Crossborder trade with the Central African Republic (CAR)

##### 4.6.1. Trade formalities

Trade formalities between Cameroon and CAR are basically the same as in the case with Chad with regard to the enforcement of UDEAC customs agreement. Usual requirements include:

- a presentation of an invoice showing type, volume and value of goods;
- a presentation of receipt;
- a presentation of a certificate of quality; and
- filling of a permanent UDEAC survey form.

##### 4.6.2 Type and volume of products

###### a) Exports

Cameroonian food exports to CAR represent 4.42% of the value of total food exports to the sub-region (see Figure 4.4.). These amount to 2,930 tons evaluated at 610 million FCFA. Informal food exports are almost non-existent because CAR is mainly interested in Cameroonian processed food items whose exportation is facilitated by the Government (see Table 4.20). Only 5 food items out of a total of 18 are exported informally to CAR. These are common food items such as irish potatoes, onions, cola nuts and dry shrimps. The Cameroon Government does not seem to pay much attention to these products presumed of no significant economic importance for the country (see Table 4.8.)

Processed food items dominate food exports to CAR. The most important ones are sugar and beer with total values of 263.9 and 133.8 million FCFA, respectively.

###### Imports

Imports from CAR are practically non-existent. Products reported to enter Cameroon from Central Africa Republic are: cassava flour and "egusi" a melon seed used as seasoning sold in small quantities in weekly markets held in towns along the common border.

#### 4.6.3 Crossborder trade potentials

Despite its rising per capita food production, the land-locked nature of CAR and the backward state of its economy will make it dependent on Cameroonian manufactured goods for years to come. However, this gloomy picture may improve with recent successful elections. Latest monetary and fiscal reforms of the UDEAC zone are also expected to contribute to the strengthening of crossborder trade between Cameroon and CAR.

#### 4.6.4. Variation in prices and volume of commodities

There is not much to report on the variation in prices and volume of commodities traded between Cameroon and CAR. As indicated earlier, trade between the two countries is one-way in favor of Cameroon and involves mainly manufactured goods which are not produced in CAR, a country with almost non-existent industrial sector.

#### 4.6.5. Constraints and implications on CBT development

Currently, Cameroon is now benefiting from the backward state of the economy of CAR. However, a one-way trade constitutes a constraint to its further development. Thus a weak economy in RCA is major hindrance to the development of crossborder trade between this country and Cameroon. Bad conditions of roads connecting the two countries represent another important constraint that must be addressed in future development projects. Concerned roads are paradoxically bad on Cameroonian side.

#### 4.6.6. Conclusions

Crossborder trade between Cameroon and CAR is practically one-way involving mainly goods manufactured in Cameroon. The poor state of the economy of this country is blamed on its land-locked nature, unstable political system and unsound public management. However the situation is expected to change with recent successful elections and the monetary and fiscal reforms of the UDEAC zone.

## SECTION 5. SURVEY FINDINGS: CROSSBORDER TRADE BY GROUPS OF COMMODITIES

### 5.1. General findings

Crossborder trade of food between Cameroon and neighboring countries, Nigeria, Gabon, Chad, Equatorial Guinea and CAR involves a total of 70 different items. Cameroon exported a total of 56 items corresponding to a total volume of 57,257 tons in the last fiscal year with a total value of 13.5 billion FCFA. A total of 44 different food products were imported at the same time with a total volume of 1,224.4 million tons and a value of 1.7 billion FCFA. The inventory of all the products involved is presented in Table 5.10. They are organized into 10 groups discussed below after the section on relevant trade formalities.

#### 5.1.1. Formalities related to crossborder trade of various food commodities

Trade formalities vary with trade agreements signed with neighboring countries. Cameroon, CAR, Chad, Equatorial Guinea and Gabon are all members of the Central African Customs Union (UDEAC). Nigeria which is not a UDEAC member country has different trade agreement with Cameroon. Before discussing the two agreement systems, it is convenient to present the common points first.

##### 5.1.1.1 Trade formalities common to UDEAC and non UDEAC member countries

Formalities common to UDEAC and non-UDEAC member countries concern the certificate of quality. Details of quality standards set by the Cameroon Government are presented in Annex 4.1. Its major points are summarized below.

Animal products, especially eggs, stock fish, milk, frozen fish and smoked fish are covered by the veterinary and health services of the Ministry of Livestock, Fisheries and Animal Industries. They must be inspected for cracks, off-odor, odor, wholesomeness, expiring date, rusting of can, holes, previous inspection, texture, discoloration and quantity. A certificate of quality is issued if none of these anomalies is observed. It is subject to pre-established taxes (see Annex 4.1).

The phytosanitary service of the Ministry of Agriculture is responsible for the inspection of plant products. Plant products to be exported or imported must have an invoice and a certificate of quality stating quantity, origin/source, previous inspection, expiring date, etc. They are visually inspected in the absence of a laboratory for the following signs:

- tubers for beetles and/or their eggs and rot;
- beans, rice flour melon, etc are inspected for weevils and mould/fungi ;
- products affected by blight such as pears, apples, cassava, pineapples, olives, pepper, rice, etc. are not allowed

to enter Cameroon; and products such as garri, palm oil, etc are not allowed to leave Cameroon under UDEAC convention; enforcement is difficult however .

The rationality behind the permanent UDEAC survey form consists of ensuring that customs duties for goods entering UDEAC zone are paid only in the country of destination. It also shows the categories of goods concerned which constitute the basis for payment of customs duties. The permanent UDEAC survey form is filled once at the port of entry of goods into the UDEAC zone. This is the procedure under the current single tax regime. Other common formalities include the presentation of a business licence and the presentation of an import/export licence.

#### 5.1.1.2. Formalities specific to UDEAC and non-UDEAC member countries

For goods entering or exiting Cameroon and made within the UDEAC zone a single customs duties rate is applied. The rate is different for goods made outside the UDEAC zone and varies with category according to the national trade policy of each member country. This customs clearing procedure falls under the single tax regime.

From January 1994 the procedure will change with the application of the Regional Reform Programme. Major changes involved are summarized below.

The agreements on Tax on Business Turnover (TBT), the Common External Tariff (CET) and the General Preferential Tariff (GPT) constitute the main features of the Regional Reform Programme.

#### a) Tax on Business Turnover (TBT)

UDEAC member countries agreed to impose a common TBT on goods manufactured inside the UDEAC zone. Normal rate varies from 7 to 18% and the reduced rate is from 3 to 6%.

#### b) Common External Tariff (CET)

CET is applied to goods manufactured outside the UDEAC. The rate varies with categories of goods as follows :

- Category 1. or essential items	:	5%
- Category 2. or raw materials and equipment:	:	15%
- Category 3. or semi finished goods	:	35%
- Category 4. or common house hold goods:	:	
- from January 1994	:	50%
- from January 1995	:	45%
- from January 1997	:	40%
- from January 1998	:	35%

The common external tariff leaves a room for a fiscal rent for each member country. The Common External Tariff is applied according to the trade policy of each member country to luxury

goods and those considered hazardous for local populations, and products from local industries that require protection. Tobacco, caviar, salmon, tea, eggs, cola nut and salt fall probably in this category. More information on relevant products should be available in the report of the meeting held in Douala, Cameroon in September 1993 to define the classification of goods.

c) The General Preferential Tariff (GPT)

The GPT is applicable to goods made inside the UDEAC zone. For instance goods made in Cameroon and exported to Chad, Gabon, Equatorial Guinea and CAR or those made in those countries and entering Cameroon will be subjected to GPT whose rate varies as follows: 20% from January 1994, 10% from January 1996 and 0% from January 1998 .

Nigeria which is not a UDEAC member country has different trade agreements with Cameroon. Customs duties rate levied by Cameroon on Nigerian goods vary from 29.5% for powdered milk to 61.25% for groundnut (See details in Table 4.17). There are import restrictions on pears, apples, cassava, pineapples, olives, peppers, rice, flour, mangoes and maize and export restrictions on garri and palm oil.

On the Nigerian side similar formalities apply. However, duty rates are different as well as criteria for issuing a quality certificate defined in the Nigerian Standard Organisation Statute. Restrictions also exist on imports of cassava, pineapples, olives, peppers, rice, flour, oranges and maize from Cameroon while export restrictions exist on garri and palm oil to Cameroon.

5.1.2. Variation in prices and volume of commodities

Price variation

Price variation in time is more evident in the case of fresh and perishable goods such as fruits and vegetables (tomatoes, green beans, cabbage, mangoes, water melon, oranges, avocados etc..). Examples are shown in Table 4.15 and Figure 5.1. Low prices correspond to harvest season while high prices are observed in response to scarcity outside the harvest time. Harvest season is not the same for all the commodities. This explains why the peak period for the price of onions corresponds to the lowest level of prices of water melon and tomatoes. Price of dry commodities such as onions, cocoyam, cassava flour, irish potatoes, corn, yam and plantain etc and manufactured goods such as soft drinks, beer, chocolate etc are generally stable.

Price variation in space constitutes the basis for crossborder trade. Numerous examples are presented in this report. Most striking price differentials are observed in crossborder trade between Cameroon and Gabon (See Table 4.26). Most of Cameroonian food items exported to Gabon are twice more expensive in that country. Other examples are shown in Tables 5.1, 5.2 and figures 4.8 and 4.9. Price variations over space are also observed within

Cameroon in the cases of rice and wheat flour. Rice cost 255 FCFA at Banki in the Far North Province and 80 FCFA at Mundemba in the South West Province.

### Variation of volume of trade

Volume of food commodities traded also varies in time and space. According to Table 5.11, Tomatoes constitute 80% of total food exports to Gabon outside harvest season for mangoes. During their harvest season, mangoes contribute 80% to food exports to Gabon and tomatoes 10% only.

Change in volume of trade with type and country was observed in the case of fruits and vegetables absorbed mostly by Gabon and in the case of oil seeds exported to Nigeria (See Figures 4.13, 4.18 and 4.21). Even inside Cameroon, it was observed that fruits and vegetables come mostly from the West Province while onion and garlic are supplied by the Northern Provinces.

### 5.1.3. Constraints and implications on CBT development

Major constraints directly related to food commodities traded are listed below and relevant policy issues presented in section 6:

- difficult access to processing and preservation technologies;
- lack of information on potential regional markets;
- product losses caused by delays related to excessive road blocks;
- increase of 7% in marketing cost making profit margin unattractive for the production of commodities with potential markets;
- main actors in the crossborder trade of traditional food commodities are unorganized informal traders with no marketing skills and ignorant about national and international business regulations ; and
- insufficient political commitment to the promotion of crossborder trade, especially concerning traditional food crops.

## 5.2. Crossborder trade of specific groups of commodities

### 5.2.1 Crossborder trade of fruits

#### 5.2.1.1 Type and volume of fruits traded

##### Exports

Main fruits involved in the crossborder trade between Cameroon and neighboring countries are : bananas, avocados, mangoes, water melon, tangerines, papaya, pineapples, guava, oranges. In the last fiscal year, Cameroon exported 2,053 tons of fruits to neighboring countries evaluated at 288 million FCFA and corresponding to 2% of total export value to the sub-region (See Annexes 4.3.1.A, 4,3,1 B and Figure 4.11). About 70% of earning

from fruit exports come from Gabon followed by Nigeria and Equatorial Guinea with 21% and 9%, respectively (See Figure 4.13). Avocadoes, bananas, and tangerines emerge as main money making fruits in the Gabonese market.

### Imports

According to survey data and 1992 Official statistics, Cameroon imported a total of 264 tons of fruits all from Nigeria evaluated at 60 million FCFA. Oranges, pineapples, water melons and papaya are major fruits imported (See Annex 4.4.1 A). In terms of value, fruits represent 3% of total food imports from neighboring countries (See Figure 4.12).

#### 5.2.1.2 Crossborder trade potentials.

Currently, Cameroon exports fruits to Gabon only where competition from Congo and South Africa has been reported. The small market size and potentials for local agricultural production in Gabon indicate that in the future, Cameroon should consider other markets of the sub-region. Chad may be considered as a potential market for Cameroonian fruits with the return of political stability and expected increase in revenues.

Fruit imports from Nigeria concern mainly oranges going to the 3 Northern Provinces of Cameroon. It is known that the climatic condition of these Provinces is favorable to the production of this commodity. Reduction in these imports is expected with the recent monetary and fiscal reforms in the UDEAC Zone.

#### 5.2.2 Crossborder trade of vegetables.

##### 5.2.2.1 Type and volume of vegetables traded

### Exports .

Main vegetables involved in crossborder trade between Cameroon and neighboring countries include : tomatoes, carrots, cabbage, lettuce and okra. In the last fiscal year, Cameroon exported a total of 2,272 tons equivalent to 146.6 million FCFA corresponding to 1% of total export value (See Annexes 4.3.2A and 4.3.2B ; and Figure 4.11). According to Figure 4.21, 55% of earnings from total vegetable exports in the sub-region come from Gabon followed by Nigeria and Equatorial Guinea with 28% and 17% respectively. In terms of value, eru, tomatoes and cabbage emerge as major lucrative products. Eru earned 40.7 million FCFA in Nigeria alone while cabbage and tomatoes combined earned 72.4 million FCFA in Gabon (See Annex 4.3.2B)

### Imports

Survey data and 1992 official records show that Cameroon imported a total of 383.8 tons of vegetables equivalent to 128 million FCFA corresponding to 8.0% of total value of imports (See Figure 4.12). Vegetable imports included 247 tons of tomatoes from Nigeria and 136 tons of okra from Chad with respective values of

121 million and 7 million FCFA (See Annexes 4.4.2.A and 4.4.2.B). Tomatoes are mainly imported into the North Province of Cameroon.

#### 5.2.2.2. Crossborder trade potentials

As indicated earlier, Gabon, Equatorial Guinea constitute major markets for Cameroonian vegetables. Cameroonian vegetable producers are responding to this demand in increasing numbers as vegetable production remains a favorite occupation for the unemployed victims of massive lay-offs in the private and para-public sectors.

The tendency to import vegetables from Nigeria into in the North Province can be easily reversed since this region has agro-climatic conditions favorable to tomato production and as a consequence of recent monetary and fiscal reforms in the UDEAC zone. In conclusion, Cameroon has a lot to gain in promoting domestic production of vegetables.

#### 5.2.3. Crossborder trade of roots and tubers

##### 5.2.3.1. Type and volume of roots and tubers traded

###### Exports

Trade of roots and tubers between Cameroon and neighboring countries concern: irish potatoes, sweet potatoes, yam, cocoyam and cassava. A total volume of 1.3 million tons of roots and tubers were exported to neighboring countries in the last fiscal year evaluated at 150.6 million FCFA (See Annexes 4.3.3.A and 4.3.3.B) corresponding to 1% of total exports to neighboring countries. Most earnings corresponding to 68% come from Gabon followed by Equatorial Guinea with 15% (See Figure 4.14). Cassava is the most lucrative tuber followed by irish potatoes and cocoyam in the Gabonese market.

###### Imports

Survey data and 1992 official records indicate that Cameroon imported 774 tons of roots and tubers estimated at 145 million FCFA corresponding to 9% of total imports (See Annexes 4.4.3.A and 4.4.3.B). All the imports of roots and tubers are from Nigeria in favor of North and Far North Provinces. In terms of volume and value, yam is the most important tuber imported from Nigeria with a total value of 141 million FCFA followed far behind by irish potatoes with 3 million FCFA.

##### 5.2.3.2. Crossborder trade potentials for roots and tubers

As in the case of tomatoes, roots and tubers are imported from Nigeria only by the populations of North and Far North Provinces although the Adamawa Province is a big producer of this commodity. It was reported that local populations prefer Nigerian yam because of its taste.

Despite their small market size, Gabon and Equatorial Guinea remain the best commercial partners of Cameroon in the sub-region as far as roots and tubers are concerned. Promotion of production of roots and tubers for exportation to these two countries will constitute a good strategy in the implementation of the policy for the diversification of agricultural exports.

#### 5.2.4. Crossborder trade of cereals

##### 5.2.4.1. Type and volume of cereals traded

###### Exports

According to survey data and 1992 official records, cereals contribute only 2% of total value of food exports to neighboring countries (See Figure 4.11). These exports consist of rice, millet, sorghum and corn with a total volume of 2000 tons evaluated at 246 million FCFA (See Annexes 4.3.4.A and 4.3.4.B). Most cereal export earnings come from Nigeria with a 45% contribution followed by Chad, Equatorial Guinea and Gabon with 27%, 16% and 12% respectively. Nigeria, Chad and Equatorial Guinea are good rice export markets with a total value of 179 million FCFA while Gabon constitutes a good market space for corn. Just a small quantity of sorghum estimated at 6.5 tons with a value of 1.6 million FCFA was informally exported to Chad. It is important to note that most rice exports to Nigeria are informal.

###### Imports

According to survey data and 1992 official statistics, Cameroon imported a total of 1,000 tons of cereals evaluated at 174 million FCFA corresponding to 10% of the value of total imports. Nearly 100% of imported cereals come informally from Chad and consist of 1,700 tons of millet. Official statistics show formal corn imports of 94 tons from Nigeria probably by populations living at the border with Nigeria.

##### 5.2.4.2. Crossborder trade potentials for cereals

Currently, Cameroon has a deficit in rice and corn, yet this country manages to export these products to Nigeria and Gabon, respectively simply because of attractive prices in these countries. The policy implication of this observation is that domestic production of rice and corn must be promoted though loan facilities for instance combined with restricted imports.

## 5.2.5. Crossborder trade of oil seeds

### 5.2.5.1. Type and volume of oil seeds traded

#### Exports

Oil seeds include coconut, palm oil, palm kernel, "egusi", groundnut and groundnut oil. Oil seeds contributed 13% of the value of total exports to the sub-region, amounting to a volume of 11,830 tons with a value of 1.7 billion FCFA. Nearly 70% of total export earnings come from Nigeria which is a major consumer of palm oil and palm kernel. Equatorial Guinea comes far behind with 18% offering the second most important market for Cameroonian palm oil in the sub-region. Gabon represents an important consumer of Cameroonian groundnut and groundnut oil with export values of 30.5 million FCFA and 7 million, respectively. Most palm oil exports to Nigeria are informal (See Annexes 4.3.5.A and 4.3.5.B).

#### Imports

Figure 4.23 shows that 88% of the value of total imports of oil seeds are contributed by Chad (See Figure 4.23). Groundnut represents 100% of oil seeds imported from Chad with a total volume 285,000 tons evaluated at 2,3 million FCFA. Cameroon imported mostly egusi and coconut from Nigeria (See Annex 4.4.5.B).

### 5.2.5.2 Crossborder trade potentials

Cameroon is a net exporter of oil seeds and most of its export earnings in the sub-region are from the supply of palm oil to Nigeria (See Figure 4.10 and Annexes 4.3.5.A and 4.3.5.B). In general, oil seeds constitute the most lucrative Cameroonian export commodities in the sub-region. Earnings coming from Gabon are also substantial. Expansion of oil seed sub-sector will be a proper policy decision in the context of the New Agricultural Policy.

## 5.2.6. Crossborder trade of spices

### 5.2.6.1. Type and volume of spices traded

#### Exports

Spices include onions, garlic and pepper. Like vegetables and roots and tubers, spices contribute only 1% of total export earnings (See Figure 4.11) in the sub-region corresponding to 8.12 tons evaluated at 153 million FCFA (See Annexes 4.3.6.A and 4.3.6.B). Most earnings come from Equatorial Guinea equivalent to 44% of total export value of spices in the sub-region followed by Chad with 19%. Equatorial Guinea and Gabon are the biggest buyers of Cameroonian onions and garlic while Chad is the only country of the sub-region consuming pepper from Cameroon. Within this group, onions represent the most money making item with total earnings of 92 million FCFA followed by garlic with 31 million FCFA (See Annex 4.3.6.B).

## Imports

One hundred percent of spice imports are from Nigeria (See Annexes 4.4.6.A and 4.4.6.B) corresponding to 499 tons evaluated at 8.5 million FCFA. They include onions, garlic and pepper. Cameroon exports onions and garlic to Gabon, Equatorial Guinea and Nigeria. In fact most traders buy these items in Northern Nigeria where they are cheaper and re-exported them to Southern Nigeria, Gabon and Equatorial Guinea where they are sold at higher prices (See Figure 4.3 and Table 4.26).

### 5.2.6.2 Crossborder trade potentials

Crossborder trade potentials for spices exist in the sub-region. Cameroon which has agro-climatic conditions favorable to the production of pepper, garlic and onions is just buying them from one neighbor and selling them to other neighbors implying that there is a market for these products in the sub-region. Domestic production at a low cost should be promoted. If cost cannot be reduced, a zonal specialization should be devised where by countries with comparative advantages in given commodities will produce and supply them to others. This system will create interdependence conducive to regional economic integration.

### 5.2.7. Crossborder trade of animal products

#### 5.2.7.1. Type and volume of animal products traded

## Exports

Animal products include hide, milk, dry shrimps, dry fish, frozen fish, livestock (cattle and sheep), poultry and eggs. Animal products contribute only 0.6% of the value of total exports to the sub-region with a total volume of 200 tons equivalent to 83 million FCFA (See Figure 4.11 and Annexes 4.3.8.A and 4.3.8.B). Gabon constitutes the most important market for animal products contributing 37% of total export earnings followed by Nigeria, CAR, and Equatorial Guinea with 27%, 23% and 13%, respectively. Cameroonian livestock earned most money in Gabon and Equatorial Guinea totalling 70 tons valued at 29 million FCFA. Milk comes next with a volume of 56 tons and a value of 30 million FCFA. Dry shrimps represent another potential money earner with a value of 6 million FCFA.

## Imports

Animal products imported into Cameroon from neighboring countries include livestock (cattle and sheep), according to results presented in Figure 4.24, 67% of the total imports of animal products from the sub-region come from Nigeria. Equatorial Guinea comes next with 19% followed by Gabon with 14%. Total imports of animal products amount to 6.2 tons valued at 506 million FCFA. Cattle imported from Nigeria through Mayo Banyo Division in the Adamawa Province costs Cameroon most money amounting to nearly 200 million FCFA, with a total volume of 5,000 tons. It is

followed by 1,016 tons of frozen fish evaluated at 164 million imported from Nigeria, Gabon and Equatorial Guinea. Milk also costs Cameroon a substantial amount of nearly 75 million FCFA.

#### 5.2.7.2. Crossborder trade potentials

Two striking points emerge from the crossborder trade of animal products between Cameroon and neighboring countries. One point concerns the importation of cattle from Nigeria by Cameroon while the opposite is expected.

The second point is about the importation of frozen fish from Nigeria even from Gabon and Equatorial Guinea, despite abundant Cameroonian fisheries resources. Reports from non-official sources indicate that substantial quantities of fresh fish are exported to Nigeria throughout the year, Figures on these exports are difficult to obtain due to the secrecy surrounding this lucrative business.

Fisheries and livestock resources are abundant in Cameroon and represent important potentials for development. So far, Cameroon has been unable to successfully exploit the large Nigerian market due to unfavorable exchange rate between the Naira and the CFA franc. Recent monetary and fiscal reforms in the UDEAC zone are likely to help but they must be reinforced with measures designed to facilitate private investments in the fisheries and livestock sub-sectors.

#### 5.2.8. Crossborder trade of processed products

##### 5.2.8.1. Type and volume of processed products traded

###### Exports

Processed food products exported to neighboring countries include wheat flour, maize flour, cassava flour, garri, malt, soda, sweet drinks, beer, mineral water and maggi cubes. Processed products contributed 73% to the value of total food exports to the sub-region (Figure 4.11) representing nearly 33,000 tons equivalent to nearly 10 billions FCFA in the last fiscal year (see Annexes 4.3.9A and 4.3.9B). Wheat flour exported to Nigeria, Gabon, Chad, and Equatorial Guinea had the highest earnings of 5.2 billion FCFA followed by beer exported to Gabon, Chad and Equatorial Guinea with 3.3 billion FCFA. Soda, cigarettes, tobacco, mineral water and maggi cubes contributed 454,393,112 and 104 million FCFA, respectively. Chad is the biggest consumer of Cameroonian processed products contributing 49% of total earnings equivalent to 4.8 billion FCFA followed by Equatorial Guinea with 37% or 3.7 billion FCFA. It is interesting to note that cassava flour as traditional food staple earned 83.5 million FCFA.

###### Imports

Cameroon imported processed products from Nigeria only. This is an indication that Gabon, Chad, Equatorial Guinea and CAR are

behind Cameroon and Nigeria in terms of industrial development. Total imports amounted to a volume of 334 tons equivalent to 65.8 million FCFA about half of the imports are informal. Wheat flour cost Cameroon most money amounting to 31.5 million FCFA followed by Burnvita with 16.8 million FCFA (see Annex 4.4.9. B) .

#### 5.2.8.2. Crossborder trade potentials

Cameroon is a net exporter of processed products in the sub-region. Apparently, Cameroon earned more money than it spent in Nigeria despite the unfavorable exchange rate between the Naira and the CFA franc. This is greatly influenced by the smuggling of wheat flour to Nigeria through Cameroon. It should also be noted that most imports of processed products into Cameroon from Nigeria are clandestine but precise quantitative assessment of this situation is very difficult to know the exact amount. Moreover even declared volume and values reported in official records are generally below real figures. Nevertheless, recent monetary and fiscal reforms in the UDEAC zone coupled with the return of political stability in CAR and Chad and possible improvement in revenues in this country. Cameroonian earnings from exports of processed products to the sub- region are expected to increase thus contributing to economic growth in Cameroon.

#### 5.2.9 Crossborder trade of stimulants

##### 5.2.9.1 Type and volume of stimulants traded

###### Exports

Stimulants exported from Cameroon to neighboring countries include : cola nut, tea and sugar. Stimulants contribute 2.6% of total export earning from the sub-region (see figure 4.11) Total export volume of stimulants in this case amounted to 1,485 tons in the last fiscal year valued at 322.2 million FCFA (see Annexes 4.3.7A and 4.3.7B). CAR contributed most earnings corresponding to 87% of total exports equivalent to a volume of 1,250 tons and 21.8 million FCFA followed by Nigeria and Chad with 9% and 6.6% , respectively. Sugar is the most money making stimulant contributing 267 million FCFA followed far behind by cola nut and tea with 35 million FCFA and 19.4 million FCFA, respectively.

###### Imports

Cameroon imported all its stimulants from Nigeria alone in the last fiscal year totalling a volume of 323 tons equivalent to a value of 39.5 million FCFA. Stimulants concerned are by order of importance cola nut with 37.3 million FCFA bitter cola nut 2.2 million FCFA, coffee with 452 thousand FCFA and tea with 167

thousand FCFA (see Annex 4.4.7.A and 4.4.7B ). In the case of other groups of products, Cameroon does not import much from the sub-region emerging once more as a net exporter .

### 5.2.9.2 Crossborder trade potentials

Stimulants do not constitute important items in the regional trade. It is a surprise to note that Cameroon which produces coffee, tea and sugar cane also imports these products from Nigeria officially. As a traditional agricultural product, cola nut is exported to and imported from Nigeria at the same time. Imported and exported cola nuts are probably of two different varieties. Potential markets for stimulants, especially tea and coffee, exist in the sub-region particularly in Chad, CAR, Gabon and Equatorial Guinea. The economic importance of these markets has apparently not been recognized by public authorities in the past. But with present economic situation calling for regional integration, Cameroon should consider expanding exports of stimulants to the sub-region.

### 5.2.10 Crossborder trade of other products

#### 5.2.10.1 Type and volume of other products traded

##### Exports

Other products exported by Cameroon to neighboring countries include dry beans, cotton, live plants and pineapple juice. These products contributed 4.5% (see figure 4.11) of total export earnings in the sub-regional market in the last fiscal year, with a total volume of 2,300 tons equivalent to 581.5 million FCFA (see Annexes 4.3.10A and 4.3.10B). Nearly 99% of export earnings in the sub-regional market are from Nigeria trailed very far behind by Gabon with 1%. Cotton is the major item in this case with a volume of 2,255 tons evaluated at 575.5 million FCFA. This figure must be taken with caution because it probably includes cotton from Chad exported to Nigeria via Cameroon. Dry beans constitute the next most important product in this category with a volume of 39 tons and a value of 5.7 million FCFA. It is interesting to note that Cameroon exports pineapple juice to Gabon.

##### Imports

Cameroon imported dry beans, calabar chalk and soya beans from neighboring countries in the last fiscal year totalling 1,683 tons and 101.6 million FCFA. Dry beans were probably imported into Cameroon from Nigeria through its Northern Provinces. It is also interesting to note that Cameroon imported soya beans from Chad.

#### 5.2.10.2 Crossborder trade potentials

Pineapple juice, dry beans and soya beans have potential markets in the sub-region and Cameroon has the capacity to increase supply to meet existing demand. It will be necessary to determine the level of this demand and formulate appropriate policies aimed at promoting domestic production.

#### 5.2.11 Conclusions relative to crossborder trade of food commodities

Crossborder trade between Cameroon and neighboring countries is subject to UDEAC convention with regard to UDEAC member countries and is based on specific arrangements in the case of Nigeria which is not a UDEAC member country. Recent monetary and fiscal reforms in the UDEAC zone are expected to globally reinforce the crossborder trade within the sub-region but will probably reduce the volume of commercial exchanges between Cameroon and Nigeria.

Crossborder trade is based on price differentials which are very evident in the case of trade with Nigeria, Gabon and Equatorial Guinea, Cameroon's major commercial partners in the sub-region. Seasonal price variation characterizes fresh perishable food commodities such as fruits and vegetables while dry and processed food products have relatively stable prices.

Tomatoes constitute 80% of total export volume to Equatorial Guinea and Gabon outside harvest season for mangoes. During their harvest season, mangoes make up 80% of total export volume while tomatoes are reduced to 10% only. This surge in supplies reduces domestic prices while prices in Gabon and Equatorial Guinea remain relatively stable.

Processed products exported to Chad, Nigeria, Equatorial Guinea and Gabon are the biggest revenue earners followed by oil seeds exported to Nigeria. Gabon and Equatorial Guinea are major markets for spices, roots and tubers and vegetables.

Further development of crossborder trade in food commodities between Cameroon and neighboring countries is possible. It can contribute to economic growth in Cameroon and speed up the economic integration of the sub-region. This optimism is not without major constraints such as difficult access to appropriate food processing and preservation technologies, excessive road controls and bribery causing increased marketing cost and product losses. Policy decisions designed to address these questions would include promoting the production of major commodities with potential markets through special loan programmes, and reducing the number of road controls and better supervision of law enforcement officers.

### 5.3 Analysis of export supply of some major Cameroonian commodities with potential regional markets

It was established earlier that the following items emerge as the most economically important export commodities in the ten respective categories of food commodities examined in the context of the regional crossborder trade: wheat flour and beer (processed products), palm oil and palm kernel (oil seeds), cotton and dry beans (other products), sugar and cola nut (stimulants), avocados and tangerine (fruits), rice and maize (cereals), tomatoes and eru (vegetables), irish potatoes and cassava (roots and tubers), onions and garlic (spices), and milk and livestock (animal products).

To evaluate producer supply of staple commodities to neighboring countries, both domestic and export supply response rates were estimated. Quantitative estimates were obtained by means of Ordinary Least Squares (OLS) regression analysis. Results were then used to examine policy implications for cross-border trade in the sub-region.

Domestic and export supply functions are estimated only for rice, maize, cassava, tomatoes and onions, economically important commodities for which extended time series data on production and trade exist. Although time series data on wheat are available, it is not included because all of the wheat exported from Cameroon to neighboring countries is imported stuff.

The form of supply response models employed here is similar to that used by Fleming (1986). The supply models incorporate both lagged actual prices and future price expectations. An expected price variance is included in each model as a proxy for export price risk faced by producers. Inclusion of price risk in the model assumes that both price and price risk expectations are formed in an adaptive manner, where expected values are expressed as a geometrically declining weighted average of all previous values of export price and export price variance. As suggested by Anderson et al. (1980), this variable is estimated through non-linear least squares regression using the Gauss-Newton algorithm.

All commodities estimated in the domestic and export supply functions are annual crops. Thus, crucial factors influencing production, and hence supply, are the area under cultivation and their productivity, input prices (e.g. fertilizers), technological change and climate. Although the use of fertilizers and pesticides for food crops, especially vegetables, is becoming increasingly important, their prices are generally not considered when pricing final outputs. An important problem encountered was the inability to account for this type of change in technology and environmental conditions with their effects on productivity. To capture these effects, a time trend was included as an explanatory variable.

To account for the one year lag in adjustment of domestic and export supply of staple commodities to changes in explanatory

variables, a partial adjustment variable was included in the models. This allowed estimation of both short- and long-run price elasticities of domestic and export supply (Annex 5.1 for partial adjustment model used).

### 5.3.1 Domestic Supply Response Estimates

The domestic supply response model in Annex 5.1 was estimated using Ordinary Least Square (OLS) regression. Variables of interest are symbolized as follows:

- QS = the quantity of commodity *i* supplied
- DP<sub>*t*</sub> = domestic price of commodity *i*
- DP<sub>*t-1*</sub> = lagged domestic price of commodity *i*
- EP = the export price of commodity *i*
- EPV = the export price variance as a proxy for the risk faced by producers.
- H = the land area under cultivation of commodity *i*
- T = true trend
- e = the base of the natural logarithm
- β<sub>0</sub> = intercept term
- β<sub>*u*</sub> = elasticity coefficients and
- μ<sub>*t*</sub> = Stochastic disturbance term assumed to be independent and normally distributed with zero mean and constant variance.

Results are as follows:

RICE(R) :

$$\begin{aligned} \text{RQS}_t = & -33.834 + 0.049 \text{RDP}_t + 0.100 \text{RDP}_{t-1} + 2.872 \text{RH}_t \\ & (-3.930) \quad (1.733) \quad (2.633) \quad (7.666) \\ & + 1.770 \text{TIME} - 0.042 \text{RQS}_{t-1} \\ & (4.565) \quad (-0.288) \end{aligned}$$

$$R_2 \text{ adj.} = 0.98 \quad \text{DW} = 1.94 \quad \text{F-ratio} = 250.861 \quad \text{SEE} = 1.825$$

MAIZE(M) :

$$\begin{aligned} \text{MQS}_t = & 35.655 - 0.949 \text{MDP}_t + 0.669 \text{MDP}_{t-1} + 0.193 \text{MH}_{t-1} \\ & (0.064) \quad (-0.690) \quad (0.383) \quad (0.347) \\ & + 10.826 \text{TIME} + 0.633 \text{MQS}_{t-1} \\ & (0.747) \quad (2.115) \end{aligned}$$

$$R_2 \text{ adj.} = 0.51 \quad \text{DW} = 1.35 \quad \text{F-ratio} = 1.889 \quad \text{SEE} = 73.637$$

### CASSAVA (C) :

$$\begin{aligned} \text{CQS}_t &= 250.777 - 3.762 \text{ CDP}_t + 16.370 \text{ CDP}_{t-1} + 0.843 \text{ CH}_t \\ &\quad (0.261) \quad (-0.268) \quad (1.232) \quad (0.479) \\ &- 5.691 \text{ TIME} + 0.258 \text{ CQS}_{t-1} \\ &\quad (-0.070) \quad (0.657) \end{aligned}$$

$$R_2 \text{ adj.} = 0.26 \quad \text{DW} = 1.26 \quad \text{F-ratio} = 0.649 \quad \text{SE} = 314.893$$

The regression estimates indicate that except for cassava and maize, the selected specifications for all 7 commodities explain more than 60 percent of the variation in domestic supply. The low explanatory power of the model in the case of cassava may, however, be attributed to the fluctuations observed in its production. Between 1988/89 and 1989/90 for example, the increase in cassava production was 47%. The presence of autoregressive process in the case of cassava and maize and the significance of the lagged dependent variable in the case of maize only suggest that the relationships between independent and dependent variables are dynamic rather than static. However, it may be observed from the estimates that none of the other variables are consistent in explaining the variation in domestic supply for these commodities.

Domestic supply of rice is significantly influenced by price changes. Previous year's price is instrumental in bringing about changes in domestic supplies of cocoyams, rice, beans and groundnuts. Apart from rice, the number of hectares under cultivation does not significantly affect supply. This may be explained by the low productivity of land used for these crops. The time variable, included to account for technology and environmental changes, is significant only for rice. Inclusion of a supply adjustment variable ( $QS_{t-1}$ ) in the model indicates that significant adjustments occur only for maize, given changes in any of the explanatory variables.

### 5.1.2 Export Supply Response Estimates

Export supply response was estimated at two levels. First, regional export supply models were estimated for individual commodities (rice, maize, cassava, tomatoes and onions) using the relative export/domestic price ratio, and regional population and income growth as explanatory variables. These variables were included for the simple reason that export supply depends both on the relative profitability of the export market vis-à-vis the domestic market and the ability of the importing country to absorb exports. Apart from domestic price, all other variables affecting domestic supply were excluded from the export supply model because exports to neighboring countries make up a very small portion (less than 1% for most commodities) of total supply.

Secondly, total commodity exports to regional markets was

estimated using the above variables. Total export supply was further disaggregated into exports to individual countries. Regression estimates are summarized below, first, by commodity and then by country.

RICE(R) :

$$\begin{aligned} \text{RER}_t &= 22761.155 + 1788.808 \text{ PRIR}_t + 8.859 \text{ RY}_t - 77.933 \text{ RPOP}_t \\ &\quad (5.223) \quad (4.265) \quad (-4.799) \quad (-2.566) \\ R^2 \text{ adj.} &= 0.85 \quad \text{DW} = 2.10 \quad \text{F-ratio} = 10.644 \quad \text{SEE} = 365.105 \end{aligned}$$

MAIZE(M) :

$$\begin{aligned} \text{REM}_t &= 1058.262 - 16.368 \text{ PRIM}_t - 5.093 \text{ RY}_t - 0.139 \text{ RPOP}_t \\ &\quad (4.573) \quad (-0.810) \quad (2.866) \quad (-1.634) \\ R^2 \text{ adj.} &= 0.79 \quad \text{DW} = 1.98 \quad \text{F-ratio} = 7.382 \quad \text{SEE} = 17.100 \end{aligned}$$

CASSAVA(C) :

$$\begin{aligned} \text{REC}_t &= -220.092 - 42.075 \text{ PRIC}_t + 4.741 \text{ RY}_t - 0.131 \text{ RPOP}_t \\ &\quad (-0.274) \quad (-0.795) \quad (2.299) \quad (-0.393) \\ R^2 \text{ adj.} &= 0.70 \quad \text{DW} = 1.96 \quad \text{F-ratio} = 4.962 \quad \text{SEE} = 25.379 \end{aligned}$$

TOMATOES(T) :

$$\begin{aligned} \text{RET}_t &= -364.325 + 5.933 \text{ PRIT}_t + 0.941 \text{ RY}_t - 2.822 \text{ RPOP}_t \\ &\quad (0.215) \quad (1.813) \quad (0.796) \quad (-7.18) \\ R^2 \text{ adj.} &= 0.27 \quad \text{DW} = 1.34 \quad \text{F-ratio} = 1.142 \quad \text{SEE} = 183.448 \end{aligned}$$

ONIONS(O) :

$$\begin{aligned} \text{REO}_t &= -469.187 - 0.269 \text{ PRIO}_t - 0.594 \text{ RY}_t - 4.267 \text{ RPOP}_t \\ &\quad (-0.382) \quad (-0.213) \quad (0.764) \quad (-1.618) \\ R^2 \text{ adj.} &= 0.23 \quad \text{DW} = 1.44 \quad \text{F-ratio} = 1.244 \quad \text{SEE} = 102.862 \end{aligned}$$

The explanatory power of the export supply model was quite low

for onions (23%) and tomatoes (27%) and high for groundnuts (94%) and beans (88%). The low explanatory power for onions and tomatoes can be explained once more, by the large fluctuations in supply. Two facts explain this. First, these are perishable products requiring special handling and storage conditions. Secondly, domestic supply of these products has been less sensitive to domestic price changes as can be seen from the low price elasticity of -0.3 compared to rice (-1.8) and yams (-3.0) (Sama et al, 1988).

Relative export and domestic price variables appear to be important in the case of rice and tomatoes but not for cassava, maize and onions. For the latter commodities, price variables carry wrong signs. Regional export prices seem therefore, to have a favorable impact on exports of rice, cocoyams, groundnuts, beans and tomatoes.

Regional income growth turned out to be an important factor in export supply of rice and maize but not for the other commodities. The negative sign for maize which is significant is hard to explain. A less credible explanation may be that these are inferior commodities, but this needs further testing. Except for rice, population growth does not seem to influence regional demand for Cameroon's exports.

### 5.3.3 Short- and long-run domestic and export supply elasticities

Price elasticities of domestic and export supply are summarized in Table 5.4. Short-run elasticities were evaluated at the means. Long-run elasticities were then obtained as the ratio of the short-run elasticities to the coefficient of adjustment. The supply adjustment variable was not included in the export supply model since it was assumed that export supply was directly related to domestic supply so that any lags in domestic supply would be carried over to export supply. Long-run export supply elasticities were thus calculated from the coefficients of adjustment of the domestic supply models. Price expectation variables were excluded from the export supply model because price ratios (export/domestic price) rather than actual prices were used.

Short-run domestic supply elasticities were significantly less than unity at the 1% level of significance. Elasticity value of 0.468 was estimated for rice. The relatively inelastic response of producers reflects the biological constraints they face in varying supply. Although greater than short-run elasticities in all cases, long-run elasticities remain inelastic for all commodities. Price variations for all the commodities are relatively low, including rice (cv=19.3%).

Turning to export supply, short-run elasticities were quite low for all commodities except three. Export supply was elastic for rice and cassava and inelastic for the other commodity. Values varied from 0.005 for onions to 2.76 for rice. The extremely low

elasticities for onion and tomatoes also reflect constraints in getting these products to export markets despite their relative profitability as indicated by the export/domestic price ratio of 2.25 and 2.16 respectively (Table 5.6). All elasticities appear to increase in the long-run with the export supply of rice and cassava becoming elastic.

#### 5.3.4 Domestic and Export Supply Projections.

Domestic and export supply projections were made using the various producer response rates estimated for individual commodities. Three alternative scenarios were considered based on historical growth rates in both domestic and export supply. The first assumed that domestic production of staple commodities grew at a slow rate of 0.5%, consistent with historical growth in the food production sector. In the light of past yields in Cameroon, an even lower growth rate could have been assumed, but the choice of 0.5% was based on producer response to market incentives. The second scenario considered a modest growth in supply of 1.5%. This was consistent with the assumption that producers would adopt existing technologies and respond to market incentives in both the domestic and export markets. The third scenario considered a 3% growth in supply. This scenario is presented for illustrative purposes only.

Due to a limited supply of planting material and extension services, adoption rate of new food production and processing technologies is quite low in Cameroon. Although additional research and extension in coming years to develop and adapt improved farming systems and crop varieties to Cameroon's conditions appears possible, the present economic situation which has grounded agricultural research does not indicate that this will be possible. This scenario also assumes that should regional demand increase as the trend now shows for some commodities, domestic producers will be forced to import the necessary technology in order to take advantage of profitable export markets.

Projected supply of regionally traded commodities are summarized in Table 5.8. Implications drawn from these projections need to be taken with caution, given deficiencies characterizing data coverage, correctness and quality. Projections based on historical growth rates necessarily carry the data limitations inherent to the growth rates. In particular, breaks in data series also carry over into the supply projections and this reduces the degree of confidence in the results. As a consequence, projected supplies should be examined with great caution.

As indicated in Table 5.8, under a low growth rate of 0.5%, the supply of cassava for example could reach 1,630,000 tons by 1995 and 1,670,000 tons by the year 2000. Under a medium growth rate scenario, these figures would become 1,711,000 tons and 1,843,000 tons in 1995 and 2000, respectively. Under the high growth rate scenario, supply of cassava is projected at 1,841,000 tons in 1995 and 2,133,000 tons in the year 2000 (Annex 5.2 for details).

As far as cereals are concerned, projected supply would not exceed 540,000 tons and 119,000 tons of maize and rice, respectively by the year 2000 under a low growth rate of 0.5%. If and when technology will be available and adapted by producers, domestic supply will reach 690,000 tons and 153,000 tons, respectively.

Projections of export supply are summarized in Table 5.9 and details are presented in Annex 5.3. Presently, export supply is a small portion of domestic supply. Thus, constraints on export supply will likely be less compared to those of domestic supply. As a consequence, export supply will keep pace with demand provided that domestic demand needs are met. However, as mentioned earlier, producers will be eager to increase export supply if profitable conditions exist in these markets.

As is evident, cassava supply to export markets will reach 117 and 120 tons in 1995 and 2000, respectively if supply grows at a low rate of 0.5%. At a growth rate of 3%, supply will reach 150 tons by the year 2000. Export supply of maize will reach 154 tons in the same year while supply of groundnut will reach 149 tons ( see Annex 5.3 for details results).

## SECTION 6. POLICY ISSUES IN THE DEVELOPMENT OF CBT

### 6.1. Recent Policy Reforms.

The government's recent determination to increase foreign exchange earnings by promoting exports has required a change in trade policy. In 1989/90, the government embarked on a trade liberalization program with the objective of :

- (i) ensuring regular supply of domestic markets with domestic rather than imported commodities ;
- (ii) promoting export potential of traditional export as well as non-traditional crops ; and
- (iii) stimulating competition in domestic as well as export markets.

Development of agricultural production has always been at the center of government's concerns and more so today as the result of falling prices of traditional export commodities such as coffee, cocoa and cotton in the world market.

The country is still facing difficulties in exporting other agricultural products such as bananas and pineapples to European countries including France, its traditional trade partner.

In response to the situation described above, Government Officials are beginning to be more serious about the promotion of trade with neighboring countries in their drive to diversify agricultural exports. Concrete measures relevant to this policy have been undertaken. These are:

- the creation of the National Early Warning System (SNAR) with World Bank funding,
- the creation of OCISCA with the support of the French Government, and
- the UNDP/FAO funded Project on Post-harvest crop loss.

All these three projects are limited in scope and time. Information made available to the survey team indicated that OCISCA is only monitoring illegal trade with Nigeria for a limited time while SNAR whose mission is to warn the Government on any imminent agricultural disaster, is also monitoring crossborder trade at a few selected border locations.

All these three projects have the same objective, that of developing regional trade through the current situation and the establishment of a market information system. Unfortunately, they carry the germs of failure that characterize most externally funded projects, namely:

- inadequate allocation of required resources;
- duplication of efforts; and
- lack of coordination.

Although a liberal trade policy now exists in Cameroon to enhance internal and external trade, a number of other policy measures will need to be undertaken before the agricultural sector can begin to respond to trade policy changes. A notable policy area in this regard appears to be pricing. Recent measures to progressively decontrol prices and profit margins of certain commodities appear to be slow in their attempt to transmit signals to domestic producers. Thus, until domestic and export prices (e.g. cocoa and coffee prices which are currently determined by the government) are totally decontrolled, the price transmission mechanism necessary for increased production and export will continue to work against increased agricultural production. In reference to what was said earlier, competitive prices constitute a major condition for the success of the non-convertibility of the CFA franc outside the franc zone and the Region Reform Programme designed to lead gradually to regional economic integration.

#### 6.2. Impact of Policies on Cross Border Trade.

The domestic policies pursued by various countries of the sub-region have had remarkable effects on their economies which have, in turn, affected CBT with Cameroon. Agricultural and trade policies have not only influenced regional demand for Cameroon's exports but have closed up trade avenues for some of her exports. Analysis of growth patterns in Cameroon and neighboring countries reveals that except for CAR, overall agricultural and food production has been declining in all countries of the sub-region. For example, commodities for which data exist indicate that production of cereals (maize), plantains and fruits in Nigeria declined by 5.3%, 10.7% and 6.7% respectively, between 1989 and 1991. Roots and tubers had a high growth rate of 19.2% and cocoyams and cassava registering 29.6% and 14.3%, respectively. Potato and vegetable production stagnated while growth in rice and tomatoes was minimal at 1.6 and 1.9% respectively (Table 6.1).

Considering these growth patterns, and if domestic demand in Nigeria is maintained, import demand for plantains, maize and fruits will increase while demand for cocoyams and cassava will fall in significant quantities. Since growth rates in rice and vegetable production in Nigeria are low (1.6 and 0.03% respectively), it is certain that previous trends of increased imports of these commodities will be sustained. Thus, as trade conditions between Nigeria and Cameroon open up, export supply of rice, vegetables, plantains, maize and fruits to Nigeria will need to be increased by Cameroonian producers.

Compared to Nigeria, domestic production of roots and tubers in Gabon was quite small (430,000 metric tons in 1991). Growth in root and tuber production averaged 8%. Vegetable and melon production rose faster at 18.2%. Cereal production remained stagnant at 21,000 tons while groundnut production dropped at 13.1% annually (Table 6.2). The significance to Cameroon's exports is that, if these production trends remain, Gabonese

demand for vegetables, roots and tubers will decline while her demand for groundnuts, cereals, plantains and fruits will increase at a slow pace.

Gabon has been the single major importer of vegetables and roots and tubers in the sub-region. It has come to realize the foreign exchange constraint on imports and has taken measures to increase domestic production. The consequence of this on future trade will be a reduction in vegetable and root and tuber imports. The large share of maize and fruit imports is certainly going to be maintained given the slow progress in domestic production. Therefore, Cameroonian producers will need to explore the market opportunities that exist in Gabon for maize, fruits, groundnuts, chocolates and plantains.

The limited range of exports destined for CAR could be due to sustained overall growth in domestic production. The increase in per capita food production came from significant growth in vegetables (21%) and cereals (16.4%). Maize was the single product with a 30% annual growth rate (1989-91). Growth in fruit production was low, not exceeding 1%. Root and tuber production declined however, from 754,000 to 643,000 tons (Table 6.3). While the export supply of cereals and vegetables to CAR may decline because of increased domestic production, if current trends stay, only supplies of roots and tubers will increase. This pattern is likely to boost domestic production of these products in Cameroon to meet this export supply.

Overall, the index of per capita food production in Chad declined by 7.5% from 1985 to 1990. Recent production trends from 1989 to 1991 suggest that there is an improvement in the food production situation. Reasons for this include relative political stability in the last few years, increased production adjustment and overall climatic improvement. Notable growth occurred in cereal (26%) and vegetable (13%) production (Table 6.4). Root and tuber, plantain, groundnut and fruit production increased marginally. Cameroonian producers therefore, will need to focus attention on export supplies of roots and tubers, fruits, plantains and groundnuts to Chad.

The drop in rice production from 8,491 tons in 1987/1988 to 4,883 tons in 1988/1989 (Table 6.5) is an indication that Cameroon is in no position to export large quantities of rice to Nigeria. This reduction is probably the major cause for the increase in imports of food items into Cameroon registered in the last few years. Table 6.5 also shows that there are no statistics on local production of fruits and vegetables which constitute major export items to Gabon and Equatorial Guinea with substantial earnings to traders. Thus, fruits and vegetables must not be overlooked in future agricultural census as required by the new agricultural policy which emphasizes diversification of agricultural exports.

Although domestic food production data on Equatorial Guinea is not available to permit estimation of import demand, it is clear that her large urban population will continue to permit increased imports of staple food commodities.

The preceding analysis of the effects of policy on domestic food production and cross border trade gives an idea of the types of commodities that could be traded between Cameroon and neighboring countries. However, it does not explain the degree of import demand or export supply response by each country. Thus, further analyses were conducted to provide this information.

## SECTION 7. IMPLICATIONS FOR REGIONAL TRADE IMPROVEMENT AND AGRICULTURAL DEVELOPMENT IN CAMEROON

The most interesting case is that although Cameroon's share of regional exports in total production is small, it has been declining over the past period. This can be attributed to declining per capita agricultural and food production, low yields and non-competitiveness of various commodities in export markets. Three important policy initiatives are suggested to circumvent this problem. First, a price incentive structure needs to be put in place. Secondly, a profitable, easily adoptable technology is needed and finally, an input and service support mechanism is necessary for producers. The rapid increase in maize yields in Cameroon in the last three years explains the importance of these policy measures. As producers see profitable output prices and reasonable input prices, they will begin to adopt new technologies.

The study also reveals that even though the pressure from import demand from neighboring countries is low, it would be necessary to ensure that products of the desired quality be made available on a sustainable basis. This appears possible only when two conditions are met. First, effective coordination of domestic production and export promotion efforts are made.

Secondly, producer advice regarding quality and type of commodity (process and unprocessed) is required in the export market. To promote exports of agricultural and food commodities, identification of potential exportable commodities and sub-regional planning for growth in the production of these commodities are essential.

To keep Cameroon's competitive strength, a number of actions are required which include:

- (i) keeping prices in line with international markets through crop planning and regional specialization to lower cost of production;
- (ii) improving the quality of export products;
- (iii) creating appropriate institutions to handle publicity and sales promotion; and
- (iv) ensuring a suitable exchange rate policy. The significance of this stems, inter alia, from the regional productivity differential of many commodities.

Low domestic demand in the various countries concerned relative to declining total and per capita income in the region will further reduce imports, except at relatively low prices. This will only be possible through reductions in unit cost of production. There will be a need for countries and producers to take advantage of latest technological developments

for changing the production mix in the agricultural sector. This will have to be done in accordance with regional comparative advantages while recognizing the importance of domestic demand and possible export potentials.

A new measure with yet unknown consequences on crossborder trade between Cameroon and Nigeria was taken by the Bank of Central African States as this study was coming to an end. This measure makes the FCFA non-convertible outside the franc zone and is likely to change the course of trade between the two countries. It is intended to control capital flight out of the countries of the franc zone.

Populations in border towns with family ties across the border and whose livelihood depends on crossborder trade are quickly reacting to the new measure by developing a barter system as was reported from informal sources in the Northern Provinces of Cameroon. Another feared negative consequence of this measure is the depletion of foreign currency reserves in the countries of the franc zone. One thing is however sure: the necessity to put together a monitoring system for an early detection of undesirable practices which populations may see as an easy way for their survival under the current economic crisis.

## SECTION 8. MARKETING ACTIVITIES AND PROPOSAL FOR OF A MARKET INFORMATION SYSTEM

### Marketing activities

Because we are dealing mainly with crossborder trade of food commodities which are in the domain of agriculture, discussions in this chapter are limited to the marketing of agricultural products.

Marketing of a given agricultural product consists of ensuring its flow from the initial point of production to consumers. This means performing the following economic activities by market agents:

- buying of agricultural products at farm prices;
- transporting, storing and processing of commodities in order to sell them to consumers for an economic return.

Marketing agents thus ensure physical distribution which corresponds to the physical handling and transfer of goods through the marketing channels. They add value to goods by the mere fact that they bring these to the right consumers at the right place. Added value is even more important when goods are processed and brought up to the right form.

A complete marketing information system involves the gathering, processing and dissemination of market information to various market participants.

### Gathering and updating agricultural market information.

The following elements constitute basic agricultural market information:

- major food commodities of interest to consumers;
- farm wholesale and retail prices of these products;
- major producers and production points;
- volume of supply;
- major required inputs;
- producers of inputs;
- prices of inputs;
- major required farm equipments;
- prices of farm equipments;
- sources of farm equipments;
- weather forecast;
- Major marketing agents: retails, wholesalers, processors/manufacturers and transporters;
- available transport means and their costs;
- available processing and storage technologies and their costs;
- major domestic and foreign consumption points;
- wholesale and retail prices prevailing at major consumption points; and
- major roads connecting production and consumption points.

In Cameroon today, there is no single public or private institution capable of providing accurate information on all these elements in an organized manner.

#### Processing market information

Processing of market information consists of extracting, compiling and statistically analyzing previously gathered market data, interpreting the results and presenting them in forms that have specific meanings for decision makers, producers, marketing agents and consumers. Officially, the Chamber of Agriculture and DEAPA in the Ministry of Agriculture are supposed to play this role. Unfortunately, they are also constrained by insufficient resources and negatively affected by the current economic crisis as any other public service.

#### Dissemination of agricultural market information

Dissemination of market information consists of presenting processed information in an appealing form and understandable language for the target audience. In the present case, information is made available through 3 major support elements: written materials, audio (radio) and audio-visual (television) programmes. These 3 supports elements are used in Cameroon today but it seems that their messages are not received by target audiences because there are persistent complaints about lack of market information.

#### The current market information system in Cameroon

Major actors in the Cameroonian market information system are identified below.

##### In the public-sector.

- The Chamber of Commerce and the Chamber of Agriculture with a vaguely defined mission of gathering, processing and disseminating information on all marketing aspects.
- DSCN/MINPAT is responsible for gathering, processing and disseminating information on prices and all exports from and imports into Cameroon.
- DEAPA/MINAGRI has the mission of gathering and processing information on agricultural production, prices, costs, inputs and consumption;
- The National Radio and Television Corporation (CRTV), the National Printing Agency and Cameroon Tribune have the responsibility of assisting in the dissemination of information in general including market information.
- The Arabica Coffee Market Information System (AMIS) launched in September 1993 as a support measure for the liberalization of the arabica marketing sub-sector, disseminates weekly Arabica coffee FOB price through radio and television.

OCISCA/ORSTOM/MINPAT and SNAR/MINAGRI are newly created public services which may be classified as market information agencies. However they are limited in scope and time. SNAR, the National Early Warning System, has the main mission of drawing the attention of Government Officials on foreseeable natural and agricultural disasters. It is also involved in the collection of crossborder trade information at a few selected border locations. It has a limited funding for only 3 years of operation.

OCISCA/ORSTOM is another market research project funded by the French Cooperation and based at the Ministry of Plan and Regional Development. Its mission is mainly to monitor illegal trade between Nigeria and Cameroon. OCISCA/ORSTOM works in collaboration with the National Customs Service and Provincial Delegations of the Ministry of Plan. It also collects monthly market information from all the border markets. OCISCA is already running out of funds and is looking up to USAID and the World Bank for financial assistance. Even though it has been in existence for 3 years, its first report is still expected. Contacted officials of OCISCA were unable to indicate for which target audience they are working, decision makers or businessmen.

For the moment, we are unable to make valid statements on the importance of these public services within the existing market information system. However, it is known that they are all flawed by inadequate collaboration and coordination and most of them are constrained by improper staffing and equipment.

#### In the private sector

It was reported that nearly 60% (Tambi et al., 1992) of agribusiness managers get their market information from professional organizations such as SYNDUSTRICAM. However, as in the case of public services, little if anything is known about the real capacities of private professional organizations to perform the functions of market information service. Privately owned written media are also providing a helping hand in this domain but in a unsystematic and uncoordinated manner.

#### Potentials for the design of a functional market information system under the conditions of Cameroon

The true picture of the market information system in Cameroon is not described in any report to permit a proper assessment of its situation. The first step in the creation of a reliable and functional market information system consists of studying the present situation in order to identify existing real constraints, limitations and potentials. These constraints and potentials will be useful in designing a program for improving the situation.

Based on the scanty information available on the current market information system, two basic scenarios are contemplated:

- a) the restructuring and strengthening of public services involved in the market information system;

b) the creation of a complete self-funding private market information system.

In the first case, the 3 functions of a market information system will be assigned separately to specialized public services with a proper coordination mechanism. With the current economic crisis, one is tempted to recommend the selling of services by these organizations in order to ensure self-funding. However this approach is against the principle of the withdrawal of the Government from commercial activities.

In the second case, one contemplates the creation of a complete privately owned and operated market information system. Its survival will be difficult because most Cameroonian entrepreneurs do not yet realize the value and importance of information. However, this may work with a proper management by a non-governmental organization and financial support from donors and local committed businessmen. This scenario which seems plausible under the present socio-economic conditions, constitutes the basis for Project I of chapter 10.

## SECTION 9. CONCLUSION AND OUTLOOK

The differential growth patterns examined for respective countries in the sub-region reveal total income (GDP) to be declining in Cameroon, CAR and Gabon. In the other countries, the increase in total income appears to be minimal, averaging 2.4%. Per capita income in all countries is also declining. These growth patterns suggest that if past trends continue, income is likely going to put a downward pressure on import demand for staple food commodities.

Total population growth patterns suggest that Gabon has a high population growth rate despite its small size. Nigeria's high population size is growing at the same rate as that of Cameroon. If these trends continue, it is likely that exports to Nigeria and Gabon will increase. However, exports to Gabon will be mitigated by its small size and its declining urban population. Although Chad's urban population is rising at a fast rate, exports to this country will not rise beyond previous levels simply because of low income levels which are also declining.

The agricultural growth patterns observed in these countries indicate that except in Cameroon and Gabon where agricultural GDP declined, growth patterns in other countries have been positive. Since import demand for agricultural commodities depends in part, on domestic production of these products, the hypothesis that success (growth) in agricultural production impacts negatively on import demand and that failure (lack of growth) impacts positively reveals that import demand for agricultural products is likely to increase in Cameroon and Gabon than in other countries. In the other countries, import demand will fall, but at varying degrees for different commodities as reflected by the differential growth rates in aggregate agricultural GDP.

Judging from the data used, and holding other factors constant, Nigeria's demand for agricultural imports from neighboring countries will decline much faster if previous growth patterns in agricultural GDP are maintained. The implicit assumption is that import demand for particular commodities will fall as they are substituted by domestic production. In CAR, Chad and Equatorial Guinea, import demand for agricultural products will fall, but at a slow pace because of lags in domestic adjustments in production. Thus, it is unlikely that a greater portion of Cameroon's agricultural exports will be absorbed by Nigeria, CAR, Chad and Equatorial Guinea if domestic agricultural production trends in those countries are sustained. For some commodities (e.g. rice) exported to Nigeria, Cameroon acts as an intermediate exporter simply because of Nigeria's current ban on their importation. When and if the ban is lifted, export shares for these commodities will decline. Although Gabon, which appears as the major export market for agricultural commodities has the purchasing power, it does not seem likely that the share of agricultural exports to this country will increase beyond previous levels. This is principally as a result of her small population size, half of which is rural.

When examined on an aggregate level, growth patterns in agricultural production in the neighboring countries conceal a lot of facts. A different picture shows up when per capita production of staple foods in these countries is examined. Except for CAR where growth occurred in domestic food production, all other countries have negative growths. The fall in Cameroon's per capita food production is quite serious (18.3%) compared to the rest of the countries. Reductions in per capita food production in Gabon and Chad are minimal. With declining trends in per capita income in Chad and Nigeria, Cameroon's exports of staple commodities to these countries is likely to fall. Although Gabon's declining but high income levels along with a high population growth rate may help sustain Cameroon's exports, the small market size will once more put a hold on further expansion of exports.

## SECTION 10. RELEVANT PROJECTS IDEAS

Project ideas that emanate from this study are summarized below by order of importance. Their implementation requires a collaborative efforts between USAID/Cameroon, donors and the Government.

### I- Programme for the Rapid Modernization of Agriculture through Continuous Business and Market Information System

#### I.1. Programme concept and justification

In their efforts to assist farmers and decision makers, experts like to circumscribe identified problems for a better understanding but by so doing, they tend to isolate these problems from their context with the risk of overlooking important relationships that exist between the components. Meanwhile, farmers and decision makers have to wrestle with entire systems. This holistic approach seems more relevant to the present quest for a rapid modernization of Cameroonian agriculture with the goal of improving productivity and competitiveness of outputs in regional and world markets. It is believed that this objective can be achieved through the development of a "Programme for Rapid Modernization of Agriculture through Continuous Business and Market Information System." This programme has 3 major components summarized below.

- a) Production of a guide for local investors in the UDEAC zone with one volume dedicated to each member country. This guide will address the following issues:
  - identification of local, sub-regional and world markets for major agricultural products in each UDEAC member country;
  - identification of relevant agricultural investment projects taking into consideration resource bases of major agro-ecological zones of each country with brief outlines of feasibility studies;
  - identification of major sources of technical and financial assistance with modalities for disbursement and reimbursement;
  - formalities for the creation of business enterprises in each UDEAC member country;
  - business regulatory framework including Government and UDEAC trade and tax policies, the Lome Convention and other major trade agreements signed with foreign countries outside the UDEAC zone in favor of local economies as well as export procedures.
- b) Sensitization of farmers and informal traders on the above issues through seminars/workshops organized at divisional level.

- c) Continuous market research and information on the situation of major commodities with potential local, regional and world markets. Information gathered this way will be processed and published in quarterly market reports on each product thus taking into account the seasonal nature of agriculture. These publications will appear in the form of a leaflet or a bulletin easy to produce, read and carry around.

Farmers are particularly singled out in this programme because they are the main actors in the agricultural development scene. Their education must be part of the modernization process. It is incontestably true that they are ignorant about the issues raised above which are necessary for a market-oriented agricultural production.

This programme will also raise the awareness of ordinary citizens on the market space of the UDEAC zone and on trade agreements signed with other countries for the benefit of local businessmen. The guide will constitute an important source of information for local as well as foreign investors.

## I.2. Programme implementation

### a) Terms of reference and activity plan

The implementation of the programme will be assigned to one or a group of non-governmental organizations which will work with relevant public services and institutions for the gathering and dissemination of information. These institutions will include the Ministry of Agriculture, the Ministry of Trade and Industrial Development, the Ministry of Finance, the Ministry of Plan and Regional Development and the Cameroon Radio Television (CRTV).

The consulting firm(s) will be responsible for all the 3 components of the programme but will be assisted by CRTV and local news papers for the dissemination of processed information. It will take 3 years to carry out the programme as indicated in the activity plan summarized below.

#### Year 1

- gathering and analysis of information on:
  - \* potential markets for major local agricultural commodities;
  - \* official texts on business regulations including UDEAC trade agreements and others signed with foreign countries;
  - \* impact of limited convertibility of the CFA franc on crossborder trade;
- writing the first investment guide dedicated to Cameroon.

## Year 2

- continuous gathering of market information including monitoring the impact of limited convertibility of the CFA franc on crossborder trade;
- organization of seminars/workshops for farmers and informal traders at divisional levels in order to avoid long trips by the participants.

## Year 3

- continuous market research and information gathering;
- publication of first quarterly reports on market situation of major agricultural commodities;
- up-dating of the Cameroon investment guide;
- writing of investment guide for other UDEAC member countries.

The first edition of the investment guide dedicated to Cameroon will emphasize regional crossborder trade and will be based on the result of collection and processing of weekly time series data on trade at strategic border locations (Ekok, Ekondotiti, Demsa, Banki, Aban-Minko, Kousseri, Figuil, Mbaiboum near Touboro and Garoua Boulai). This will include monitoring of economic and market conditions in each country. First, these activities can be carried out on a trial basis for 3 years by a private consulting firm in collaboration with competent services of the Ministry of Agriculture and the Ministry of Plan and Regional Development, particularly DEAPA, SNAR and OCISCA which are already well structured with field enumerators at all the border markets.

Relying on DEAPA, SNAR and OCISCA which employ civil servants demobilized by irregular payments of salaries may not be a good strategy. Using the services of a private consulting firm may be expensive but is likely to yield good results. In this case, the consulting firm will employ local informants to collect weekly information on border markets under the supervision of its experts who will visit these localities once a month. The firm will also be responsible for analyzing and reporting gathered information in forms suitable for defined target audiences.

The information gathering exercise will provide the opportunity to monitor the impact of the non-convertibility of the CFA franc outside the franc zone and the application of the Regional Reform Program on crossborder trade between Cameroon and neighboring countries. It will also be particularly important to watch out for undesirable practices that local populations may develop in response to these measures.

## b) Programme funding

USAID Cameroon along with other donors, could provide all the necessary funding for activities planned for the first year. This financial assistance will start to phase out from the second year when sales of investment guides at a subsidized price will start. Collected revenues will be kept as revolving funds which will be used in the third year to support the publication of quarterly reports on market situations of major agricultural commodities. It is hoped that after the third year, farmers and local businessmen will realize the importance of business information and will be willing to pay for it.

## II- Up-dating investment guides

Investment guides will be updated every two years to include new policy reforms and will be extended to other UDEAC countries. They will contain world market information as well as information on technological innovations and sources of equipment and raw materials required by the local agribusiness industry.

## III- Promotion of private regional professional organizations

Promotion of private regional professional organizations can be useful for the establishment of economic cooperation among businessmen of the various countries of the sub-region. This can be initiated with a contact meeting attended by businessmen of the UDEAC zone. Modalities for the institution of periodic meetings and the creation of private professional organization will be debated during the first meeting. This project will be of some interest to USAID/Cameroon, the African Development Bank, the World Bank, UNDP and the French Fund for Development which should be the main sponsors.

## IV- Elaboration of a uniform banking system in the UDEAC zone

This activity will necessitate the elaboration of a basis for sound banking agreements among the countries of the sub-region that will facilitate transfer of funds among them thus contributing to the development of trade within the sub-region. This is particularly important following the application of non-convertibility of the CFA franc outside the franc zone.

The implementation of this project should be initiated with a study of the existing system of crossborder transfer of funds within the UDEAC zone. The main objectives of this study will consist of identifying major constraints and potentials for its promotion and proposing relevant policy reforms to public authorities and bank officials. Again, this is an activity that must be of some interest to the World Bank, the African Development Bank, USAID and other donors which are already supporting efforts for a regional economic integration.

V- Reinforcing the country's capacity to collect agricultural census data

The Government must expand its agricultural census data collection activities to include collection of census data on production and marketing of fruits and vegetables whose economic importance is becoming gradually evident. These commodities have been completely left out of agricultural census reports. The pressing need to diversify agricultural exports dictates a closer examination of their already encouraging value in the sub-regional market. With the closing of the Cameroon Agricultural Planning Project (CAPP) which has been giving an helping hand to DEAPA ("Direction des Enquêtes Agro-Economiques et de la Planification Agricole"), this service will need financial assistance from donors including USAID to keep up its crucial activities. A reinforcement of its capacity will also be necessary to permit gathering of additional information on production and marketing of fruits and vegetables.

With the present situation of limited financial resources, a series of strategic rapid appraisal surveys (RAS) sponsored by USAID/Cameroon complementing the activities of DEAPA could provide reliable agricultural census data at a low cost. In this case, a series of two RAS will be necessary for each agro-climatic zone:

- one at planting season to determine area under cultivation which will be used in forecasting production, prices and other traditional parameters considered in agricultural census; and
- one at harvesting to determine actual total and marketed production.

The country can be divided into 3 agro-climatic zones for this purpose, with uniformity of planting and harvesting season in each zone. Far North and North Provinces will constitute zone I or Sudano-sahelian zone. Zone II or High Altitude Savana zone will include Adamawa, West and North-West Provinces. The rest of the country will be identified as zone III or the humid and semi-humid forest zone.