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## Is The Regional Integration in Central Africa in Question?

Jean-Marie Gankou\* and Marcellin Ndong Ntah\*\*

**Abstract:** *This paper aims at suggesting concrete measures to address the numerous obstacles (political, economic, institutional and financial) which explain why the regional integration process is still lagging in Central Africa despite its long history and institutional background. In this context, the authors highlight important components of the ongoing institutional reforms initiated by the Economic and Monetary Community of Central Africa (CEMAC) Heads of State in order to modernize CEMAC and to revamp regional integration in this sub-region. Structural measures proposed by the authors to boost CEMAC stemmed from a thorough assessment of CEMAC's performance resting essentially on SWOT's methodology.*

### L'intégration régionale en Afrique Centrale est-elle en question?

**Résumé:** *Cet article vise à suggérer des mesures concrètes susceptibles de s'attaquer aux nombreux obstacles (politiques, économiques, institutionnels et financiers) qui expliquent la relative lenteur du processus d'intégration régionale en Afrique Centrale malgré sa longue histoire et son passé institutionnel. A cet égard, les auteurs mettent en évidence les composantes majeures des réformes institutionnelles en cours initiées par les Chefs d'Etat de la CEMAC en vue de la moderniser et de redynamiser l'intégration régionale dans cette sous-région. Les mesures structurelles proposées par les auteurs pour stimuler la CEMAC émanent d'une évaluation minutieuse de la performance de la CEMAC reposant essentiellement sur la méthodologie FFOM.*

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### Introduction

With a view to overcoming structural handicaps to development and reaping advantages of regional integration, Central African countries committed themselves since independences to the process of integration. Indeed, regional integration in Central Africa has a long history, which dates from the colonial era when some Central African territories formed the federation of "Afrique Equatoriale Française". In 1964, UDEAC, a structure designed to promote intra-regional trade among Central African countries was created in Brazzaville (Congo). Reflecting the inward-looking regionalisation that was *a la*

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\* Professor, University of Yaoundé II, Cameroon; E-mail: [jmgankou@yahoo.fr](mailto:jmgankou@yahoo.fr)

\*\* PhD, Economic Adviser at UNDP; E-mail: [marcellin.ndong.ntah@undp.org](mailto:marcellin.ndong.ntah@undp.org)

*mode* in the 1960s, UDEAC subsequently erected a highly distorted, fragmented, and ad hoc, import-substitution trade policy under the guise of regional integration. In 1994, UDEAC was restructured to cope with the challenges emanating from excessive protection, low customs revenue, intra-regional distortions in production, and the low level of trade with the rest of the world. It was later renamed the UEAC. The “Union Monétaire de l’Afrique Centrale” and UEAC became CEMAC by a treaty signed in 1994.

This paper essentially deals with CEMAC countries including: Cameroon, the Central African Republic, Chad, the Republic of Congo, Equatorial Guinea, and Gabon<sup>1</sup>, although our analysis will also grapple with general issues related to ECCAS<sup>2</sup> which is a wider initiative in the process of regional integration in Central Africa. The six (6) countries of CEMAC are partially linked by economic ties and more by history. Despite its vast geographic area of roughly 3 million square kilometres, Central Africa is however the smallest sub-region of the current African regional arrangements, with a population of about 31 million inhabitants which is less than the population of a country like Tanzania (about 37 million inhabitants in 2004<sup>3</sup>) and only a quarter of the population of the Federal Republic of Nigeria (about 127 million inhabitants in 2004).

About 40 years after independences and despite the countries’ obsessions and potentials for regional integration, the progress has been very modest, just for a few tariff reductions. In this context, the Heads of States launched an initiative to reforms and modernizing CEMAC, with a view to reviving regional integration in this sub-region (section 2). This initiative is timely, especially following the observation during the June 2007 AU (African Union) Summit in Accra that considered the success of sub-regional integration as prerequisites for the Unite States of Africa. This initiative should lead to changes aimed at addressing the main impediments of regional integration in Central Africa. In this connection, the paper explores and suggests structural measures aimed at revamping regional integration in Central Africa. Most of these measures will stem from an assessment of the process of regional integration in Central Africa (Section 1).

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<sup>1</sup> Sao Tomé & Príncipe is still an Observer in CEMAC

<sup>2</sup> ECCAS is larger than CEMAC with its area of 6.6 million square kilometres, it represents a major market in Africa with a population of about 120 millions inhabitants. ECCAS is composed of 11 members, including all the six countries of CEMAC.

<sup>3</sup> This figure and the one related to the population of Nigeria are extracted from : UNDP (2006)

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## **I. Evaluation of Regional Integration in Central Africa**

This assessment will focus on regional integration drivers (strengths) and weaknesses in Central Africa which will help to understand the performance of regional integration in the sub-region. This performance will be highlighted by identifying both success stories and failures.

The methodology used for this evaluation is the SWOT which will help to capture the basic elements explaining the performance of regional integration in Central Africa.

SWOT is a tool for auditing an organisation and its environment. It is the first stage of the planning process and assists its users to focus on key issues. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. Strengths and weaknesses are internal factors and derive from an internal diagnosis which can rest on a series of strategic analysis models such as chain of value, the calibration (benchmarking), etc. Opportunities and threats are external factors and stem from external diagnosis which can rely on a series of strategic analyses such as PEST analysis, Porter's Five – Forces analysis, etc. Although SWOT is a very popular tool with marketing students and practitioners because it is easy to learn and to apply, SWOT is more and more used nowadays by international organizations to determine their strategies in order to position themselves well in their activities. This qualitative methodology appears also critical for a regional organisation like CEMAC which encounters various difficulties in achieving its objectives and which is currently in a process of defining its new strategies for various aspects of its actions.

We will present the internal and external obstacles and strengths of regional integration in Central Africa through a simple SWOT analysis before highlighting the main performance areas.

### **1.1. Internal diagnosis**

This diagnosis will identify the internal strengths and weaknesses of regional integration in Central Africa.

#### **1.1.1. Strengths**

A number of real positive factors for integration and cooperation exist in Central Africa: institutional background, cooperative initiatives and projects, commonalities, coordinated approaches, and natural cultural affinities.

First and foremost, regional integration in Central Africa has a long institutional history which could be harnessed to accelerate its

evolution. Indeed, as mentioned in the introduction to this paper, from the colonial era with "Afrique Equatoriale Française" to CEMAC in 1994, starting with UDEAC in 1964, Central African States have a long institutional tradition of regional integration, which is capitalised on by the creation of the CEMAC Commission that is expected to be structured along the lines of the European Commission<sup>4</sup>. As far as CEMAC is concerned, its architecture was ratified in December 1999, almost five years after the Treaty was signed (March 1994). Its organic texts provide a blueprint of the objectives of the economic union-the creation of a common market for goods, services, capital and eventual free movement of people, plus a concomitant change of strategy from inward looking import-substitution to more open regionalism. The Community's objectives were to be achieved through the customs union and the monetary union and special attention to macroeconomic policy convergence and coordinated sector policies. The common market was to be completed at the end of three 5-year phases. CEMAC's Executive Secretariat, in Bangui, was the operational branch of the Community and was under the authority of the executive organs, the Conference of Heads of State, which meets at least once a year, and the Council of Ministers, which decides all major policies. The Executive Secretariat is different from the UEMOA Commission in that it does not include Commissioners appointed by the member states and is, therefore, closer to the ECOWAS Executive Secretariat model.

Another institutional driver for integration, and indirectly for facilitating links with UEMOA (West Africa Economic and Monetary Union), is the implementation of the unified, and modernized, business law under the OHADA<sup>5</sup> program which has been adopted by 16 francophone Africa countries, including all the CEMAC countries. OHADA is described as a legal instrument designed and realized by Africa to serve African integration and growth. Its Permanent Secretariat is based in Yaoundé (Cameroon).

Secondly, there are a number of specific **cooperative initiatives and projects** which can contribute to strengthening regional integration. We can mention the US\$ 3.7 billion Cameroon-Chad pipeline project which is one of the largest of its kind, and which is expected to create a strong link –both physical and as a cooperative framework- for integration between one of the poorer landlocked countries and the

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<sup>4</sup> This point related to the creation of Central Africa Commission will be developed in section 2 devoted to institutional reforms in CEMAC.

<sup>5</sup> OHADA is a French-sponsored initiative for the modernization and harmonisation of business laws in 16 francophone countries in Africa. It was established in 1993 but the actual implementation only began in 1998.

richer coastal neighbour. Another sphere of cooperation is the project for the modernization of the system of bank payments, which involves all the six countries and their banking sector. Finally, the sharing of environmental information under the multi-year Regional Environmental Information Management Project (REIMP) started in 1998, and the "*Conseil des Ministres des Forêts d'Afrique Centrale*" (COMIFAC), which includes the Democratic Republic of Congo, have created a framework for regional cooperation in natural resource management.

Thirdly, the countries of Central Africa share a number of **commonalities** (both positive and negative externalities) that by their very nature raise trans-border issues that are best managed in cooperation. The Tropical forest and water systems are the most common public goods. Among the common "bads", the HIV/AIDS pandemic has a specific dimension in the transmission of the disease along the transport corridor – roads and rivers – that link the coast and the hinterland. Two regional health organizations exist: the World Health Organization (WHO) Regional Office based in Brazzaville and the (now revamped) *Organisation de Lutte Contre les Grandes Endémies*.

Fourthly, a unified, or at least, coordinated Central Africa region would be a stronger voice in "post Doha" and other important international trade negotiations in the future. Acting in consultation may improve returns; for instance, CEMAC has been able to join forces with ECOWAS to help put the issue of cotton prices on the international agenda. Last but not least, NEPAD should be an additional driving force for CEMAC to accelerate the pace of regional integration.

Fifthly, the trans-national nature of a large number of ethnic groups in Central Africa ensures relative homogeneity from the standpoint of cultural traditions and to some extent of behaviours and religious beliefs. All CEMAC countries are concerned with this phenomenon. For instance, Cameroon, Equatorial Guinea, and Gabon share the Fang ethnic group. Cameroon, Congo and Gabon share the Bakwele and Njem ethnic groups. Likewise, the ethnic group Gbaya is present in Cameroon and in the CAR. The ethnic groups Toupouri, Moundang, Arabes-Choas and Kotoko are present in Cameroon and in Chad. Lastly, Congo and Gabon share the ethnic groups Maka, Njem, Echira, Teke and Kora. This prominent cultural and ethnic proximity between CEMAC countries can promote large border movements of populations and hence, boost several dimensions of regional integration in this sub-region.

### 1.1.2. Weaknesses

Several factors impede the acceleration of regional integration in Central Africa. These factors, which could be considered as weaknesses of regional integration are classified in three major categories: political, security, institutional and economical

The most **political** issue which hampers the regional integration process in Central is the rivalry between Central African States. In fact, it has been observed in several cases that some Central African States compete to play the role of leader in the sub-region. These behaviours lead to inefficient initiatives for the sub-region, such as the creation of a regional financial market in Libreville (Gabon) and of a national financial market in Douala (Cameroon) whereas only one financial market based in the biggest economic area is sufficient for a sub-region with the economic and demographic size of CEMAC.

Another political issue which has negative impact on regional integration in Central Africa is land broader conflicts between Central African States. We can mention here the dispute between Gabon and Guinea-Equatorial about the islands of Mbanié, Cocotiers and Congras in Corisco Bay, just north of Libreville, near the maritime border between the two countries. i.e. an occupation of Mbanié Island by the Gabonese authorities in February 2003, and then a reassertion of their sovereignty, which led to vigorous protest from the government of Equatorial Guinea. The African Union (AU) and the United Nations (UN) have been involved in this dispute, and in January 2004, Gabon and Equatorial Guinea agreed that the UN should settle their territorial dispute.

Minorities' claims both at national and community levels constitute also another political issue which curbs regional integration in CEMAC. The consolidation of national integration in each of CEMAC's countries could contribute to speed up the regional integration agenda. However, at community level, minorities' fears from small size population's states result in obstacles to free movement of people and goods.

Regarding **security**, Central Africa appears as an unstable region with a number of internal conflicts within countries. In fact, Chad, the CAR and Congo have experienced bloody civil wars, "coups d'état", and violent ethnic conflicts over the last twenty years. Chad has seen recurring armed clashes in the Northern and Eastern parts of the country, as well as at the border with the Central African Republic (CAR). This country has been plagued by uncertain oscillations between authoritarian and "democratic" rule due to chronic military unrest. In the Republic of Congo, armed ethnic conflict in 1998 and

1999, mostly around the capital of Brazzaville, resulted in over 50,000 deaths. There are still reports of armed rebel groups active in the lower Congo. Also, as in many other African countries these days, numerous legal or illegal roadblocks, and in some cases sheer banditry, represent costly impediments to travel and trade.

The **institutional weakness** for regional integration in Central Africa is the high number of regional communities and inter-governmental organisations: CEMAC, ECCAS, COMIFAC, CICOS and OHADA in particular. Furthermore, defined or negotiated policies and strategies within other institutional frameworks such as NEPAD, EPAs, etc. interact directly with the ones of regional communities. This multiplicity of regional integration institutions without organic links among them, is accompanied by many perverse effects: atomization of the regional market, institutional overlapping, risks of double employment, dispersion of the means, quarrels of legitimacy, all of which limit the capacity of the established institutions to generate and to channel a durable collective effort, capable to take up the challenges which the States have to cope with.

The **main economic factors** which have created serious barriers to economic integration in Central Africa are the following: low growth, poor infrastructure, vulnerability to volatile oil prices, lack of economic complementarity, and disparities between coastal and landlocked countries. Due to the **absence of a strong growth pole**, CEMAC has not generated sufficient dynamism to pull the regional economies and encourage integration. Historically, growth has been sluggish with a very modest annual rate of 0.5 percent from 1960 to 2000 for non-oil countries. In 2006, the global growth of the sub-region was still low with a level of 3.3% against 4% in 2005. The highest performance was the one of Equatorial Guinea with 8.2%, followed by Congo with 7.1% and Cameroon with 3.5%. The worst performers were Chad with 1.3%, Gabon with 1.2%<sup>6</sup>, and CAR with 0.9%<sup>7</sup>.

One of the critical weaknesses is **poor transport infrastructures**. Due to a combination of dense forest and insufficient maintenance, the road network is inadequate, and there is no well-developed

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<sup>6</sup> As oil-producing country, Gabon used to be among the best economic performers of the sub-region. But the burden of public debt and the decrease in oil production slowed down these last years economic performance of Gabon. The debt cancellation obtained by the country in the first half of 2007 from the Paris Club and the agreed anticipated payment open certainly good prospects to the country.

<sup>7</sup> The data of 2006 contained in this paragraph are derived from: F. Lejeal, 2007. See Annex N°.2 on the Real GDP Growth Rates of CEMAC's countries p.22.

communication network connecting the capital cities. The transport network still consists of a little less than 7,000 km of water, rail, and road linkages, with 1,575 km of river, 2,000 km of rail, and 3,300 km of paved roads. The landlocked countries depend on overland transport to obtain energy and other imports, and thus their vulnerability to disruptions in supply. The Douala-Bangui corridor and the Pointe Noire-Brazzaville-Bangui corridors are weak with both physical and informal road blocks increasing the transactions costs of doing business.

**A lack of economic complementarity** resulting from the dominance of primary exports, undeveloped industries (except to a limited extent in Cameroon), poor communication and the rivalries observed between the countries, translate into very low levels of intra-regional trade, labour and capital linkages, despite the customs and monetary union. Intra-regional trade is estimated at about 5% of total trade in the region, even lower than that of CEMAC's regional counterpart UEMOA (historically around 10%, and 14% in 2000), as well as SADC (13%) and Mercosur (22%) (World Bank, 2003) . Notably damaging are the restrictions limiting labour mobility (including the difficulties of business travel) between the CEMAC countries, despite the wage differentials between the poorer and richer countries. Fundamental factors are the very small population in oil-producing countries and, consequently, their fear that any sizeable immigration would create dangerous imbalances and social tensions in local communities. Harassment by customs officials, unemployment, and discrimination against foreigners in recipient countries have acted as unofficial, but powerful deterrents to immigration.

The last main economic obstacle to regional integration is the economic **asymmetry between the richer coastal economics and the poorer landlocked economics**. Cameroon, CEMAC's largest economy, constitutes close to 50 percent of regional GDP, while Gabon makes up close to another 25 percent. In terms of populations, the proportions are similar, except that Gabon's share of CEMAC's population is less than 4 percent while Chad's share is close to 25 percent. Large income disparities, combined with large differences in economic dynamism, have unavoidably created fears of further and perhaps accelerated inequalities between countries, and a situation of rivalry rather than a sense of shared and increased prosperity.

## **1.2. External diagnosis**

This section identifies opportunities and threats of regional integration in Central Africa.



The opportunities for regional integration in Central Africa consist of: the project of creation of United States of Africa discussed in June 2007 in Accra (Ghana) during the AU's Summit, consultation mechanism established in 2006 among ECCAS' countries on trans-border security issues, and reform of BEAC<sup>8</sup>. These factors could energize future regional integration in Central Africa. Since they have not yet really influenced regional integration performance, they will not be analysed in this paper..

Besides these factors, regional integration in Central Africa has to cope with the following serious threats: existence of crises around the region, increase of oil prices, and an Economic Partnership Agreement to be concluded with the European Commission.

In fact, CEMAC countries have faced contagious effects from conflicts in Nigeria, DRC, Sudan and Angola. The decision of the UN International Court of the Hague of October 2002 declared Cameroon the legitimate owner of the supposed oil rich border island of Bakassi for which Cameroon was in dispute with Nigeria. In 2006, under the auspices of the UN Secretary General, Nigeria and Cameroon agreed on the implementation of this decision. Equatorial Guinea's involvement on the side of Nigeria at the judiciary stage of this dispute has certainly had an effect on regional integration's initiatives in the sub-region. The Republic of Congo recorded border incidents with the Angolan enclave of Cabinda. Currently, Chad is coping with the effects of Sudan's conflicts. In sum, important aspects of the regional political and security context are at odds with the underlying forces for integration

The rising oil prices induced macroeconomic policy problems which jeopardise the achievement of regional macroeconomic criteria and indicators of convergence in the short term for both importing and exporting countries. For importing countries, these problems are manifested in particular, in the increase of the deficit on the external current account and the possible increase of inflation. Macroeconomic policy responses to these risks include: (i) stabilisation of public finances to increase public savings so as to limit the deficit on the current account, (ii) moderate depreciation of the exchange rate of the national currency in a country where the regime is flexible, (iii) a framework of credible monetary policy, capable of anchor inflation anticipations of economic operators. For exporting countries, the high growth of exporting leads to an appreciation of the real exchange rates, with potential negative effects on competition of others sectors of the economy. In addition, the increase of

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<sup>8</sup> Developments on reform of BEAC will be discussed in Section 2

revenues should be accompanied by the strengthening the expenditure control system and the setting up of a plan aimed at using efficiently the resources for the economies' diversification.

In order to align its ACP trade relationships with the rules of WTO, the EU is currently developing with its ACP partners the EPAs (Economic Partnership Agreements). The basic principle of these EPAs, which are supposed to become effective from January 2008 is to maintain current preferential access of the ACP to the European market while opening gradually ACP's markets to European products. This is the principle of reciprocity in international trade. Unfortunately, the implementation of this principle has huge negative economic and fiscal impacts in ACP's countries and will weaken their regional integration endeavours.

### **1.3. Main results of regional integration in Central Africa**

These results consist of the successes and failures to date.

#### **1.3.1. Successes**

The regional integration process in Central Africa recorded some successes in the areas of trade and macroeconomic indicators and convergence policy

**Regarding trade**, the coordinated and preferential trade reforms experienced in CEMAC countries from 1994 has stimulated intra-community trade flows, although the level of intra-regional trade among CEMAC countries remains low.

Indeed, intra-community export volumes grew significantly, passing from 37.2 billion to 152.9 billion of CFA francs, that is to say a growth rate of 16.9% (CEA-BAC, 2006). However, this performance is essentially due to Cameroon which recorded about 72.8% of intra-community exports from 1994 to 2003. Except Gabon whose proportion of intra-community exports increased from 5.4% to 14.4% during the same period, the other CEMAC countries recorded very weak performance (CAR and Chad) and erratic performance (Equatorial Guinea), as shown in annex N° 2.

Imports of non-factor goods and services, also increased as a share of GDP, growing from 34.5% in 1994 to 38.7 % in 2000 (BEAC, 2001). Compared to exports, there is no particular disparity in the proportions of intra-community imports among CEMAC's countries.

The structure of CEMAC's intra-community trade reveals a poor degree of diversification of the production structure. In fact, only a few products (oil and its derivatives, few food products, building

materials) counted about 55% of CEMAC's intra-community trade in 2003 (CEA-BAC, 2006).

**With regards to macroeconomic indicators**, the GDP growth indicated that, on average, CEMAC countries fared much better from 1994 than before, as shown in Annex 2. Figures on GDP growth rates show sustainability of growth since 1995. CEMAC recorded respectively a performance of 8.6%, 4.5% and 4.4% of GDP growth rates in 2004, 2005 and 2006. This good performance stemmed from the rise of oil production, good behavior of non-oil sectors in some countries and high level of oil prices in the international market. These figures reveal also wide disparities among CEMAC countries in their economic performance. In fact, thanks to the oil boom, countries like Equatorial Guinea recorded very high level of GDP growth such as 30% in 2004 whereas other countries like CAR experienced erratic performance due to political unrest

**Concerning macroeconomic policies**, CEMAC seeks primarily to maintain a positive trend in nominal GDP and protect the real exchange rate under the regime of a fixed nominal rate with the Euro, and furthermore to achieve the objective of price stability (the Central Bank's statutory objective). The tension between monetary and fiscal policy common to most countries is obviously complicated by the fact that monetary policy is entirely in the hands of the common central bank whereas governments of the six different members are still in control of fiscal policies. Hence, there is need for a regional "convergence pact", which consists in a set of four main criteria<sup>9</sup> and a system of multilateral surveillance.

Since 1994, BEAC's monetary policy has been moving from the direct controls to market based instruments. It is set in the framework of periodic (bi-annual) "monetary programs" taking account of all relevant domestic and external macroeconomic parameters with a view to ensuring sufficient liquidity in the economies by re-financing banks through a combination of repurchase of Central Bank bonds and compulsory reserves. At the same time, direct advances to governments by BEAC will be phased out over a ten-year period starting in 2004, when the first treasury bill issued (by one or more governments) is expected to take place. A Central Bank-intermediated money market has developed though still on a modest scale. Interest rates are set by the Central Bank for its own interventions (up to

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<sup>9</sup> These criteria are: (i) the ratio of basic fiscal balance to GDP should be superior or equal to zero; (ii) the ratio public debt to GDP should not exceed 70%; (iii) new arrears, external as well as internal, should not be accumulated; and (iv) the inflation rate annual average should not exceed 3%.

8.35% with 15% penalty rates beyond a certain point), and freely by banks (with an authorized upper limit of 18% for loans and a minimum of 5% for term deposits). Monetary policy has been effective in keeping inflation low in the sub-region. As an extension to the modernization of the financial sector, preparatory steps are being taken by the central bank, commercial banks and governments to establish a market for government bonds.

While the main rationale for seeking macroeconomic convergence is protection of the fixed exchange rate, the predominance of fiscal criteria can also be traced to the serious mismanagement of public sector finances in the 1980s and early 1990s in the two CFA francs zones which contributed towards the 1994 CFA franc devaluation, as well more recent discrepancies in some of the member countries. The fiscal discipline that observance of the convergence criteria implies is thus directly complementary to the strict rules for monetary policy embedded in the Convention of the Monetary Union for Central Africa (*Union Monétaire d'Afrique Centrale – UMAC*).

The review of the situation of macroeconomic convergence and surveillance at the end December 2005 reveals real progress in multilateral surveillance criteria. Indeed, as illustrated in Annex N°3, two countries (Cameroon and Gabon) met all the four criteria; Equatorial Guinea observed three of the four criteria; Chad and Congo met two, but CAR only one criterion.

These few successes occurred in a sub-region which experienced a number of difficulties and challenges in its regional integration efforts despite the strengths described previously.

### 1.3.2. Failures

Three main failures will be analyzed here: (i) insufficiency of intra-community trade; (ii) difficulties in establishing a common market; and (iii) the issue of free movement of people.

In general, **trade** is very low among CEMAC countries. In 2000, it counted for about 1.2% of the overall exports of CEMAC and about 3.1% of overall imports. The IMF report produced within the framework of periodic consultations in accordance with article IV and examined by IMF's Board of directors on 10 July 2006, estimated CEMAC's intra-regional trade at about 1.4% of the total trade of CEMAC countries (Bank of France, 2005)<sup>10</sup>.

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<sup>10</sup> These figures do not include informal trade which is very significant in the sub-region, in particular in terms of consumption products.

The minute regional trade represents a big failure since the regional integration process did not boost trade among CEMAC countries. Typically, when a country commits itself to the process of regional integration with a limited number of partners, it looks for two types of effects: trade creation and/or diversion effect (Balassa, 1979). The creation effect appears when the less expensive imports from a partner country are replacing the onerous domestic production of the substituted products (Ondo Ossa, 2005).

**The “common market”** to be established refers to the following three markets: goods and services, capital and labour. Clearly each “market” involves different requirements and will proceed along a different calendar. The free movement of capital is inherent in the monetary union and linked to the effective integration of the financial sector discussed above. Issues related to the free movement of people are noted later. The first focus here is on the goods market, that is, the customs union.

The implementation of a functioning customs union can be characterized as a program to move forward from the 1994 tax and customs reform, the so-called “*Réforme Fiscale-Douanière*”, or RFD in short. The principal aim of the reforms was to liberalize and to simplify the system by introducing a common external tariff, eliminating country-specific temporary surtaxes, removing all intra-zone tariffs by 2000 and non-tariff barriers for locally produced products, and replacing the fragmented indirect tax system with a uniform Value-Added Tax (VAT) by 1999. The reforms may have contributed to the 6.8% yearly increase of intra-regional trade over the 8 years to 2001 (IMF trade statistics). Unfortunately, again there are no figures for non-official trade.

The RFD was a major improvement over the previous regime. However, a late 1999 review found that although governments did confirm their commitment to the reform, they were, in varying degrees, in breach of one or more provisions regarding customs duties and indirect taxes. The most frequent deviations were: (i) the persistence of ad hoc duty and/or tax exonerations; (ii) misclassification of products; (iii) disagreements on the definition of products of (local) origin, and general dissatisfaction with the rules of origin; (iv) non-elimination or incomplete reduction of intra-regional tariffs (which were supposed to have been eliminated at the end of 1998); (v) the persistence of, or even introduction of new, miscellaneous surcharges; and (vi) double taxation of products in transit from the port of entry (mainly Douala) and the landlocked countries. These difficulties refer only to the tax-customs reforms, not to the multiplicity of other “behind the border” impediments to trade.

These are a separate and more problematic agenda, which the CEMAC authorities are well aware of but ill-equipped to tackle. The Secretariat also noted problems with the qualifications and behaviour of customs officials and the lack of sanctions for non-observance of the new rules, whether automatic (for which there were no provisions in the reform) or case-by-case (when complaints were filed from economic operators).

**The free movement of people** is provided for in the CEMAC Treaty and was to be completed as part of the 5-year phase of implementation of the common market. Unfortunately, up to now, the question of free movement of people within CEMAC is still unresolved more than seven (7) years after the ratification of the CEMAC Treaty. This problem has several distinct dimensions. Free travel within the region by individuals for business or other reasons would no longer be a problem in the future if and when the proposed "CEMAC Passport" is issued, available to all citizens, and the need for visas is eliminated by all CEMAC countries. However, these basic requirements may not be easily satisfied, since only four of the six countries have agreed to the principle<sup>11</sup>. Second is the question of rights for non-nationals to take residence, work or open a business. This is also provided for in the CEMAC Treaty but its implementation would not be without problems. The last aspect has to do with the unification of the regional labour market and the movement of significant numbers of workers from one country to another, more specifically from the less to the more developed areas within the sub-region. As already noted, there is severe formal and informal resistance to such movements in countries of potential immigration because of their small populations. The regional labour market may, therefore, be a desirable objective but is unlikely to materialize for a long time to come.

Globally, given its aforementioned performance and compared with other sub-regional organisation, CEMAC still has a long way to go. In this respect, CEMAC's Heads of States launched, under the supervision of the Head of State of Equatorial Guinea, institutional reforms aimed at ensuring cohesion within CEMAC and at fostering sub-regional integration. These institutional reforms should be complemented by structural measures in order to revamp regional integration in Central Africa. Some of these measures identified from the SWOT analysis in section 1, and are presented here in section 2.

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<sup>11</sup> The two countries that haven't agreed to the principle are the smallest population size of the sub-region: Gabon and Equatorial Guinea.

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## **II. Reforms aimed at revamping regional integration in Central Africa**

Due to the mixed performance in the integration process, and the deep changes in the economy of the sub-region with a predominant role of Equatorial Guinea<sup>12</sup> which claims to be well represented in the institutions of CEMAC, the Heads of States of CEMAC countries launched an institutional reforms process. In order to have a significant impact on regional integration, these reforms should be accompanied with appropriate structural measures.

### **2.1. Institutional Reforms Process**

This process has been put under the supervision of the Head of State of Equatorial Guinea. In order to lead this process, a steering committee has been put in place. At the fifth ordinary session held in Bata (Equatorial Guinea) from 20 to 22 February 2007, it has been proposed that the programme of institutional reforms should be implemented from March 2007 to December 2008 with a turning point in March 2007 corresponding to the approval of the new juridical framework of CEMAC, the organic texts of institutions, and the starting of CEMAC's Commission. An assessment of state of progress is planned in March 2008. From the information gathered during the 8<sup>th</sup> Summit of CEMAC Heads of States held in April 2007, it stands to mind that up to now, CEMAC's institutional reforms centre on: (i) the creation of the CEMAC Commission; (ii) the improvement in the governance of CEMAC's institutions; (iii) and the dismantling of obstacles to free movement of people and goods.

#### **2.1.1. The creation of the CEMAC Commission**

The CEMAC Commission replaces CEMAC's Executive Secretariat. The new Commission is designed to be strong enough and sufficiently independent and will be composed of Commissioners mandated to follow up specific issues. The Commission is led by a President. The creation act of the CEMAC Commission signed on the 25<sup>th</sup> April, 2007 in N'djamena by all Heads of States during their 8<sup>th</sup> Summit, is further strengthening the CEMAC Treaty: while waiting for its ratification, this additional clause comes temporary into effect.

The CEMAC Commission possesses initiative rights in the normative area and execution and implementing powers of community policies

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<sup>12</sup> Thanks to its oil boom, Equatorial Guinea strengthened its financial and economic position in the sub-region. For instance, Equatorial Guinea holds currently about one third of external reserves of CEMAC. From 500 millions US\$ in 1907, its GDP reached a level of 9.2 billions ten years after.

and programmes. The Ministerial Council can only amend the Commission's proposals with unanimity of its members. The Commission is in charge of undertaking actions related to the implementation and follow-up protocols, conventions and decisions of the community. Another aspect of its mandate is also to ensure that the process of regional integration in Central Africa is in the right direction.

The President of the CEMAC Commission should consolidate CEMAC integration in the following areas: economic, monetary, free movement of people, goods, services and funds. He should take appropriate actions with a view of strengthening cooperation with CEMAC's development partners. He should take into account all activities undertaken by the late General Secretariat of UDEAC and late Executive Secretariat of CEMAC in order to endow the Commission of performing tools which could make regional integration in Central Africa a reality. The President of CEMAC's Commission as well as members of this Commission are appointed by Heads of States of the member countries.

The CEMAC Commission should reinforce powers and competencies of the Court of Justice. However, this could only be feasible if the Court of Justice possesses power of restraint based on sanctions and the respect of criteria defined in the convention of the Court of Justice system concerning the nomination of judges.

Another challenge of the new Commission of CEMAC is to best combine integration and cooperation activities within CEMAC.

### **2.1.2. Improvement in the governance of CEMAC's institutions**

This dimension of the reforms deals with community institutions, posts of responsibilities and mode of decision making. This aspect of reforms aims at ensuring equal representation and collegiate decision-making. All community institutions are to be bound by these two new principles: the CEMAC Commission, Central Bank (BEAC), BDEAC, COBAC, Court of Justice and Parliament.

Regarding BEAC, management will no longer be the personal affair of the Governor, who will henceforth be assisted by five senior officials (one Deputy Governor, three General Managers, and a Secretary General). It has been agreed that every member country will be represented in the management of BEAC. The mandate of the Governor has been limited to seven years, not renewable. However,



the consensus of "Fort-Lamy"<sup>13</sup> which shares roles among community institutions is not yet broken. The new texts derived from BEAC's Board of Directors at its Session of 23 September 2007 also include and emphasize the following: the increase of the number of central department from 9 to 12; re-balancing and definition of mandates of the Board of Directors; creation of a Committee of monetary policy; limitation of the duration of the mandates of members of government of the Bank. The Steering Committee of the institutional reforms process is still reviewing the issue of the rotation of the post of the Governor of BEAC which is now exclusively to Gabon. This issue and all other matters left for further reflection are still under the guidance of the Head of State of Equatorial Guinea and they are expected to have an acceptable conclusion to all member countries by 2008 during the Summit in Yaoundé.

### **2.1.3. Dismantling of obstacles to free movement of people and goods**

At this stage of the implementation of the institutional reforms programme, dispositions have been taken to accelerate the reduction of obstacles to free movement of people and goods. These obstacles should be dismantled completely by December 2009. It is mentioned in the time-table for the implementation of the reforms that by July 2007, free movement of members of government, civil servants, investors and employers of enterprises certified by CEMAC should be effective.

Community police training centres could be also established at different borders. Such centres aim at reinforcing national polices in order to reduce trans-border insecurity which undermines free movement of people and goods among CEMAC countries.

The second stage of implementation is devoted to identification of areas where the free movement of goods is not effective. A common proposal will stem from obstacles identified and will be the basis from which to formulate practical measures to address this problem.

The last stage of implementation foresees the effectiveness of the policy of free movement of people and goods by 2008.

## **2.2. Suggested Structural Measures**

As mentioned in the introduction, most of the measures analysed from the evaluation done in section 1 are proposed to accompany the

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<sup>13</sup> Fort-Lamy is the former capital of Chad where the consensus on roles and responsibilities in community institutions of CEMAC had been adopted in 1973

institutional reforms process. Some of these measures have been inspired from CEA-BAC (2006).

### **2.2.1. Rationalisation of regional integration's projects and programmes**

To fully play their part in the setting up of the common market of Central Africa, CEMAC and ECCAS in particular, should find a *modus operandi* between them, and with other IGO's operating in the area, in order to allow a rational and coherent sequence of initiated projects and programmes, as well as a better use of the thin resources allocated for regional cooperation. The ongoing experience of the Consensual Directorate Plan of Transport (CDPT) could be used as catalyst in other sensitive domains of cooperation, in particular: (i) schemes of liberalization of trade, (ii) freedom of movement of the people; (iii) cooperation as regards peace and security; and (iv) policies related to energy

In the same vein, the existence of specialized IGO's should be optimized, in particular in areas where these IGO have well performed already: management of environment (COMIFAC), navigation on the inland water -ways (CICOS), harmonization of Business laws (OHADA). In these areas of cooperation, the regional communities -CEMAC and CEEAC- would gain if they delegate wholly or partly their missions and mandates within the framework of partnership agreements which integrate concerns of all States in the sub-region, and give a better visibility of the regional policies.

As other regional economic communities in Africa, CEMAC should be placed under the framework of the African Union which should be guided by principles of rationalization (ECA/AU, 2006). These principles are: shared vision, stronger and more efficient regional economic communities, geographic viability, broader investment space, transitional arrangements, participatory approach, clarity and credibility, shared responsibility, consolidation of vested interests and move towards convergence (ECA/AU, 2006). An effective and successful rationalization process of regional economic communities of Africa, including CEMAC, could pass through the following scenarios: rationalizing by merger and absorption, rationalizing around rooted communities, rationalizing through the division of labour, and rationalizing by harmonizing policies and instruments (ECA/AU, 2006).

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### **2.2.2. Harmonisation of regional integration process and international negotiations**

The policies of the regional communities fall under the strategy and process of convergence defined by the Treaty of Abuja and the Constitutive Act of the African Union whose objectives are articulated around the creation by stages of a Common Market and an economic union at the continental level.

Furthermore, ACP States, including Central Africa states, have embarked with EU on a process of negotiation of the Economic Partnership Agreements (EPA), which should be concluded by 2008, with the creation of free trade areas. The current framework of these negotiations and the prospect for these free trade areas from 2008 pose two major problems regarding the process of integration in central Africa, however:

- The shape of EU-ACP's negotiation spaces<sup>14</sup> does not match with that of the African Regional Communities; this makes more difficult the issue of the rationalization/harmonization of the policies deriving from the treaties, conventions and agreements of States;
- The prospect for a free trade zone with the European Union before the unification of Central Africa's market, and of the unification of the continent, would considerably weaken the relevance and the strategy of the ECCAS and of the AU.

It is essential to have the contents of the negotiations of the EPA put in harmony with spaces, policies and the agendas of regional communities; also the free trade zone of central Africa should be carried out before a free trade zone with EU or any other non-African region.

The African States also agreed on the common strategies and positions within the framework of negotiations within the WTO, with inter-alia objectives: (i) obtaining special and differentiated treatment; (ii) recognition of the sensitive and strategic character of some agricultural products for the development of the continent; and (iii) taking into account the industrialization policies of the African States in the system and the calendar of the tariff reductions.

It is important to note that this common strategy set out within the framework of the multilateral trade negotiations and these objectives

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<sup>14</sup> Spaces refer here to economic areas of regional communities, those areas are expected to become effectively larger to ensure economies of scale and the growth of productivity, to rise competitiveness, and to attract domestic and foreign investors.

should be fully taken into account by the States and REC's of the sub-region in their negotiations related to EPA.

### **2.2.3. The strict enforcement of the ICT and the ICC**

Traditional systems of contribution from the national budgets showed their limitations since the mid 1980s, and international assistance will essentially remain dubious, limited and conditional. In this respect, alternative mechanisms of funding have been adopted for the majority of the institutions of the sub-region, including CEMAC and ECCAS. As in West Africa, the strict enforcement of ICT and ICC is able to accelerate the process of integration in Central Africa. In particular, the compensatory funds and the operational regional development funds would give more credibility to the steps taken by development partners, in financing CDPT and other sectoral programs. The implementation of the ICT and the ICC constitutes a programme of survival for the process of integration in Central Africa, as underlined by the Extraordinary Council of CEMAC Ministers held in June 2005 in Malabo. A comprehensive assessment of all the failures of the community norms should be made as soon as possible, and be followed by appropriate corrective measures.

### **2.2.4. Strengthening the institutional framework and capacities**

The revival process of trade liberalization in ECCAS should be accompanied by, urgent measures that endow human resources of the department of "Trades and Customs" for an optimal management of the tools of the free trade area and negotiations on the project of common external tariff. A minimum number of nine experts had been recommended. This provision of sufficient and qualified personnel is critical for the management of a regional market, given the constraint created by the negotiation of EPA.

At the level of the Member States, it is desirable to create a national commission in charge of CEMAC/ECCAS, ECCAS/COMESA or ECCAS/SADC according to countries. This commission will be an institutional structure between the national administrations and the executives of regional institutions. This commission would include the designated representatives of all the ministries in charge of the integration files: Finances, Trade, Industry, Transport, Energy, Safety and Immigration in particular. It could be responsible for the global and regular follow-up issues related to regional integration, in particular, for defining national positions and advising decision makers, for implementing community decisions and for periodic assessment of the process of integration. Such a structure would make it possible to have at the level of each state a vision, plus global and

consistent management of the process of integration, which goes beyond each ministry taken separately, and ensure punctual events (meeting of experts, councils of ministers, conferences of Heads of State, mandate of the Secretariats of CERs/IGOs, etc.).

Furthermore, the experts of the national administrations should be better informed and be more familiar with the mechanisms and instruments of regional cooperation. Workshops/seminars of upgrading and harmonising knowledge appear necessary for better management of the regional treaties and protocols, like actions initiated for developing capacities on multilateral negotiations.

### **2.2.5. Effective management of trade policy tools**

The coexistence between trade liberalization schemes of CEMAC and ECCAS is temporarily governed by a concept of shared territoriality; the GPT (Generalised Preferential Tariff) is enforced on intra-trade in CEMAC and the Preferential Tariff in ECCAS is enforced for the trade between the eleven ECCAS' states. The standards applicable to the preferential tariff in ECCAS have been elaborated in a strategy on extension, but also of improvement up to that point implemented by CEMAC. The same improvement exercise should be engaged by CEMAC, in order to avoid the exclusion of one of the schemes by 2008. The revisions to be undertaken should be related to: (i) rehabilitation of rules of origin according to production costs structures of enterprises in the region; (ii) institution of a regional procedure of approval to reduce rebuttals on the origin of products at the customs office; (iii) institution of a certificate of origin instead of a circulation certificate which does not confer a tax origin according to GATT 94's standards; (iv) the field of application and the rate of compensation rights; and (v) fiscal and customs treatment of re-exportation products.

An assessment of the application of the Common External Tariff (CET) should also be undertaken, to check adequacy of tariff classification and rates applied relative to the economic environment of the sub-region, and to solve by a regional approach the problems at the origin of unilateral tariff reclassifications.

### **2.2.6. Improving Transport and Communications**

The following two major actions could be taken to support dynamics initiated by the adoption of the CDPT: (i) effective enforcement of the programmes of facilitation as regards transport-transit inter-States such as those arising from TIPAC and bilateral agreements; and (ii) relocating development funds through channels such as the ICT and the ICC to give credits to steps taken by potential donors supporting regional communities that are implementing regional priorities.

**Conclusion**

The review and analysis of CEMAC's case contributes to a better understanding of the causes of the mixed performance of the regional integration process in Central Africa, characterized in particular by an insufficiency of intra-community trade and difficulty in establishing a common market. This review of CEMAC sheds light on several strengths for regional integration in Central Africa, such as the institutional background, the cooperative initiatives and projects, a coordinated approach, and the trans-nationality of a large number of ethnic groups in Central Africa.

Likewise, poor transport infrastructures, lack of economic complementarity, rivalries between member countries, multiplicity of regional integration institutions, barriers to free movement of people and goods, and economic asymmetries between the richer coastal economies and the poorer landlocked economies, have been identified as main obstacles to regional integration in CEMAC.

The ongoing institutional reforms initiated to modernize CEMAC have been considered as a hope in the perspective of revamping regional integration in Central Africa. To yield positive results, however, these institutional reforms should be complemented by structural measures such as the rationalisation of regional integration projects and programmes, strengthening the institutional framework and capacities, and the strict enforcement of the ICT and ICC. In any case, regional integration in Central Africa still has a long way to go, as in other sub-regions of Africa. In this regard, the delay in materialization of the vision of the United States of Africa discussed in June 2007 in Accra (Ghana) during the AU Summit could be long or even infinite, since this project is supposed to build on the success of regional integration in all the sub-regions of Africa. In order to move towards this goal reasonably faster, it would be desirable to tackle African's regional integration problems at both sub-regional and regional levels simultaneously.

## Annexes

**Annex 1: Regional organizations with Central Africa membership**

<b>Organization</b>	<b>Date Established</b>	<b>Current Membership and Functions</b>
African Union (AU) (Formerly the OAU)	2002	Universal (All African Countries)  To promote political and economic integration in Africa
Organization of African Unity (OAU) (doesn't exist any more)	1963	Universal (All African Countries)  To promote the unity and solidarity of African states, and to eradicate all forms of colonialism from Africa
New Partnership for African Development (NEPAD)	2001	Universal (All African Countries)  To eradicate poverty and provide a new development plan for Africa
African Economic Community (AEC)	1991	Universal (All African Countries)  Established by OAU to promote development and economic integration
Central African Economic and Monetary Union (CEMAC) (Formerly UDEAC)	1994	Cameroon, CAR, Chad, Republic of Congo, Equatorial Guinea, Gabon  Established by UDEAC to promote sub regional integration and create an economic and monetary union

### Annex 1: Regional organizations with Central Africa membership (cont'd)

Organization	Date Established	Current Membership and Functions
Central African Customs & Economic Union (UDEAC) (doesn't exist any more)	1964	Cameroon, CAR, Chad, Republic of Congo, Equatorial Guinea, Gabon  To promote the creation of a Central African common market
Economic Community of Central African States (ECCAS/CEEAC)	1983	Cameroon, CAR, Chad, Republic of Congo, Equatorial Guinea, Gabon, Burundi, DRC, Rwanda, Angola, Sao Tome & Principe  Established by UDEAC & CEPGL to promote regional cooperation and create a Central African common market
Southern Africa Development Community (SADC) (Formerly SADCC)	1979/2000	Angola, Botswana, DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, RSA, Swaziland, Tanzania, Zambia, Zimbabwe  Originally to reduce front-line states dependence on RSA; since 2000, to promote regional cooperation and conflict resolution
Economic Community of the Great Lakes (CEPGL)	1976	Burundi, Zaire/DRC, Rwanda  To promote regional cooperation and integration among its members



### Annex 1: Regional organizations with Central Africa membership (cont'd)

Organization	Date Established	Current Membership and Functions
Common Market for Eastern and Southern Africa (COMESA)	1994	Angola, Burundi, Comoros, DRC, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe  Replaced the former Preferential Trade Area (PTA) to implement a large free trade area and promote regional integration
East African Community (EAC)	1927	Kenya, Uganda, Tanzania  Originally to facilitate colonial administration of those territories, later focused on economic integration and creation of common market

Source: Drawn from: Mbaya Kankwenda (2005), *The dynamics of conflicts and development crisis in Central Africa and the Great lakes Region*, NRC Publishing Inc, p. 137.

### Annex 2 – Economic and demographic indicators in CEMAC member countries

#### Intra-Community Exports in CEMAC (in %)

COUNTRIES	1994	1995	1996	1997	1998	1999	2000	2003
CAMEROON	81.81	87.40	77.03	62.91	76.51	70.32	57.60	69.53
CAR	2.73	2.58	1.16	1.79	4.42	7.51	0.93	1.17
CONGO	6.49	5.55	3.69	6.08	4.12	3.60	10.01	10.67
GABON	5.42	3.39	7.07	1.27	4.70	8.89	12.67	14.39
EQUATORIAL GUINEA	0.04	0.19	10.20	24.65	6.15	5.78	16.21	3.98
CHAD	3.51	0.89	0.84	3.30	4.09	3.90	2.59	0.27
<b>TOTAL</b>	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: CEA-BAC (2006). – Les économies de l'Afrique Centrale, paris, Ed Moissonneuve et Larose, P. 103



**Real GDP Growth Rates of CEMAC's Countries (in %)**

<b>COUNTRIES</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005 (est)</b>	<b>2006 (ant.)</b>
CAMEROON	4.2	5.2	2.1	4.1	4.5	4.0	3.9	4.9
CAR	2.7	0.9	0.5	-1.1	-7.7	1.5	3.4	4.5
CONGO	-2.7	7.6	3.8	4.6	0.8	3.5	8.0	5.1
GABON	- 11.3	-1.9	2.0	-0.3	2.0	1.6	2.0	2.3
EQUATORIAL GUINEA <sup>15</sup>	23.2	12.8	68.3	20.2	13.6	30.0	6.2	4.8
CHAD	-0.6	-0.3	10.6	7.3	15.1	36.1	13.0	5.5
<b>CEMAC</b>	-0.7	3.6	6.4	4.6	4.5	8.6	5.2	4.5

Source: CEA-BAC (2006). – Les économies de l'Afrique Centrale, paris, Ed Moissonneuve et Larose, P. 210

**Population of CEMAC's Countries (in million of inhabitants)**

<b>COUNTRIES</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
CAMEROON	14.5	14.9	15.3	15.5	15.9	16.3	16.7	17.2	17.6
CAR	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2
CONGO	2.8	2.9	3.0	3.1	3.1	3.2	3.3	3.4	3.5
GABON	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4
EQUATORIAL GUINEA	0.450	0.462	0.475	0.487	0.502	0.516	0.531	0.546	0.562
CHAD	6.9	7.0	7.2	7.4	7.5	7.7	7.9	8.1	8.3
<b>CEMAC</b>	29.2	30.0	30.7	31.3	32.1	32.9	33.8	34.6	35.5

Source: Drawn from: CEA-BAC (2006). – Les économies de l'Afrique Centrale, paris, Ed Moissonneuve et Larose, P. 211

<sup>15</sup> On the very high growth rates of Equatorial Guinea (2001,2002 and Chad 2004) ; without an explanation note, the figures look like mistakes. Use your comments at the bottom of p.11 and top of p. 12,text.

### Annex 3: Indicative position of CEMAC's countries regarding multilateral surveillance Criteria (Results of 31 December 2005)

(Yes= criteria respected; No= criteria violated, or not respected)

Criteria	Cameroon		CAR		Congo		Gabon		Equatorial Guinea		Chad	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Inflation Rate	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No
Basic fiscal balance	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Variation in arrears	No	Yes	No	No	No	No	No	Yes	Yes	Yes	No	No
Public debt/GDP	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Number of criteria respected	3/4	4/4	1/4	1/4	2/4	2/4	3/4	4/4	3/4	3/4	3/4	2/4

Source: Bank of France (2005), *Rapport Annuel de la Zone Franc*, Paris, Secrétariat du Comité Monétaire de la Zone Franc, p. 58

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### Acronyms and Abbreviations

<b>ACP:</b>	Afrique – Caraïbes - Pacifique
<b>AU:</b>	African Union
<b>BEAC:</b>	Banque des Etats de l’Afrique Centrale (Bank of Central Africa’s States)
<b>CAR:</b>	Central Africa Republic
<b>CEA–BAC:</b>	Commission Economique Africaine – Bureau d’Afrique Centrale
<b>CEMAC:</b>	Communauté Economique et Monétaire de l’Afrique Centrale (Economic and Monetary Community of Central Africa)
<b>CET:</b>	Common External Tariff
<b>CDPT:</b>	Consensual Directorate Plan of Transport in Central Africa (Plan Directeur Consensuel des Transports en Afrique Centrale)
<b>CFA:</b>	Communauté Financière d’Afrique (Currency of CEMAC’s Countries)
<b>COMESA:</b>	Common Market for Eastern and Southern Africa
<b>COMIFAC:</b>	Conseil des Ministres des Forêts d’Afrique Centrale
<b>CICOS:</b>	Commission Internationale de Navigation du Bassin Congo-Oubangui-Sangha
<b>DRC:</b>	Democratic Republic of Congo
<b>ECA:</b>	Economic Commission for Africa
<b>ECCAS:</b>	Economic Community of Central Africa States
<b>ECOWAS:</b>	Economic Community of West African States
<b>EPA:</b>	Economic Partnership Agreement
<b>EU:</b>	European Union
<b>FFOM:</b>	Forces-Faiblesses-Opportunités-Menaces
<b>GATT:</b>	General Agreements on Tariffs and Trade

<b>GDP:</b>	Gross Domestic Product
<b>GPT:</b>	Generalised Preferential Tariff Tarif Préférentiel Généralisé
<b>ICC:</b>	Integration Community Contribution
<b>IGO:</b>	Inter-Governmental Organisation
<b>ICT:</b>	Integration Community Tax
<b>MERCOSUR:</b>	Marché Commun du Sud de l'Amérique Latine
<b>NEPAD:</b>	New Partnership for Africa's Development
<b>OHADA:</b>	Organisation pour l'Harmonisation du Droit des Affaires en Afrique (Organization for the Harmonization of Business Law in Africa)
<b>PNUD:</b>	Programme des Nations Unies pour le Développement
<b>REC:</b>	Regional Economic Community
<b>REIMP:</b>	Regional Environment Information Management Project
<b>RFD:</b>	Réforme Fiscale-Douanière
<b>SADC:</b>	Southern Africa Development Community
<b>SWOT:</b>	Strengths-Weaknesses-Opportunities- Threats
<b>TIPAC:</b>	Transit Inter-Etats des Pays de l'Afrique Centrale
<b>UDEAC:</b>	Union Douanière et Economique de l'Afrique Centrale
<b>UEAC:</b>	Union Economique de l'Afrique Centrale (Central African Economic Union)
<b>UEMOA:</b>	Union Economique et Monétaire de l'Ouest Africain
<b>UMAC:</b>	Union Monétaire d'Afrique Centrale (Monetary Union for Central Africa)
<b>UNDP:</b>	United Nations Development Programme
<b>WTO:</b>	World Trade Organization

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