



Department for  
International Trade

# Continuing the United Kingdom's Trade Relationship with Cameroon

**Interim Agreement establishing an Economic Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the Republic of Cameroon, of the other part.**

April 2021



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Interim Agreement establishing an Economic Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the Republic of Cameroon, of the other part

Presented to Parliament

by the Secretary of State for International Trade

by Command of Her Majesty

April 2021



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## Introduction

1. This report explains the approach of Her Majesty's Government's ("HM Government") to delivering continuity in the United Kingdom's trade relationship with the Republic of Cameroon ("Cameroon") now that the United Kingdom has left the European Union ("EU").
2. With the United Kingdom's exit from the EU, HM Government has sought to deliver the maximum possible certainty to businesses and consumers through ensuring continuity in the United Kingdom's existing trade relationships. It is in no-one's interests to disrupt existing trade flows.
3. To achieve this, HM Government has developed new agreements that replicate, as far as possible, the effects of the EU's trade arrangements with third countries, as they applied to the United Kingdom prior to the end of the transition period. These agreements form the starting point for the United Kingdom's future trade agreements with partners. The United Kingdom-Cameroon Economic Partnership Agreement ("United Kingdom-Cameroon EPA") is intended to take effect as soon as possible now that the EU-Central Africa Economic Partnership Agreement ("the EU-Central Africa iEPA") has ceased to apply to the United Kingdom.
4. Wherever possible, HM Government has sought a technical replication of these agreements, but in some cases, it has applied bespoke solutions for individual agreements as necessary to ensure continuity of effect.
5. This report gives details of, and explains the reasons for, any significant differences between the United Kingdom-Cameroon EPA and the EU-Central Africa iEPA.
6. The report sets out the general drafting changes which are consistent across all of the United Kingdom's continuity trade agreements, and which do not have a significant impact on the effect of the United Kingdom's current trade relationships. It explains any significant differences between the trade related provisions in the United Kingdom-Cameroon EPA and the EU-Central Africa iEPA also. The report includes some discussion of the economic impacts and focuses solely on the changes made to the trading arrangements between the United Kingdom and Cameroon (the "Parties") which will result from moving from a trading relationship based on the EU-Central Africa iEPA<sup>1</sup> to a new agreement. Any other impacts resulting from the United Kingdom's exit from the EU or the nature of the Future Economic Partnership have been excluded from this report.

## Legal approach

7. The United Kingdom has chosen the form that the States involved agree is the most pragmatic and sensible in the circumstances, taking into account the wishes of partner countries. Accordingly, some agreements have been drafted in long form to reflect these wishes. The United Kingdom-Cameroon EPA is a long form agreement.

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<sup>1</sup> The United Kingdom-Cameroon EPA did not come into effect from 1<sup>st</sup> January 2021. The United Kingdom and Cameroon have committed, through a temporary and non legally-binding Memorandum of Understanding, to avoid disruption of trading arrangements by continuing the effects of the EU-Central Africa iEPA, as between them, pending entry into effect of the United Kingdom-Cameroon EPA.

8. To draft the United Kingdom-Cameroon EPA, the negotiating States have reproduced all relevant sections of the EU-Central Africa iEPA with necessary technical and administrative changes to make this operable as an agreement between the United Kingdom and Cameroon that is open to accession by other Central Africa States and regional organisations.

## Resources

9. This report is intended to aid businesses, consumers and parliamentarians in understanding any significant differences made to the United Kingdom's trade relationship with Cameroon by the United Kingdom-Cameroon EPA and the reasons for any changes, and their impact.
10. Should you wish to view the EU-Central Africa iEPA as originally published, it can be found online on the [website](#) of the European Commission.
11. Should you wish to view the full text of the United Kingdom-Cameroon EPA, it will be laid in Parliament alongside an Explanatory Memorandum as part of the United Kingdom's treaty ratification process in accordance with the Constitutional Reform and Governance Act 2010. The text will also be available on GOV.UK too.

## Economic Background

12. This section provides a country-specific background analysis of trade between the United Kingdom and Cameroon.

### Trade between the United Kingdom and Cameroon

13. Cameroon is the United Kingdom's 120<sup>th</sup> largest trading partner,<sup>2</sup> accounting for less than 0.1% of total trade. Total trade in goods and services between the United Kingdom and Cameroon was £200 million in 2019.<sup>3</sup>

14. HM Government expects the United Kingdom-Cameroon EPA to support jobs and economic development in Cameroon by providing continuity in trading arrangements with the United Kingdom including duty free and quota free market access. This could be of benefit to partner firms producing goods for which the United Kingdom is an important export market and of benefit to consumers through lower prices. In 2019, the United Kingdom market accounted for 12% of Cameroon's exports of bananas.<sup>4</sup>

15. In 2019, our exports to Cameroon were £131 million, making it the United Kingdom's 116<sup>th</sup> largest export market (accounting for less than 0.1% of all our exports). Our imports in goods and services from Cameroon were £69 million, making it the United Kingdom's 122<sup>nd</sup> largest import source (accounting for less than 0.1% of all our imports).<sup>5</sup>

**Table 1: Trade between the United Kingdom and Cameroon, 2019 (£ million)**

	Trade in goods	Trade in services	Total trade
Our exports to Cameroon	51	80	131
Our imports from Cameroon	58	11	69
Total trade	109	91	200

Source: [ONS. \(2020\). United Kingdom total trade: all countries, non-seasonally adjusted](#) (accessed 25<sup>th</sup> November 2020).

16. Using data from HMRC for trade in goods only, Table 2 shows that in 2019 the top our goods exported to Cameroon were machinery and mechanical appliances (HS84, £7 million), vehicles other than rail stock (HS87, £4 million) and mineral fuels and oil (HS27, £4 million), together representing over a third of the total value of the United Kingdom's goods exported to Cameroon. The United Kingdom's top goods imported from Cameroon were edible fruit and nuts (HS08, £27 million, mostly bananas) and wood and articles of wood (HS44, £25 million)

<sup>2</sup> EU member states are treated as individual trading partners with the United Kingdom.

<sup>3</sup> ONS (2020), [United Kingdom total trade: all countries, non-seasonally adjusted \(accessed 13<sup>th</sup> November 2020\)](#).

<sup>4</sup> DIT's own calculations using data from [UN COMTRADE](#) (accessed November 2020). Figures are given for imports from Cameroon of product categories HS 803 (*Bananas, including plantains*), reported by the United Kingdom, as a proportion of the total imports of the same products from Cameroon reported by all countries. These figures may differ from those implied by export data reported by Cameroon.

<sup>5</sup> ONS (2020), [United Kingdom total trade: all countries, non-seasonally adjusted \(accessed 13<sup>th</sup> November 2020\)](#).

together representing over 90% of the total value of goods imported by the United Kingdom from Cameroon.

**Table 2: Our top five goods exports to and imports from Cameroon, 2019 (HS2<sup>6</sup>, £ million)**

<b>Our top 5 goods exports to Cameroon</b>	<b>Value</b>	<b>Our top 5 goods imports from Cameroon</b>	<b>Value</b>
Machinery and mechanical appliances	7	Edible fruit and nuts	27
Vehicles other than railway or tramway stock	4	Wood and articles of wood; wood charcoal	25
Mineral fuels and oils	4	Optical, photographic, cinematographic and medical equipment	1
Beverages, spirits and vinegar	3	Electrical machinery and equipment	0.4
Electrical machinery and equipment	3	Animal or vegetable fats and oils	0.3

Source: [HMRC trade statistics by commodity code](#) (accessed 8<sup>th</sup> December 2020). Sectors classified according to Harmonised System chapters. Data presented is recorded on a physical movement basis where a good is recorded as an export (import) if it physically leaves (enters) the economic territory of a country.

17. A detailed breakdown of types of services traded is not available for our trade with Cameroon.
18. ONS data is recorded on a 'Balance of Payments' or 'change of ownership' basis where a good or service leaving (entering) the economic territory of a country is recorded as an export (import) only if it has changed ownership between the resident of the reporting country and non-residents. Goods exports (imports) are recorded by HMRC if a good physically leaves (enters) the economic territory of a country.

### **British businesses exporting to and importing from Cameroon**

19. In 2019, HMRC estimated that around 432 VAT-registered businesses in the United Kingdom exported goods to Cameroon and around 105 imported goods from Cameroon.<sup>7</sup> As these figures only include businesses trading in goods, they are likely to underestimate the total number of businesses trading with Cameroon.
20. For context, provisional survey data from the ONS shows that around 340,500 (non-financial) registered businesses in Great Britain traded in either goods or services or both in 2018 with another country.<sup>8</sup> This was just under 15% of all VAT/PAYE registered businesses. There were around 211,100 (non-financial) registered businesses in Great Britain engaged in goods trade with another country and 188,400 (non-financial) registered businesses trading in services in 2018. Some of these businesses traded in both goods and services. There will be other businesses trading internationally, which are not identified by these surveys as they are not registered for VAT. Neither of these sources include businesses trading below the VAT registration threshold.

<sup>6</sup> The Harmonised System (HS) is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. HS2 refers to the high-level "chapters" of the HS system (i.e. the first two digits of the HS code)

<sup>7</sup> HMRC (2020). [Regional trade statistics interactive analysis: first quarter 2020 \(accessed 9th September 2020\)](#). Proportional count method.

<sup>8</sup> ONS (2019). [Annual Business Survey: Non-financial business economy, exporters and importers in Great Britain 2018 \(accessed 9th September 2020\)](#).

## Economic impact of the EU-Central Africa iEPA

21. In 2007, the European Commission published a Sustainability Impact Assessment (SIA) covering all the EPAs that the EU had concluded with African, Caribbean and Pacific (ACP) States.<sup>9</sup> The studies this SIA contained used a mix of qualitative and quantitative techniques, including some computable general equilibrium (CGE) and partial equilibrium (PE) modelling. It found that the EPAs could have a positive effect on two-way trade flows for both Least Developed Countries (LDCs) and non-LDCs, and could have a positive impact on the economy through increased production for both LDCs and non-LDCs. The range of sizes of this positive effect was found to be “very wide (from modest to substantial)”. It also estimated that there would be a positive social impact through greater employment and incomes. However, there was uncertainty over the effects on the environment.
22. An SIA published by Price Waterhouse Coopers in 2006 assessed that the EU-Central Africa iEPA would lead to a decline in the costs of imports which would benefit firms in Central Africa, as well as consumers.<sup>10</sup> The study also showed that the EPA would also lead to an increase in economic and export diversification for Central African countries. The study further highlighted potential risks of the EPA linked to declining duty-based revenues, competition from imported EU goods, and the possible distortion of trade flows.
23. The European Commission has highlighted other general development benefits associated with EPAs for partner countries.<sup>11</sup> These range from creating new business, trade and investment opportunities, to positive labour market impacts and support for farmers, and to promoting economic integration into the local region.
24. The tariff liberalisation schedule agreed by Cameroon as part of the EU-Central Africa iEPA is asymmetric, to be implemented gradually until 2029<sup>12</sup>. Cameroon committed to liberalise tariff lines covering around 80% of Cameroonian goods imports from the EU by value.<sup>13</sup> This takes account of the different levels of development between the EU and Cameroon. In addition, if local industry is threatened by import surges from Europe, the EU-Central Africa iEPA allows safeguard measures to be triggered to protect industrial sectors and infant industries.<sup>14</sup>
25. In 2015, the then Department for International Development commissioned a Rapid Evidence Assessment on the impact of FTAs between developed and developing countries. It focussed on economic development in developing countries.<sup>15</sup> The assessment concluded that there is mixed evidence on the observed impacts of FTAs on trade between developed and developing countries, and while some studies find large positive impacts of FTAs on the value of trade flows, others find minor or no impacts. This could be explained by methodological differences between studies, by differences in the content of agreements, or by the political, economic and institutional context of FTA partners. The Rapid Evidence Assessment also found that the

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<sup>9</sup> European Commission (2007), '[Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements – Summary of key findings, policy recommendations and lessons learned – Executive summary](#)'

<sup>10</sup> Price Waterhouse Coopers, Forum pour l'Afrique et al (2006), '[Sustainability Impact Assessment of the EU-ACP Economic Partnership Agreements – Financial Services in Central Africa](#)'. This study included analysis of the expected impact of trade liberalization in financial services through the EPA, which has not been undertaken to date.

<sup>11</sup> European Commission (2016) '[10 benefits of Economic Partnership Agreements \(EPAs\)](#)'

<sup>12</sup> Republic of Cameroon (2019), '[Official declaration concerning the calendar for tariff dismantling](#)', adopted by the [EU-Cameroon EPA committee](#) in February 2019

<sup>13</sup> European Commission (2020), '[Factsheet on the Economic Partnership Agreement between the EU and Central Africa \(Cameroon\)](#)'

<sup>14</sup> European Commission (2017), '[Economic Partnership Agreements](#)'

<sup>15</sup> DFID (2015), '[The Impact of Free Trade Agreements between Developed and Developing Countries on Economic Development in Developing Countries](#)'

empirical literature did not provide conclusive guidance on the overall impact of FTAs on economic development, due to a few significant gaps in coverage, particularly regarding the revenue, distributional and social/environmental effects of FTAs.

### **Potential benefit to the United Kingdom if the United Kingdom-Cameroon EPA is brought into effect**

26. The United Kingdom secured an Economic Partnership Agreement (EPA) with Cameroon in December 2020. While the UK-Cameroon EPA did not come into effect from 1<sup>st</sup> January 2021, the UK and Cameroon have committed, through a temporary and non legally-binding Memorandum of Understanding, to ensuring continuity of trading arrangements by maintaining the effects of the EU-Central Africa iEPA, as between them, pending entry into effect of the United Kingdom-Cameroon EPA. Specifically, from 1<sup>st</sup> January 2021 the Memorandum of Understanding is temporarily giving effect to the preferences included in the United Kingdom-Cameroon EPA as was initialled on 27 December 2020.
27. If the United Kingdom-Cameroon EPA does not enter into effect before the end of April 2021 (without the Parties agreeing a time-limited extension of the Memorandum of Understanding) this would result in our businesses losing the preferences included in this arrangement from May 2021 onwards. This would include the re-imposition of many tariffs, returning to World Trade Organisation Most-Favoured-Nation (“MFN”) tariff treatment with Cameroon. Any benefits derived from trading under preferences within the EU-Central Africa iEPA (and the subsequent arrangement), such as increases in trade flows, may then be reversed.
28. It is unlikely that the entire effect of the EU-Central Africa iEPA (and the subsequent arrangement) would diminish. Tariffs would revert to MFN rates, but it could take longer for some of the other benefits to be lost. Some gains might endure even in the long term. For example, business connections formed because of the EU-Central Africa iEPA might endure.
29. The size of the impact of not bringing the United Kingdom-Cameroon EPA into force would depend on the responsiveness of trade flows to increased costs brought about by the loss of access to the preferences provided under the EU-Central Africa iEPA.<sup>16</sup>

### **Immediate impact if not brought into effect**

#### **Impact of tariffs under current MFN and GSP rates<sup>17</sup>**

30. Much international goods trade takes place in products for which MFN rates are already zero. However, trade and association agreements provide additional opportunities by reducing tariffs on products where this is not the case. If the United Kingdom-Cameroon EPA is not brought into effect, tariffs between the two countries would revert to MFN rates, other than where Cameroon benefitted from preferential access to the our market under a unilateral preference scheme that the United Kingdom has implemented after EU exit (the “UK Generalised Scheme of Preferences” (“UK GSP”), see paragraph 36). This would lead to an increase in duties on some of our exports to and imports from Cameroon.

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<sup>16</sup> Head K and Mayer T (2014), '[Gravity Equations - Workhorse, toolkit and cookbook](#)', *Handbook of International Economics*, 4, pp. 131-195.

Dhingra S, et al. (2018), '[Beyond Tariff Reductions: What Extra Boost From Trade Agreement Provisions?](#)' *CEP Discussion Paper No 1532*, LSE, pp. 1-38.

<sup>17</sup> Tariff schedules used in this impact assessment are the applied tariff rates, not bound tariff rates.

31. The annual increase in duties on our imports from Cameroon if the United Kingdom-Cameroon EPA is not brought into effect is estimated to be around £8 million.<sup>18</sup> This estimate assumes that the current patterns of trade remain unchanged in future and that tariffs on these imports would otherwise revert to the United Kingdom's "General Framework" GSP rates on certain eligible goods, and to the United Kingdom's MFN tariff rates on ineligible goods.<sup>19</sup> Given these assumptions, this estimate should be treated as an indicative estimate of the magnitude of the trade barrier under this scenario.
32. Under the same assumptions, the largest implied increases in import duties would be in edible fruits and nuts (HS08) of around £8 million. Most of this increase in duties would come from bananas (HS 080390, £7.9 million) which could end up passed on to consumers.
33. The indicative estimates show that the additional duties that would be applied to our exports to Cameroon would be £1.4 million. The largest increases would be for machinery and mechanical appliances (HS84) of around £400,000, electrical machinery and equipment (HS85) of around £180,000, and miscellaneous chemical products (HS38) of around £160,000.<sup>20</sup>
34. These estimates assume that all tariff preferences offered under the EU-Central Africa iEPA are fully utilised by exporters. DIT estimates suggest that 94% of the United Kingdom's eligible goods imports from Cameroon in 2019 were imported utilising the preferences under the EU-Central Africa iEPA.<sup>21</sup> This means that the actual increase in duties could be lower than the estimates above.
35. The total duty which could apply on our imports would also depend on how quantities and prices of traded products adjusted to the imposition of tariffs. If our producers were not previously utilising the preferential rates or producers and consumers changed their behaviour in response to higher tariffs, this cost would be lower than estimated above.
36. The UK GSP was implemented when the transition period came to an end. Countries that were eligible for preferential access to the United Kingdom through the EU Generalised Scheme of Preferences ("EU GSP") now receive preferences through the UK GSP, and the UK GSP is also based on a country's international classifications by the UN and World Bank<sup>22</sup>. As Cameroon is classified as a Lower-Middle Income Country by the World Bank, Cameroon would be eligible for unilateral preferences under the General Framework of the UK GSP. This

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<sup>18</sup> DIT calculations using tariff data from the UK GSP/MFN schedule and Eurostat trade data (accessed October 2020) for imports. Implied additional duties are calculated using the difference in GSP/MFN and preferential tariff rates (simple average tariffs at CN8 level) and the value of trade for each product at CN8 level in 2019. Different approaches and data sources for this analysis may yield different results. Calculations on import duties take into account inward/outward processing rules and trade which is eligible for relief under specific plurilateral agreements but not WTO or preferential quotas.

<sup>19</sup> There are products for which the UK GSP tariff schedule offers no reduction in duties as compared to the UK MFN tariff schedule.

<sup>20</sup> DIT calculations using 2019 trade data at HS6 aggregation from HMRC (accessed September 2020) for exports calculations. Implied additional duties are calculated using the difference between the MFN rate and the preferential rate ([European Commission](#)) under the United Kingdom-Cameroon EPA. Different approaches and data sources for this analysis may yield different results.

<sup>21</sup> DIT calculations using data from [Eurostat](#). Note that using a single year does not account for fluctuating trends in bilateral trade flows, which can be significant. In general, data on the preference utilisation of trade deals is not readily accessible and should be treated with caution. They indicate whether businesses trading in goods are benefitting from negotiated preferences, but do not tell us which or how many businesses are using these preferences. The data doesn't cover services trade.

<sup>22</sup> HM Government has put in place a [trade preference scheme](#) which provides preferential market access to around 70 developing countries that are eligible under the EU GSP. This includes granting duty-free, quota-free access to Least Developed Countries, which is a target in the UN's Sustainable Development Goals and is in line with our commitments in the WTO.

approach would provide tariff reductions, but not the same level of access as that offered by the United Kingdom-Cameroon EPA. Higher-income partner countries do not benefit from the unilateral preferences provided by the UK GSP.

37. Tariff duties are transfers, where the cost to business is equal to the extra tariff revenue collected by the United Kingdom's Exchequer and Cameroon Government. However, there could be wider effects of increased costs of trade, including negative impacts on consumer choice, prices, and ultimately economic growth and welfare. Estimates of implied additional duties do not therefore constitute an estimate of the impact.

### **Businesses**

38. Additional duties could be absorbed by either Cameroonian businesses or our businesses (depending on whether it is the importer or exporter paying the duty), passed on to consumers, or existing trade patterns could be interrupted. This could impact on the competitiveness of our businesses, leading to disruptions in supply chains and job losses in the short term.
39. Businesses that rely on imports as part of their supply chains may be affected if import prices rise, including our exporters that rely on Cameroon inputs to export goods to the rest of the world. In 2016 (latest data), around 15.4% of the value added in United Kingdom's gross exports reflected imports from abroad, though the data does not provide how much of this added value comprises imports from Cameroon.<sup>23</sup> Our companies which rely on imports from Cameroon would also become less competitive. However, given the small share of our trade under the EU-Central Africa iEPA (and the subsequent arrangement), it is expected that any impacts would be relatively small.

### **Consumers**

40. Imported products could be more expensive for consumers if retailers pass on additional duties to consumers through increases in domestic prices. This could disproportionately affect certain groups of consumers, depending on the specific sectors affected. Consumers might also see a reduction in the choice of products and services available. Given the small share of United Kingdom-Cameroon trade under the EU-Central Africa iEPA (and the subsequent arrangement), this impact may be relatively small overall, but could be noticeable on specific product lines.

### **Longer term impact if not brought into effect**

41. In the long run, the United Kingdom would forgo the longer-term benefits that the United Kingdom-Cameroon EPA would have brought to the United Kingdom. This could result in United Kingdom Gross Domestic Product ("GDP") marginally decreasing but, given the small share of our trade under the EU-Central Africa iEPA, it is expected that any impact on our GDP would be relatively small.

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<sup>23</sup> OECD, 2018. [Trade in Value Added \(TiVA\): Origin of value added in gross exports, December 2018](#). Experimental statistics.

## **Explanation of this Agreement, including Significant Differences between the United Kingdom-Cameroon EPA and the EU-Central Africa iEPA**

42. This section provides a discussion of changes in the United Kingdom-Cameroon EPA. “General Provisions” sets out the generic technical changes that have been made, consistent with the approach taken in all continuity agreements. “Transitional Provisions” details specific changes that have been agreed in the main agreement, which take account of the development aims of the EPA and circumstances within Cameroon. “Annexes and Protocols” sets out the technical changes agreed in the Annexes and Protocols.

## General Provisions

### Removal and replacement of references to the EU

43. Reference to the “European Union”, the “EU”, and all EU Treaties have been removed or replaced, as have references to the “European Community”.
44. References to “Member States” have been deleted or replaced with references to the “United Kingdom” (as appropriate).
45. References to EU institutions have been replaced with appropriate United Kingdom-equivalent institutions or deleted (as appropriate).
46. Certain provisions relevant only to the EU, such as provisions which apply only to EU Outermost Regions, have been deleted, as have provisions relating to the accession of EU Member States and to EU languages (other than English and other languages which remain relevant to particular agreements).

### Territorial Application

47. The Territorial Application article sets out to which territories the United Kingdom-Cameroon EPA applies, and how it applies to them.
48. In the EU-Central Africa iEPA, the Territorial Application article defined the territorial coverage of the agreement on the EU side by reference to the Treaty on the Functioning of the European Union (“TFEU”, formerly the Treaty establishing the European Community). In the United Kingdom-Cameroon EPA, this has been replaced by an article which ensures that the agreement applies to the United Kingdom; and to the specified territories engaged in trade for whose international relations the United Kingdom is responsible in the same way as was intended in the EU-Central Africa iEPA. Those territories can be separated into categories based upon the application of the EU Treaties under EU law to date. These categories of territory are:
  - a. Gibraltar, to which, broadly, provisions not relating to goods or customs apply; and
  - b. the Channel Islands and the Isle of Man, to which, broadly, provisions relating to tariffs and trade in goods apply.
49. The Overseas Territories (Anguilla; British Antarctic Territory; British Indian Ocean Territory; Cayman Islands; Falkland Islands; Montserrat; Pitcairn Islands; St Helena, Ascension and Tristan da Cunha; South Georgia and the South Sandwich Islands; Turks and Caicos Islands; and British Virgin Islands), benefit from some specific provisions on cumulation with respect to rules of origin.

## Continuation of Time Periods

50. Certain provisions of the EU-Central Africa iEPA provide for a transitional period, requiring a party to complete an action within a certain timeframe, which may not yet have been fulfilled under the conditions of the EU-Central Africa iEPA. The United Kingdom-Cameroon EPA has been drafted so that the agreement reflects the remaining time in which the obligation must be fulfilled as per the EU-Central Africa iEPA. This approach ensures continuity of rights and obligations between the EU-Central Africa iEPA (and the subsequent arrangement) and the United Kingdom-Cameroon EPA.

## Title, Definition of Parties and Accessions

51. While EPA negotiations were launched between the EU and the Central Africa region<sup>24</sup> in 2003, Cameroon is the only Central African state to have signed the EU-Central Africa iEPA to date. The EU-Central African EPA was agreed between Cameroon and the EU in 2007 and has been provisionally applied between Cameroon and the EU since August 2014. The European Commission has stated that the agreement implemented between the EU and Cameroon is a step towards a full regional agreement and is open to any country or group of countries in the Central Africa region interested in acceding to it.<sup>25</sup>
52. The United Kingdom and Cameroon have therefore made technical changes to the EU-Central Africa iEPA which recognise this context and ensure the agreement can operate in a bilateral context between the United Kingdom and Cameroon whilst also retaining the regional ambition of the EU-Central Africa iEPA and ensuring other Central Africa states and regional organisations can accede to the United Kingdom-Cameroon EPA in the future should they wish to do so.
53. With the exception of Congo (Brazzaville), Gabon and Equatorial Guinea, all other countries in the Central Africa region are “Least Developed Countries” and continue to benefit from the duty-free quota-free access to our market following the end of the transition period through the UK GSP. Congo, as a Lower Middle Income Country, benefits from the General Framework of the UK GSP. Gabon, classified by the World Bank as an “Upper Middle Income” country does not benefit from preferential access to our market, as was the case under the EU since 1 January 2014. Equatorial Guinea is also classed as an “Upper Middle Income” country and ceased to be a UK GSP beneficiary country from 1 January 2021.
54. The United Kingdom-Cameroon EPA is open to accession by any other state or regional organisation in Central Africa. Article 101 enables a request for accession to be submitted to the EPA Committee, which would review the request and begin negotiations to propose any necessary amendments to the agreement.
55. The title of the agreement has changed from the official title of EU-Central Africa iEPA to reflect the fact that only Cameroon is signing the agreement at this point in time. As such, the title of the agreement is “Interim Agreement establishing an Economic Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the Republic of Cameroon, of the other part”. However, Article 101 would allow for further amendment to this title in order to reflect any accession by another Central Africa state or regional organisation in the future.

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<sup>24</sup> Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, Sao Tome y Principe

<sup>25</sup> February 2020 Factsheet Economic Partnership Agreement EU-Central Africa (Cameroon) - [https://trade.ec.europa.eu/doclib/docs/2017/june/tradoc\\_155624.pdf](https://trade.ec.europa.eu/doclib/docs/2017/june/tradoc_155624.pdf)

56. Where the EU-Central Africa iEPA uses terms such as “Central Africa Party” and “signatory Central African States”, the majority of these references have been replaced with “Cameroon”, where appropriate, as the sole Central Africa party to the agreement. Where required, corresponding amendments to the associated provisions have also been made to ensure the substitution is undertaken in a manner which replicates the effect of the EU-Central Africa iEPA.
57. For the limited set of instances where the EU-Central Africa iEPA contains regional provisions that are not applicable in a bilateral agreement or where a simple substitution would not result in the replication of effect, the text has been amended to reflect this. In particular, the United Kingdom-Cameroon EPA contains amended regional provisions from the EU-Central Africa iEPA which will only be applicable in the event of an accession. This means that the elements of those provisions that require there to be more than one Central African state will not apply while Cameroon is the only Central African state, but will be applicable should at least one additional Central African state accede to the agreement. These instances have the clause “in the event of an accession” inserted in advance of the provision.
58. Article 95 sets out the definition of Parties to the agreement. It provides for a number of automatic amendments in the event of at least one additional Central African state or regional organisation acceding to the agreement. This ensures the United Kingdom-Cameroon EPA can revert back to a regional formulation in that situation and in tandem with the accession pathway provided for in Article 101.
59. There is no depositary to the agreement whilst it is in force bilaterally between the United Kingdom and Cameroon, but in the event that another Central Africa state or regional organisation were to accede to the agreement, Article 101(3) provides that the Government of Cameroon would thereafter be the depositary of the agreement.

## **Institutions and Committees**

60. All of the joint institutions provided for in the EU-Central Africa iEPA have been replicated in full. The United Kingdom-Cameroon EPA establishes an EPA Committee which is responsible for the implementation and operation of the United Kingdom-Cameroon EPA and has the power to take decisions in respect of matters assigned to it by the United Kingdom-Cameroon EPA.
61. Article 92 of the United Kingdom-Cameroon EPA stipulates that decisions adopted by the EPA Committee established under the EU-Central Africa iEPA are deemed to have been adopted, *mutatis mutandis*, by the EPA Committee established under the United Kingdom-Cameroon EPA to the extent those decisions relate to the parties and unless the parties agree otherwise.

## **Amendment Clauses**

62. Amendment clauses set out the process that must be followed if the parties agree to amend the provisions of the agreement after it enters into force. Though parties to an agreement are generally free to amend it as they deem necessary, amendment clauses serve to make the process clearer and more transparent.
63. While there is no general amendment clause in the EU-Central Africa iEPA, a number of clauses provide for the amendment of parts of the agreement. In line with the principle of

continuity, we have not made any changes to those provisions. The language of these provisions has been fully replicated.

## **Entry into Force and Provisional Application**

64. The entry into force provisions in the EU-Central Africa iEPA have been replaced in the United Kingdom-Cameroon EPA with new provisions to ensure that the agreement can enter into force or be provisionally applied once the respective Parties have completed their domestic procedures.
65. Entry into force provisions specify the date from which the terms of the agreement will bind the parties. For the United Kingdom-Cameroon EPA to enter into force, it must first be ratified by both the United Kingdom and Cameroon. Prior to ratification the United Kingdom-Cameroon EPA must be laid before Parliament for scrutiny under the Constitutional Reform and Governance Act 2010 (CRaG Act).
66. Provisional application is a mechanism which enables the parties to apply a treaty “provisionally” for a period of time prior to it entering into force, provided that this is in accordance with the relevant party's domestic legislation and that any necessary domestic implementing legislation is in place. Provisional application is recognised in international law in the Vienna Convention on the Law of Treaties 1969, and a number of agreements were provisionally applied by the United Kingdom during her time as an EU Member State.
67. The United Kingdom and Cameroon may agree that the United Kingdom-Cameroon EPA should be provisionally applied (see Article 98). Given that HM Government is seeking to maintain the effects of the EU-Central Africa iEPA as the United Kingdom was leaving the EU, this is a proportionate approach to manage the timing constraints during this unique period and reduces the risk of businesses and consumers experiencing disruption now that the United Kingdom has left the EU.

## **Trade Remedies**

68. Trade remedies provide a safety net for domestic industry against injury caused by dumped, subsidised or unexpected surges of imports of goods. Most WTO members, who are major economies, have a trade remedies system.
69. The United Kingdom-Cameroon Agreement replicates the effects of the trade remedies provisions in the EU-Central African States EPA, with minor amendments.

## **United Kingdom-Cameroon EPA committee to review the application of a provision exempting Cameroon from our multilateral safeguards**

70. The United Kingdom-Cameroon EPA includes a provision requiring the EPA Committee to review whether Cameroon should be exempted from our multilateral safeguards for a period of time. This review is required to be carried out no later than 180 days after entry into force of the United Kingdom-Cameroon EPA.
71. Under the EU-Central Africa iEPA, Cameroon was exempted from EU multilateral safeguards for a period of five years, beginning on 3 August 2014. The relevant provision required the EU-Central Africa iEPA committee to review the exemption at the end of this period to decide whether it should be extended. We understand that this review did not take place. The United

Kingdom and Cameroon have reached an agreement that this review should take place under the United Kingdom-Cameroon EPA.

72. The EPA Committee will meet to determine whether Cameroon is to be exempted from United Kingdom multilateral safeguards for a set period. These may include safeguards under Article XIX of the GATT and the Agreement on Safeguards (“safeguards in response to unforeseen developments”) and Special Agricultural Safeguards. The impact of any exemption will depend on what multilateral safeguards the United Kingdom has in place or is likely to impose and the volume of exports of that product from Cameroon. Currently the United Kingdom has safeguards in response to unforeseen development in place only on steel products. It has exempted Cameroon from these, as permitted by the WTO Agreement on Safeguards, by virtue of Cameroon being a developing country member of the WTO and a low volume exporter.

## **Dispute Settlement**

73. The economic benefits of a free trade agreement can only be realised if they are faithfully implemented and complied with. A dispute settlement mechanism in an agreement signals the parties’ intention to abide by the agreement, thereby increasing business and stakeholder confidence that commitments set out in the agreement can, and will, be upheld. The dispute settlement mechanism therefore provides an important deterrent function. It also provides an effective mechanism for enforcing those commitments, and for resolving any disputes that arise.
74. The United Kingdom-Cameroon EPA replicates the effects of the dispute settlement provisions in the EU-Central Africa iEPA *mutatis mutandis*.
75. One of the impacts of replicating the dispute settlement chapters of existing EU trade agreements is that, in the event that a dispute arises, the United Kingdom will be directly responsible for any relevant costs associated with the dispute settlement process.

# Annexes and Protocols

## Goods

76. Goods chapters in trade agreements set out the treatment and the level of access to the domestic market granted to the goods of each of the respective parties. Such provisions include setting tariff levels and quotas on various products, establishing agricultural safeguards and determining the rules of origin for goods to qualify for preferential treatment. Commitments on tariffs for both the United Kingdom and Cameroon have been replicated to reflect the latest developments under the EU-Central Africa iEPA including the most up to date market access offer from Cameroon. This means that tariff preferences set out in the agreement for products being traded between Cameroon and the United Kingdom will remain the same as those between Cameroon and the EU.

## Rules of origin

77. In free trade agreements, Rules of Origin are used to determine the economic nationality of a good. In order to qualify for preferential tariff rates, a good has to “originate” in one of the parties to the agreement. Trade agreements may also allow materials originating and/or processed in a country other than the exporting Party to count towards meeting the specific origin requirements for preferential treatment, a process known as “cumulation”.

78. There are two main categories relevant to determining whether goods “originate” in the exporting country for the purposes of a free trade agreement:

- a. **Wholly obtained** – These are goods that are wholly obtained or produced entirely in a single country. Examples include (i) mineral products extracted from the soil and (ii) live animals born and raised there.
- b. **Substantial transformation** – These are goods that are made from materials which come from more than one country, and the origin is therefore defined as that of the country where the goods were last substantially transformed. This can be determined in three ways:
  - i. **Value added** – This type of rule requires that a particular proportion of the final value of the product be added in the exporting country.
  - ii. **Change in Tariff Classification (“CTC”)** – This type of rule requires that the final product be sufficiently different from the imported materials such that it moves to a different tariff classification altogether.
  - iii. **Specific processing or manufacturing** – These rules typically apply where value added or CTC rules may not adequately determine originating status, and where specific processes are required to meet originating criteria.

79. Before the end of the transition period all our content was considered as “originating” in the EU and our exports were designated as “EU origin”. This meant that originating materials from, and processing in, the United Kingdom and the rest of the EU could be used interchangeably in bilateral trade with existing EU trade agreement partners. This is no longer the case now that

existing EU trade agreements have stopped applying to the United Kingdom following the end of the transition period. The designation of our exports has now shifted from “EU” originating to “United Kingdom” originating and the new default position (without special provision in each FTA) would be that EU content would no longer count towards meeting the origin requirements for preferential treatment for either party. This would have implications for goods traded between the United Kingdom, EU and Cameroon.

80. To address these implications and to provide maximum continuity for business, it has been agreed in the United Kingdom-Cameroon EPA that EU materials and processing can be recognised (i.e. cumulated) in United Kingdom and Cameroonian exports to one another. The United Kingdom-Cameroon EPA also enables cumulation to occur with other third countries where certain conditions are met (for example, where the United Kingdom agrees a preferential trade agreement with an ACP State), replicating the mechanism provided for in the EU-Central Africa iEPA. The cumulation arrangements are set out in detail in Title II (Definition of the concept of ‘originating products’) of Interim Protocol 2A and Interim Protocol 2B and are subject to satisfying certain conditions specified in the agreement.
81. The text of the rules of origin Protocols can be found in Interim Protocol 2A concerning the definition of the concept of “originating products” and methods of administrative cooperation with respect to products imported to the United Kingdom from Cameroon, and Interim Protocol 2B concerning the definition of the concept of “originating products” and methods of administrative cooperation with respect to products imported to Cameroon from the United Kingdom to the United Kingdom-Cameroon EPA. As there is no existing reciprocal rules of origin protocol in the EU-Central Africa iEPA, these two interim protocols replicate the existing arrangements being applied under the EU-Central Africa iEPA. Interim Protocol 2A replicates the effect of rules of origin in the EU’s Market Access Regulation (MAR) and Interim Protocol 2B replicates the effect of the rules of origin in the Cameroon decree concerning the rules of origin and methods of administrative cooperation applicable to goods of the European Union within the framework of the Interim Agreement with a view to an Economic Partnership Agreement (Decree No. 2016/367).
82. The commitment to annex a common reciprocal regime governing the rules of origin has been transitioned from the EU-Central Africa iEPA in Article 13. This new protocol would replace the two Interim Protocols and under the Agreement, this would enter into force on a date to be agreed by the EPA Committee.

## **Impact**

83. If cumulation of EU content for the United Kingdom and Cameroon were not permitted under the United Kingdom-Cameroon EPA, some United Kingdom and Cameroon based exporters might find themselves unable to access preferences as they were able to under the EU-Central Africa iEPA. United Kingdom exporters to Cameroon who rely on EU content might have to revert to paying Most Favoured Nation (MFN) tariff rates, if they continued using EU content, or they might have to review and reassess their existing supply and value chains as a result of this change to existing terms. The impact would, of course, vary across sectors.
84. The United Kingdom-Cameroon EPA provides only for trade between the United Kingdom and Cameroon and does not provide for either party’s direct trade with the EU, including, for example, where United Kingdom and Cameroon-based exporters use content from each other in exports to the EU. The imposition of higher MFN tariffs on such exports, or GSP tariffs where applicable, may have a minor negative impact on trade flows. The United Kingdom and Cameroon have also signed a Joint Declaration, recognising that a trilateral approach to rules

of origin involving the EU is the preferred outcome in trading arrangements between the UK, Cameroon and the EU.

## **Bilateral Safeguards – Sugar**

85. We have replicated the provision in the EU-Central Africa iEPA that allows one Party to apply a bilateral safeguard duty on imports from the other Party in certain circumstances.
86. By way of special provision in the EU-Central Africa iEPA, a disruption in the EU sugar market for the purposes of the application of a bilateral safeguard duty may be determined to have arisen if the price of sugar falls below a certain level (the “trigger price mechanism”). In line with the principle of technical replication, we are transitioning these provisions in the United Kingdom-Cameroon EPA and establishing a trigger price mechanism for the United Kingdom sugar market.
87. Data is not, however, available to determine what the appropriate level for the trigger price mechanism should be in the United Kingdom at this time. This is particularly the case given recent volatility in sugar prices following the reform of the EU domestic sugar regime. To ensure that the United Kingdom-Cameroon EPA is operable upon entry into force, we have agreed to suspend the trigger price mechanism temporarily. We have also agreed that the Parties will review the price trigger after entry into force of the United Kingdom-Cameroon EPA. The price trigger set in the EU-Central Africa iEPA will reapply after a period of five years, unless the Parties reach agreement on a replacement trigger price.
88. We do not envisage that suspending the trigger price mechanism will have an impact on the United Kingdom. Given the substantial convergence of United Kingdom and EU sugar prices with those prevailing on world markets, it is unlikely that it will be appropriate to deploy safeguards in the foreseeable future. Indeed, the EU has not previously needed to utilise this mechanism to implement safeguard duties for sugar. The temporary suspension of the trigger price mechanism does not prevent the United Kingdom applying a bilateral safeguard duty to sugar imports based on the standard procedure applicable in the United Kingdom-Cameroon EPA (as referred to in paragraph 83).

## **Customs and Trade Facilitation**

89. In FTAs, Customs and Trade Facilitation is used to allow for the efficient transport of goods across national borders whilst seeking to minimise the administrative and operational burden on traders as well as associated costs through measures such as customs agency cooperation and transparency. The United Kingdom-Cameroon EPA has transitioned Protocol 1 on Mutual Administrative Assistance in Customs Matters from the EU-Central Africa iEPA, with only minor modifications. This is not expected to have a significant impact on trade flows.

## **Intellectual Property (IP)**

90. The United Kingdom-Cameroon EPA contains an IP chapter in which the Parties reaffirm their rights and obligations arising under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), agree to engage in further negotiations on IP, and agree to strengthen cooperation on IP.

## **Technical Barriers to Trade**

91. Technical Barriers to Trade (TBT) articles in trade agreements cover aspects relating to regulations, standards and conformity assessment for goods. TBT provisions in trade agreements play an important role in reducing non-tariff barriers for businesses, for example through increasing the transparency of a trading partner's regulatory requirements. Changes to these provisions have been limited to non-substantive technical changes to the EU-Central Africa iEPA. As such, they are not expected to have a significant impact on trade flows.

## **Sanitary and Phytosanitary (SPS)**

92. SPS provisions in trade agreements concern the application of food safety and animal and plant health regulations. These provisions allow countries to set standards and regulations that allow for the protection of human, animal or plant life and health. FTAs may contain SPS provisions which, for example, increase transparency in the application of SPS measures, or allow the recognition of equivalent measures in relation to animal health, and import requirements, including health certifications.
93. Only minor non-substantive changes have been made to the SPS provisions contained in the EU-Central Africa iEPA. These include replacing the reference to EU competent authorities with a provision which requires Parties to notify each other of their competent authorities upon entry into force of the Agreement and on any accession, as well as adjustments to Article 46 which would apply in the event of an accession to the Agreement. These changes are not expected to have an impact on trade flows.

## **Forestry governance and trade in timber and forest products**

94. The EU-Central Africa iEPA contains provisions relating to trade in timber and forest products originating in Central Africa and to the sustainable management of the forests from which these products are extracted. These provisions have been replicated in the United Kingdom-Cameroon EPA with amendments made to ensure they are both operable in a bilateral context as well as a future context in the event of an accession to the Agreement (as referred to in paragraph 57). These changes are not expected to have an impact on trade flows.

## **Cotonou Agreement**

95. The EU-Central Africa iEPA contains a range of references to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Members, of the other part, signed in Cotonou on 23<sup>rd</sup> June 2000 ("the Cotonou Agreement"). The Cotonou Agreement provides a framework for the EU's political, development and trade relations with these 79 developing countries. As the United Kingdom has left the EU, the Cotonou Agreement has ceased to apply to the United Kingdom.
96. Some references to the Cotonou Agreement contained in the EU-Central Africa iEPA can be deleted without any change to the effect of the United Kingdom-Cameroon EPA. For others, we

have sought to ensure continuity of the effect of the references in the EU-Central Africa iEPA to the Cotonou Agreement which are relevant to the United Kingdom's trade relationship with Cameroon. Those references include the objectives and essential and fundamental elements set out in the Cotonou Agreement and the ability to take appropriate measures in the event of a violation of those elements. For these references we have replicated the relevant provisions of the Cotonou Agreement in the United Kingdom-Cameroon EPA as Annex IV.

97. Annex IV of the United Kingdom-Cameroon EPA replicates the language of the Cotonou Agreement and the EU-Central Africa iEPA to ensure that respect for human rights, democratic principles and the rule of law, and good governance remain as essential and fundamental elements of the United Kingdom-Cameroon EPA; and that if needed, appropriate measures can be taken in the event of a violation of these elements. Annex IV also outlines the principles that will apply to any development cooperation provided by the United Kingdom to Cameroon to support implementation of the United Kingdom-Cameroon EPA.
98. Annex V of the United Kingdom-Cameroon EPA replicates the language of the Cotonou Agreement where appropriate regarding cooperation in the strengthening and development of economic activities particularly in services sectors. This was previously referenced in Article 55 of the EU-Central Africa iEPA.
99. The overall result is a replication of the effects of the Cotonou references in the EU-Central Africa iEPA.

## **Expanding the agreement**

100. The United Kingdom-Cameroon EPA replicates the provisions in Title V of the EU-Central Africa iEPA which lists areas for future negotiations to expand the agreement. These include competition (Article 57); intellectual property (Article 58); public procurement (Article 59); sustainable development (Article 60).
101. The fulfilment of these commitments is not time bound.

## **Services**

102. Services chapters and corresponding annexes in trade agreements set out the treatment and the level of access to the domestic market granted to that trade partner's service suppliers and services. Commitments build upon the level of access and the treatment granted to all WTO members, whilst protecting governments' right to regulate the domestic markets. In the EU-Central Africa iEPA, there are limited provisions relating to services, the effects of which have been retained in the United Kingdom-Cameroon EPA. As such, the new bilateral agreement is not expected to have a significant impact on trade flows.

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