

Estimating the Informal Cross-border Trade in Central Africa

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Abstract

Cameroon is the largest trading partner of the Economic and Monetary Community of Central Africa (CEMAC) countries. Despite belonging to the same sub-regional organization, the formal trade ties between Cameroon and its neighbours have been hampered by a combination of factors that have spurred the growth of informal (unrecorded) trade. Interest in cross-border trade of agricultural and horticultural commodities between Cameroon and its neighbours has been overwhelming, but knowledge of its magnitude, determinants and consequences remains inadequate. This leads not only to undervaluation of figures in the national accounts, but also inhibits formulation of appropriate policies and strategies to exploit its potential impact, particularly on food security. Using a monitoring method of cross-border flows of informal trade, this study sought to estimate the volume/value of unrecorded cross-border trade between Cameroon and its CEMAC neighbours and compare it with recorded (official figures) trade. The results indicate that in 2008 a volume of just over 155,000 tons of agricultural and horticultural commodities were shipped from Cameroon to its neighbours in CEMAC at an estimated value of almost 38 billion CFA francs, representing 0.4% of the gross domestic product (GDP) of Cameroon. The comparison in relative terms shows that informal or unrecorded trade represents 96% of official trade and mainly includes agricultural and horticultural commodities. The failure of the institutional intra-business community framework through informal trade policy practices explains the informal trade in the CEMAC.

Keywords: *Informal cross-border trade, agricultural products, CEMAC countries.*

JEL Classification: *F150*

1. Introduction

The integration of developing countries in the world economy has experienced tremendous acceleration over the last decade due to the effects of reducing or even eliminating trade barriers. This globalization has been accompanied in most of the world's regions by the formation of regional blocs (or strengthening existing ones), both to promote trade liberalization and to improve the capacity of countries to compete in world markets. However, in sub-Saharan Africa, sub-regional organizations created in the 1970s had a largely lost their credibility because they lacked results or were too ambitious. Assessments by economists for the failure of regional integration policies in sub-Saharan Africa face obstacles because national accounts data largely underestimate intra-African trade including regional integration blocs like the Economic and Monetary Community of Central Africa (CEMAC), the West African Economic and Monetary Union (UEMOA), the Southern African Development Community (SADC), etc. (Egg and Herrera, 1998).

For CEMAC, despite recent reductions in tariffs and the elimination of most official non-tariff barriers between member states, disparities persist and trade policies are powerful factors in the development of unrecorded trade. Indeed, CEMAC member states (Cameroon, Central African Republic [CAR], Chad, Congo, Equatorial Guinea, and Gabon) have a common trade policy that prohibits tariffs between them and applies a common external tariff to non-members. The common commercial policy also advocates the free movement of people and goods between member states. However, some states do not fully comply with this trade policy and erect non-tariff barriers to trade. In this context, the question is how to give substance to the integration of CEMAC countries when the data produced and compiled by national statistical institutes do not include the true extent of the trade between member states of the community.

Indeed, trade figures available are generally limited to formal or recorded trade, duly documented by official statistical information systems, at national or international levels. While this is the case in the case of manufactured goods traded between Cameroon and Western countries, we cannot say the same for its agricultural and horticultural trade with African countries, particularly those of CEMAC. Indeed, trade in agricultural commodities between Cameroon and its CEMAC neighbours is generally underestimated by the customs services of Cameroon (MINADER-DESA, 2008) because of the informal and strong socio-cultural proximity between countries. All commodities grown in Cameroon are sold partly in neighbouring CEMAC countries due to significant price (see Appendix 1) differentials which allow traders to realize substantial profit margins.

Moreover, as noted by Bennafla (2002), it is difficult to separate the formal and informal

trade in Central Africa. In the case of CEMAC, Cameroon is the main trading partner for each member state and the trade balance is generally in its favour in intra-CEMAC trade. This cross-border trade of agricultural and horticultural commodities is “one way” trade consisting only of exporting products from Cameroon to CEMAC neighbouring states. Cameroon’s imports from CEMAC countries are marginal for agricultural and horticultural products (Nkendah et al., 2011). The estimation of unrecorded cross-border trade in question here therefore requires estimating the unrecorded Cameroon exports of agricultural and horticultural commodities to its CEMAC neighbours.

The cross-border trade is the subject of several concepts in the literature including “informal”, “unregistered”, “parallel” and “smuggling” trade (Egg and Herrera, 1998). According to these authors, far from being informal, this trade is highly structured around organizations and networks that can operate over large scales. For the most part, the trade is handled through official positions of control through which it is subjected to high financial “solicitations” by administration officials, but which are marginally reflected in the government figures due to bribery. In this paper we define unrecorded cross-border trade as the set of cross-border flows of agricultural and horticultural products that are not recorded in official statistics of Cameroon for various reasons: “informal” trade, flows that pass through official positions and are recorded in the unserious records, but not centralized in official statistics at the central level, etc.

As one can see, the agricultural and horticultural trade between Cameroon and its CEMAC neighbours is mainly characterized by its non-inclusion in the national accounts of the country. This omission may distort the true measure of the effects of regional integration on member states. It may also undermine the extent that cross-border trade, that takes place outside institutional arrangements, certifies regional integration at the micro level by individual traders who interact through social and cultural solidarity and also through traders’ networks at borders (Egg and Herrera, 1998). This omission may also give the wrong signals to prospective entrepreneurs and managers in charge of defining economic policies and distort the perception of the business environment for investors wishing to invest in cross-border trade in Central Africa. It is imperative therefore to correct this omission that will help to highlight the effects of regional integration on the member states by estimating the unrecorded cross border trade.

This issue of estimating trade flows in the context of regional integration has been the subject of several research efforts. Some of these studies have been published in a special issue of the journal, *Autrepart* No. 6, under the scientific coordination of Johnny Egg and Janvier Herrera (Egg and Herrera, 1998). Throughout these studies, two empirical economic approaches have been implemented. The first focuses on the direct measurement of cross-border trade by developing methods to estimate flows and the second follows an indirect, more comprehensive approach, based on the analysis of price behaviour on a set of markets.

The aim of this article, which complements these previous studies in their first approach is two-fold. First, we wanted to understand the overall context of cross-border trade of agricultural and horticultural commodities between Cameroon and its CEMAC neighbours by describing border markets from which exchanges are organized with neighbouring countries. These border markets are regulated in practice, largely by rules that have nothing to do with the legal framework governed by formal laws.

The CEMAC policy makers in general and Cameroon in particular need to understand these rules (forces) before responding effectively to improve the business climate. Our goal was to offer a set of characteristics that clearly identify the elements that regulate these real markets, namely their spatial location, the profile of traders in these markets, their sources of finance, the marketing functions, costs and profits and costs of cross-border marketing. Second, we wanted to estimate the volume and value of unregistered cross-border trade of agricultural and horticultural commodities between Cameroon and its CEMAC neighbours and to compare this with recorded official statistics.

To fulfil the above objectives, we formulated two research hypotheses: 1) the estimated volume/value of unrecorded cross-border trade between Cameroon and its neighbours is higher than the official trade; and 2) the determinants of this disparity are import and export formal taxes, and bureaucratic burdens that promote unrecorded trade.

The rest of the paper is organized into six sections. After the introduction, cross-border trade issues are presented in Section 2; Section 3 is devoted to a review of literature. Section 4 discusses methodology and data used. Section 5 presents results and their discussion. The paper ends with a conclusion and policy recommendations.

2. Cross-border issues in unrecorded trade in CEMAC

Understanding why trade is unrecorded needs an institutional description framework of CEMAC showing the commercial rules in favour of intra-community business. The failure of these commercial rules by the practice of informal trade policy explains the unrecorded trade within CEMAC.

The institutional framework for intra-CEMAC commercial activity

Since its creation by the Ndjamena Treaty of 16 March 1994, CEMAC acquired its own institutions to facilitate the emergence of genuine economic development in trade between member states. These institutions are four, namely: the Economic Union of Central Africa (EUCA), the Monetary Union of Central Africa (MUCA), the Court of Justice, and the Community Parliament. At the same time, CEMAC is appropriated by various other institutional arrangements in which its member states were parties to the regional level, particularly in Francophone Africa. These include those made by the Organization for the Harmonisation of Business Law in Africa (OHADA), the Inter-African Conference of Insurance Markets (CIMA), and the Inter-African Conference of Social Welfare (IACSW).

Section 2 (c) of EUCA provides progressive implementation of a common market after a five-point process, namely:

- Elimination of internal customs duty, quantitative restrictions on entry and exit of goods, equivalent charges and any other measures having equivalent effect that may affect the transitions between the member states;
- Establishment of a common commercial policy towards third countries;
- Establishment of common rules of competition applicable to undertakings and state aid;
- Implementation of the principle of the free movement of workers, the freedom to provide services, freedom of investment and capital movements;
- Harmonization and mutual recognition of technical standards and procedures for approval and certification.

In addition, mechanisms and devices to achieve the common market were planned and organized:

- The Investment Charter established by the Regulation of 17 December 1999 constitutes a common framework including rules to improve the institutional environment of fiscal and financial companies;
- The establishment of a regional banking system under the framework of MUCA to ensure currency stability, promoting the smooth operation of payment systems and conducting foreign exchange transactions through the Bank of the Central

Africa States (BCAS), and the security of the entire banking system—including micro-finance sector—being provided by the Banking Commission of Central Africa (CABC);

- The projection of a judicial system with a regional council of competition and an arbitral tribunal to punish anticompetitive practices of all kinds;
- The signing of various texts on transport services (1993 Protocol on procedures for passage of goods in transit, 1996 CEMAC Convention on the multimodal transport agreement of 1999 on road freight and transit from Cameroon to CAR and Chad, CEMAC Agreement of 1999 on the regional airline) to facilitate the movement of persons and goods;
- Adoption of OHADA and CIMA acts to secure the property rights of staff performing various economic activities including those of trade.

The tax and customs reforms came into force in 1994 and have resulted in the establishment of a common external tariff with four rates (0% for basic necessities, 10% for raw materials, 20% for semi-finished product and 30% for final consumer products). In addition, the reforms put in place a tax on turnover that is gradually being converted into value-added tax; this is already the case in three countries of CEMAC. Despite these small advances, there is still little integration of production systems. Thus, the figures in the direction of trade statistics from the International Monetary Fund (IMF) indicate that in 2001 the share of exports between CEMAC member countries was barely 1.15% of total exports. Clearly, this figure refers only to formal trade. However, although the institutional framework within the community as presented was primarily designed to govern the formal business, its failure could provide an explanation for the development of informal cross-border business between Cameroon and other countries of CEMAC, as reflected in the informal trade policies encountered between some member countries.

The informal trade policies as explanatory factors

As the CEMAC countries are part of the same sub-regional grouping, there are no formal tariff barriers between them. However, the system of taxation of certain products is random and informal (AGROCOM, 2005). Thus, the tax imposed on agricultural products has no determined value and varies from one border post to another for the same product. Between Cameroon and Gabon, the informal taxes levied by the police and the gendarmerie on the roads are exorbitant. For manufactured goods, the customs departments levy a value added tax (VAT) of 18.7%. According to AGROCOM (2005), to cross the border between Cameroon and Equatorial Guinea and Gabon, Cameroon trader pays CFAF 1,000 without a receipt and must submit their identification at the police station. The trader must also have a visa which costs CFAF 31,500. Outside the official crossings, there are parallel, unofficial tracks to cross borders.

It is legitimate to ask whether the development of informal trade is explained only by the costs and charges mentioned above. In general, and according to a study by CEA-BSRAC (2007), the informal trade of agricultural products in Central Africa is explained by several factors. These include cultural and family ties across boundaries; religion such as, for example, Islam that has allowed traders in northern Cameroon and Chad to build relationships and a sales network on the basis of their faith; and the economic crisis with

its adverse consequences on employment and inflation. In addition to these factors, some constraints to the development of cross-border trade of agricultural products between the CEMAC countries are behind the development of informal trade. These constraints can be grouped under four distinct categories, namely: infrastructural and institutional constraints (the poor condition of roads and telecommunication characterized by areas that are not sufficiently covered by the communication network and the unit cost of telephone call from one country to another is exorbitant); technological constraints (poor quality of packaging and storage problems); and human constraints (organized crime known as roadblocks, police harassment, etc).

3. Literature review

Unrecorded border trade is often explained by the informal practices traders undertake to circumvent existing trade policies. It is therefore important to address some general issues related to the informal economy which may help reduce unrecorded trade. These issues include theoretical and empirical studies.

Theoretical literature

The theoretical literature includes concept discussions (growth, poverty and legalization) which are important factors in finding solutions for reducing unrecorded cross-border trade. The sequence of the discussion starts with the conceptual issues regarding the definition of the informal economy, the role that the informal economy can play in the growth process, and then ends with the discussion on the poverty reduction, and the debate on the legalization of the informal economy.

Conceptually, there is no unanimous definition of the informal economy among researchers as pointed out by Aryeetey (2009, p. 2): “The first studies of ‘informal sector’ have sometimes been criticized for being vague because they have not clearly defined what the ‘informal sector’ was. Conceptually, the informal economy focuses on activities that are under the form and structure, operating outside the bureaucratic controls, which are likely to be more insecure and less stable.” Several authors have discussed informal trade (Ongaro, 1995; Ackello-Ogutu, 1997; Bennafla, 2002). Although informal trade takes different forms and is known under different names (for example, unrecorded trade, illegal trade, unofficial trade, underground trade, part of parallel market activity, the activities of black market, trade subject of over-and under-invoicing, smuggling or hoarding), it is best characterized by its non-inclusion in the national accounts of a country or region in terms of its domestic and international trade.

The relationship between economic growth and the informal sector has always led to considerable interest at different points in time (Ranis and Stewart, 1999; Tokman, 2001; Aryeetey, 2009). In the early days of development economics, growth was viewed as growth of economic activities organized by the rapid industrialization through capital formation and expansion of domestic and external demand. Literally, the “informal sector” has been considered as a temporary situation that would disappear as economic growth took hold. The expansion of the informal economy over several years and the deterioration of employment situation in many developing countries in sub-Saharan Africa, Latin America and the Caribbean have been regarded as the causes of low growth of the gross domestic product (GDP) (ILO, 2004). However, as shown by a number of recent studies (Becker, 2004), this positive relationship between the informal sector

and economic growth is not always verified. In the cross-border trade of agricultural products between Cameroon and CEMAC, the relationship between the informal sector and economic growth in the region is not fully established. But, in recent years, one has observed an increase of informal activities with a lower rate of growth in Cameroon and in other CEMAC countries except Equatorial Guinea (CEA-BSRAC, 2007).

The conceptual issues regarding economic growth and poverty are vast and varied. However, whether economic growth leads to poverty reduction or not is a question that has been debated for years among governments and economists. There are those who advocate growth at any price and others who suggest that the emphasis is on policies that directly affect the poor. However, the impact of economic growth on the rate of poverty reduction depends on the nature, strength and other characteristics of the linkages between growth and poverty at some point in time and in a country in particular (Aryeetey, 2009).

Concerning the debate on the legalization of the informal economy, the views are divided on the question: Is the legalization of the informal sector a prerequisite for economic growth? Some studies have argued that legalization of the informal economy is a precondition for faster growth because the sector prevents growth and investment as a result of tax evasion (Fisman and Shang-Jin Wei, 2004; Arndt and Van Dunem, 2009). This position is born of the idea that informal enterprises operate outside of taxation and regulation and, consequently, have difficulty accessing credit. This limits the scope of their operations and their ability to exploit investment opportunities. In addition, the informal sector affects the ability of governments to raise revenues and, consequently, adversely affects public sector resources with their complementary role in financing private investment through infrastructure development or facilitation of the business environment (Loayza, 1996; Arndt and Tarp, 2008). In the case of informal cross-border trade between Cameroon and the neighbouring CEMAC countries, the problem of legalization remains unsolved and current (CEA-BSRAC, 2007).

Empirical studies

Empirical studies include reasons that explain informality and estimation of informal cross-border trade. These are informal tariffs, the overvaluation of the currency, relative price differential, etc. Details are given in the following:

On the question of why economic agents encourage informal trade in disfavour of formal trade, Ackello-Ogututu (1997) studied the case of the SADC member countries in East Africa. The author summarized the reasons as follows: it was stressed that the adoption of restrictive policies in many countries creates incentives for illegal trade. Restrictions such as tariffs on imports, quotas, exchange controls, state monopolies in certain businesses and export restrictions (such as currency declaration and obtaining licenses to export) create incentives for informal activities. The high tariffs and export taxes encourage smuggling and shortcomings of invoicing of imports and exports, primarily as a means to evade taxes. This leads to an underestimation of cross-border flows and a poor record of trade. The overvaluation of the currency resulting from exchange controls reduces export prices and thus acts as implicit taxes on exports. The exchange controls contribute to distortions of official trade encouraging overcharging of imports and under invoicing of exports as a means of capital flight. This overestimates the official imports and underestimates exports. Smuggling has also been facilitated in

the past by barter and the semi-convertibility of currencies in the border areas. Import licenses are often presented as a response to an overvalued currency, limiting the supply of imports and increasing domestic prices which offer incentives for a black market in smuggled goods. The relative price differentials between countries and shortages in one country encourage informal trade across borders. The scarcity and shortages in some neighbouring countries create effective demand and high profits which make it extremely difficult to control smuggling. Other causes could be lack of coordination and partial implementation of structural adjustment programmes and measures aimed at removing formal trade barriers.

In addition, certain events in the history of sub-Saharan African countries in general and CEMAC in particular have prevented “normal trade” taking its course. For example, civil wars in Uganda in the mid-1980s, in Congo in the late 1990s, in CAR and Mozambique (lasting almost two decades), are a few of these events. Another important factor is drought. Food crops are susceptible to drought to different extents. Production methods differ between countries and consumption patterns of grain are more or less similar in sub-Saharan Africa. This means that cross-border trade increases in times of drought to mitigate the effects of production falls in countries affected by drought. In the CEMAC sub-region, several factors are advanced to explain the increasing activities of informal cross border trade including in cities (Brazzaville, Douala, Libreville, Yaoundé etc.), recurring socio-political instability, inadequate physical infrastructure, trade liberalization, HIV/AIDS and lack of employment (CEA-BSRAC, 2007).

Regarding the question on the estimation of volumes and values of cross-border informal trade, several studies were conducted in Eastern Africa (Ogutu-Ackello, 1996; Macamo, 1999) and in Central Africa (Herrera, 1995) showing that the volume of informal trade between Kenya and Uganda represents 150% of official trade between the countries. In Central Africa in general and CEMAC in particular, studies were initiated to estimate the informal cross border trade between Cameroon and its neighbours (CIRAD-SCAC, 2007; MINADER-DESA, 2008). The results of these studies are qualitative. They explain the factors that underestimate cross-border trade and identify agricultural products, volume and price of commodities traded. A quantitative study to estimate the volume/value of the informal cross-border trade between Cameroon and its neighbours is necessary to supplement the results of previous studies and is the subject of this research.

4. Methodology and data

This section presents the analytical framework and methodological problems of estimating cross-border flows and sources of data used.

* *Analytical framework*

Quantification of unrecorded cross-border flows has been the subject of several methods that differ across products and countries, and strategies of the actors. For example, Galtier and Tassou (1998) have, based on surveys conducted by the Laboratory for Regional Analysis and Social Expertise (LARES), proceeded by cross-process of official and private data to estimate re-exportation flows of informal trade between Benin and Nigeria. Herrera (1998) estimated the unrecorded trade of fraudulent fuel from Nigeria to Cameroon by stopping illegal flows over time. Other authors (Caupin and Laporte, 1998; Herrera, 1998) used price convergence in the context of market integration to estimate the magnitude of flows.

In this paper, the methodology for estimating the informal or unrecorded trade between Cameroon and CEMAC neighbouring countries is monitoring borders based on direct observation of flows. This methodology has been applied by Ackello-Ogutu (1996, 1997) and Macamo (1999) to estimate informal trade between East and Southern Africa countries. The rationale for using this method is that the data recorded by the customs officers do not always estimate the volume/value of unofficial trade between two countries for several reasons: 1) for a given product, official figures from both countries do not correspond in trade because of over/under-invoicing, falsifying statements so as to pay less tax on the operation or to avoid paying it entirely by the traders; 2) other estimation problems arise when two countries do not have records of trade flows as in the case of flows of contraband; 3) similarly, trade flows of food commodities such as bananas, maize, beans, fish, fruits and vegetables, appear to move freely across the border, especially when the amounts involved are small. Records hardly exist for these types of exchanges of small amounts of food and the technical observation of borders (monitoring) may be the only option for their quantification.

For a given month m , the data used to calculate the monthly trade and, ultimately, the annual trade volumes for a given product can be rated by $q_m = (q_{mwd})$, where $w = 1 \dots 2$ indicating the number of monitoring weeks of the month m , and $d = 1 \dots 7$ showing the days. Taking a month of 30 days, the estimated average monthly trade q_m in physical units is derived from the average daily trade flows by multiplying by 30, ie:

$$\bar{q}_m = \frac{30}{14} \sum_{w=1}^2 \sum_{d=1}^7 q_{wd} \quad (1)$$

where symbols are as explained in the text. The estimate for the annual trade volume of Q is then given by:

$$Q = \sum_{m=1}^{12} \bar{q}_m \quad (2)$$

Given estimates of the average prices for each month \bar{p}_m the total value (in local currencies duly converted to CFA francs) for the annual trade is:

$$V = \sum_{m=1}^{12} \bar{q}_m \bar{p}_m \quad (3)$$

The trade balance between Cameroon and its neighbours is derived from a matrix of import/export built using the Equation 3 above for all agricultural and horticultural key products. Before the computation, let us discuss some methodological problems of the estimation.

* *Methodological problems*

These include issues of measurement units and seasonality.

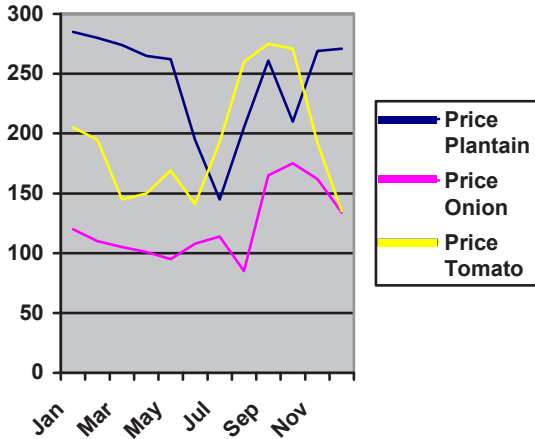
The issue of measurement units and prices

On the cross-border markets, there are a multitude of local measurement units (LMU) which complicate the task of estimating the quantities sold and their monetary value. MINADER-DESA (2008) addressed these difficulties by publishing a study on the harmonization of LMU in the various border markets. On the basis of these measurement units, each crop and horticultural subject of cross border trade was valued. This valuation is based on prices in the border markets, namely the price paid by the informal traders to import goods or money received by the informal traders to export goods. Prices of goods most frequently traded were collected on a fortnightly basis. The total value of trade is the sum of the value of unrecorded trade. On the basis of LMU, we estimated the average price per kilogram of main products traded in different border markets.

Globally, export prices vary according to supply and demand. Prices fall during months when the export supply is abundant and increase when it is rare (Figure 1). But there are other sociological factors that influence such prices and concern personal relationships between traders whose confidence is an important element. These characteristics of real market show that prices rarely meet the supply and demand law by free haggling between buyers and sellers. But more often, prices are based on personal relationships. In their negotiations, the buyers most often rely on the previous price and the level of demand in

destination countries and especially the number of buyers in the market exporting border. At the same time, they appreciate the level of the supply of the day by the abundance of traders selling in the market.

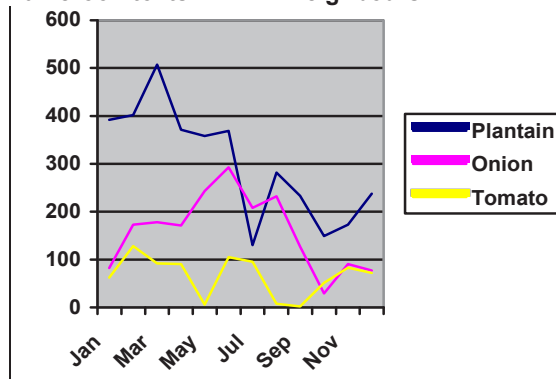
Figure 1: Evolution of export prices (CFAF/kg) during the year for some agricultural and horticultural products from Cameroon to its CEMAC neighbours



The problem of seasonality of exported products

Among the 70 products exported from Cameroon to its CEMAC neighbours only a few are marketed regularly over the 12 months of the year. These include products such as plantain, onion, tomato, avocado, cassava sticks, carrots and bell peppers. Figure 3 shows the variation in exports of these products to neighbouring countries over a year. Plantain is the most important agricultural product in terms of regular tonnage reaching its peak during the first months of the year before declining, to increase again from October. The tonnages of onion move in the opposite direction from those of the plantain in that they reach their peak in July, August and September when plantain exports are lowest. Trade in tomato was constant with 100 tonnes exported each month; tomatoes are scarce in May, August and September. The change in other products such as avocado, cassava sticks, carrot and bell pepper was almost identical (Figure 2).

Figure 2: Seasonality of some agricultural and horticultural products exported from Cameroon to its CEMAC neighbours



Data

To meet the objectives of this study, data were collected from the following sources:

1) Data from weekly observations (monitoring) collected by the Ministry of Agriculture and Rural Development (MINADER). Indeed, given its strategic position in Central Africa, Cameroon is expected to play an important role in the economic integration of the sub-region and the development of border trade. That is why the Cameroon Government with support from the United Nations Development Programme (UNDP), formulated in 2007 (MINADER-DESA, 2008), the development programme on cross-border trade of agro-silvo-pastoral commodities between Cameroon and its CEMAC neighbours. The purpose of the programme is to collect information on cross-border flows to provide information to decision makers in the framework of management of food crises, the availability of cross-border data for good assessment of inventory levels, a quality improvement analysis on the evolution of agricultural prices, trade and hence food security. The monitoring of trade at the border between Cameroon and its CEMAC neighbours began in early 2008 and is ongoing. Data from the first 12 months of 2008 will be used to estimate the unrecorded trade between Cameroon and its neighbours.

The border markets selected for this study are relatively new markets (the oldest dates from 1960, the year of independence of most of the CEMAC countries). A combination of factors related to their birth and emergence contributed to their choice (Bennafla, 2002), namely: the market place should be a road access, the market is located in a region where the local monetary circulation is relatively intense and finally, the border authorities on both sides (Cameroon and neighbouring country) must show some flexibility in the regulatory process of circulation and exchange. These factors were used to identify all exit points of food products traded between Cameroon and countries sharing its borders (MINADER-DESA, 2008). Based on these factors, the markets or the border points monitored were: Abang-Minko'o, Kye-Ossi and Aboulou (Southern Province), Inadeau (South-west Province) and Port Peschaud (Littoral Province) for trade with Gabon and Equatorial Guinea; Garoua-Boulai Mouloundou and Kenzou (Eastern Province) for trade with CAR and Congo; Kousseri Amchilde (Far North Province) and Mbaïboum (Northern Province) for trade with Chad. Investigators were positioned in all those exit points where they recorded data on incoming and outgoing flows of products traded.

These markets and border points were monitored weekly. They were selected according to a timetable of 12 months (January–December 2008). Which week in a month to use was chosen at random with the restriction that each week was sampled (observed) six times during the 12 months to provide adequate data to account for the variability of exchange in a month. The monitoring was done using a census approach during the day (or when the exchanges took place normally) for every day of the week, giving a total of 168 days (12 months \times 2 weeks \times 7 days). According to interviews held with the principal investigator, efforts were made to cover at least 95% of informal trade. Data collected include the composition of traded goods, quantity or volume of goods, prices, direction of trade, and mode of transport, packaging and measurement units.

2) In addition to monitoring data, baseline data was collected (MINADER-DESA, 2008) for the following information: the characteristics of actors, sources of information,

mode of communicating prices, costs, financing (sources and availability), contracts and payment methods, standards, storage, mode of transport, origin and destination of the goods and packaging materials.

The baseline information was obtained using structured questionnaires. A total of 165 traders/actors working on trade issues in the CEMAC zone were surveyed. This sample was chosen randomly in the market or at the border points indicated above.

5. Results and discussion

This section begins by describing the border markets by their location and describing the contractual relationship. It then presents successively the description of this trade, the profiles of traders and their financial sources, marketing functions, costs and benefits of this trade, and cross-border marketing costs before presenting the estimated volumes and values of unrecorded trade, and their comparison with those of official or formal trade.

Cameroon border markets or “real markets” with its CEMAC neighbours

Border markets are places of trade located near the border of Cameroon or within walking distance of the border (less than 20km). Border markets function as storage and relay sites that provide the distribution of goods to neighbouring countries. Inside the country more or less close to the border markets, one can find storage or consumption markets (Douala, Yaoundé, Bafoussam etc.), collection or production markets that are responsible for supplying the border markets. Border markets differ in size, the number of traders who use them, their catchment area and their degree of stability. If the consumption and production markets within the country have been researched to understand the degree of spatial integration (Nkendah et al. 2007; Fafchamps and Gabre-Madhin, 2006) or their functioning (Temple et al. 1996) in terms of supply, demand and prices, border markets themselves are very diverse and involve different economic, political and sociological contexts. Bringing together all the elements of “real markets” (Fafchamps, 2006, 2007), they are based on social networks of trust and behaviour of traders and are influenced not only by an economic environment, but also by a sociological and cultural environment. Their role in the context of informal cross border trade of food and horticultural crops between Cameroon and its neighbours is primordial. Indeed, as we shall, even if only 10% of transactions are on credit, trust is important in transactions because exporters have secured the loyalty of relationships with a network of wholesalers who buy from the same traders on their behalf. These wholesalers are often pre-financed by exporters and try to collect the goods from the “same networks” of sellers (producers and small traders) previously established.

Spatial localization of border markets in Cameroon

As shown in Table 1, the border markets are scattered in five of the 10 provinces in Cameroon with predominance in the East and South provinces. The commodities traded are mainly agricultural and horticultural goods even if one can find some manufactured goods like clothes, electronic goods, cigarettes, etc.

Table 1: Characteristics of border markets between Cameroon and its neighbours

Border markets	Border with	Geographic localization	Main agricultural and horticultural products exchanged
Abang Minko	Gabon	South (Olamze)	Banana plantain, cassava stick, vegetables, beans, tomato, onion, macabo, pepper, peanut, potato
Kyo-ossi	Gabon, E. Guinea	South (Olamze)	Tomato, cassava stick, vegetables, onion, fruits, macabo, pepper, peanut, potato
Aboulou	Gabon	South (Ma'an)	Plantain, macabo, pepper, peanut, potato, tomato
Idenau	E. Guinea	South-west	Okok, tapioca, potato
Garoua-Boulai	CAR	East (Gar. Boulai)	Yam, cassava, peanuts, corn, vegetables
Mouloundou	CAR, Congo	East (Mouloundou)	Plantain, macabo, cassava, vegetables
Kentzou	CAR	East (Bombe)	Cassava, corn, macao, plantain, peanut
Kousserri	Nigeria	Far-north (Gfey)	Maize, sorghum, rice, yams, fruit, onion, sugar cane
Amchide	Chad, Nigeria	Far-north	Sorghum, groundnut, bambara nut, onion, fruits, sugar-cane
Mbaïmboum	CAR, Chad	North (Touboro)	Sorghum, groundnut, bambara nut, onion, fruit
Port Peschaud	Gabon, E. Guinea	Littoral (Wouri)	All commodities

Source: Compiled from survey data

Most border markets are located in the Southern Province, followed by Eastern Province and finally in provinces of the Far North, North and Littoral (Table 1).

Coordination and contractual relations on the border markets of Cameroon

Like any “real market”, coordination of economic agents on the border markets of Cameroon is not only on the basis of a price system as taught by conventional economic analysis, but also and especially by the “rules”, “conventions” or “contracts” because

of the bounded rationality of economic agents. According to Simon cited by Coriat and Weinstein (1995), the economic agent's rationality as opposed to the belief of the classical theorists is limited. Indeed, economic agents have an imperfect knowledge of their environment, they must learn how it is operating daily. This lack of information negatively affects transactions because their capabilities are limited. According to Williamson (1985), uncertainty combined with asset specificity leads to organizational problems. The use of market leads to transaction costs, hence the need for an organization. Therefore, it is necessary to determine the various agreements by agents, how the links are established between them, and how they resolve their disputes.

Following investigations this study found that trust is largely at the centre of the agreements between informal cross-border market players. For Fafchamps (2007), trust depends on the incentives of the contracting parties, "to trust someone rationally, we believe that the person has sufficient incentives to behave in a dignified manner". These incentives include: guilt and shame, fear of a lawsuit or resort to force, the refusal to waste a valuable business relationship and the fear of losing one's reputation. The results of our investigations on the border markets of southern Cameroon show that defaults are rare and usually are around 5% and 3% for contracts enforced solely on the basis of trust. These results also show that the trust, when selling in credit, is built on several variables: the geographic proximity of location of residence of Cameroon merchants or foreigners, family relationships, friendships or even simple affinity that encourages market actors to trust each other, references to common ethno-linguistic groups: the way in making the agreements change by surveyed areas. The fact that most traders are resident in border areas and thus know each other facilitates contracting for selling products on credit on the basis of trust.

Regarding coordination, there is the vertical coordination between the different functions in downstream production and horizontal coordination, that is to say, the organization of traders in economic interest groups (EIG).

For the activities taking place in the informal sector actors are bound by ties of trust and did not need a legal contract to guard against risk. The trust is established by the frequency of transactions and the ability of the buyer to pay cash. Loss of confidence can cause large losses for the victim because resorting to the courts to resolve conflicts (non-payment etc.) is unlikely. Our results show that the risk of contractual disagreements were low, indicating the importance of trust that characterizes the border trade. Between Cameroon producers and collectors/exporters of agricultural and horticultural products to Equatorial Guinea and Gabon, the percentage of traders who complained of non-payment was only 3% and 5% respectively.

Disputes were generally settled outside the legal framework governed by the legal justice system. This result is a characteristic of real or spontaneous markets according to research by Fafchamps (2007, 2006) who found that the use of legal action is costly in the informal sector and for transactions of small size. For small transactions, litigation costs are generally too high to justify court action. Even when legal costs are low relative to the size of the transaction, the petty trader may be unable to pay the costs. This is particularly true in developing countries where many people are poor. In these cases, a lawsuit is not a credible threat to induce a buyer to behave honestly. Nevertheless, the threat of reprisals (the refusal to pursue the transaction with the defaulting party, for example) coordinated by market institutions can effectively induce compliance with

contractual obligations. Indeed, our investigations showed that when a party fails to fulfil contractual obligations in cross-border trade of agricultural products between Cameroon and other CEMAC countries, trade relations are suspended with the offending trader until the initial contract is executed.

Profile of traders and operation of cross-border trade

Profile of informal traders

Discussions with various government officers and traders during the field survey in the CEMAC sub-region confirmed the existence of informal or unrecorded trade in agricultural and industrial commodities. Many traders engaged in informal trade because official procedures are too rigid, lengthy and bureaucratic; these factors serve to increase transaction costs. Traders thus avoid costly official channels for informal channels. Table 2 provides data on the informal traders.

Cross-border trade is generally similar across the border markets studied. However, some differences were noted in business practices and the type of products traded. Over 90% of the retailers surveyed were adults, about 23% women and 70% men. Children (under 18) played a less important role in the informal cross-border trade and represented only 7% of the number of traders. In border markets, we often observed children carrying small quantities of goods on behalf of their parents or guardians, who were traders. In general, cross-border trade activities support a relatively large number of men and women who would be unemployed.

Approximately 70% of the retailers surveyed were residents of border towns in Cameroon, with only 5% living in nearby towns (10km from the border). The remaining 22% of retailers were residents of other cities in the CEMAC sub-region. Most (93%) of these traders were literate. Studies (e.g., Hayami and Ruttan, 1985) have shown that lack of education is the foundation of conservatism, limited capacity to absorb risk, fear of investing in production and a general lack of information. Literacy level also affects the functioning of a family, type of employment and occupation. Educated traders may be better positioned to read market signals and are probably more likely to have access to the credit facilities needed to expand their businesses.

Table 2: Characteristics of informal cross-border traders

Characteristics	Number of traders (%)
Ages and sex	
Children under 18 years	5.3
Girl under 18 years	1.5
Adult males 18 years and over	69.7
Adult females 18 years and over	23.5

continued next page

Table 2 continued

Hometown	
National Border town	68.9
Foreign Border town	3.1
Other nearby town (10km from the border)	51.3
Other places of residence	22.7
Education level	
No education	23.5
Primary	27.3
Secondary	42.4
University	6.8
Type of traders	
Retailer	31.8
Wholesaler	10.6
Retailer/wholesaler	13.6
Intermediate	22.0
Exporter	8.3
Warehouse man	13.6

Source: Compiled from survey results

Operation of cross-border trade

The operation of cross-border trade involves actors, marketing channels and export routes. The actors are:

- Retailers whose function is to sell commodities at border markets for local consumption. They are usually women who reside in border areas with a level of education that rarely exceeds the primary level;
- Wholesalers purchase large quantities of goods and make them available to exporters. Their activities are confined to border markets. With the substantial financial resources often available to them from the exporters, they buy goods from producers, small collectors on the market and from non-exporters wholesalers.
- Retailer wholesalers buy goods in large quantities from some traders and retailers for exporters. They purchase goods from large markets located within the country.

- Intermediaries—transporters have the function of transporting goods for local or overseas markets. They can also play the role of intermediaries such as brokers. In frontier markets, rickshaws and wheelbarrows are the means of transport. Only big carriers with transportation vehicles (trucks, pickups etc.) generally carry products in trucks of up to 20 tons to neighbouring CEMAC countries. When playing an intermediary role, they help exporters find better quality products.
- Exporters are major traders from different countries who have substantial resources. They have direct contacts with wholesalers from whom they collect the goods for export to neighbouring countries.
- Warehousemen store the goods already purchased by wholesalers as they search for other goods elsewhere. Generally, retailers and intermediary traders play this role.

Marketing channels involve the different actors described above. These channels range from production markets where almost all the different categories of actors described in Table 2 are found to the foreign markets by passing through border markets where exporters, with the help of transporters, cross border with goods. Goods cross borders in three ways: sea (17% of flows), land (81% of flows) and air (2% of flows).

Authorities from public institutions are in charge of official statistics. The difficulties they face in fulfilling their duties may be the reason why they do not register commercial flows. These reasons are explained in several ways (Egg 1998, 2000): the multiplicity of possible crossing points at the border given the failures of basic infrastructure (bridges, roads etc.); difficulty controlling flows due to the lack of human resources involved in border monitoring, problems of information transmission; etc.

Marketing functions

In the informal border trade between Cameroon and its neighbours, traders perform various marketing functions which can be divided into three main categories namely:

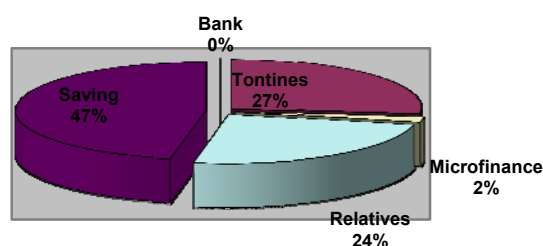
1. Functions of exchange or purchase/sale that include searching for supply sources, generally carried by wholesalers on behalf of exporters (and retailers). The wholesalers move in different production markets for this purpose and are helped to assemble the goods by intermediaries or brokers. Payment for transactions is 90% in cash using CFA francs, the common currency of CEMAC member states.
2. Physical functions that include transport, sorting, grading and storage. The preparation of exports often requires the storage of goods in order to collect a large quantity that can support the fixed costs and ensure profitability for the exporter. About 74% of traders surveyed used the storage facilities. Of these, 14% used their own stores and 60% used rented stores. Others (26%) do not need storage facilities, either because they are expensive or they are unavailable. This last category includes mainly retailers and traders living in border

areas. In the vegetable sector, especially tomatoes, the produce must be sorted and graded before shipping. The goods are packed depending on the quality or the “norm” requested by the destination market, an important activity in the process of sub-regional marketing of agricultural and horticultural goods. The high “standard” product (first category) is generally designed for the hotels while other categories are sold on the food markets in destination countries.

3. The functions of market information, funding and standards. Business information allows traders to measure the benefits and drawbacks of this business and to decide whether to become an actor in the trade chain. On the question of where the trader first heard about the border trade in agricultural and horticultural products, 70% of the retail traders, intermediaries and warehouse traders said they had information from someone while exporters were informed by the media (55%), by a person (24 %) and other sources (21%).

Regarding the funding sources of informal cross-border traders in general, although credit was cited as a major constraint in the acquisition and storage of products sold, 98% of retailers surveyed were unable to obtain financial support from formal institutions and had to rely on their own savings (27%), informal lenders (27%), friends and relatives (24%). A lower proportion of traders (in the category of exporters) said they were able to obtain funds from microfinance institutions (2%), as seen in Figure 3. Furthermore, almost half of the retailers did not have bank accounts because of the high cost of operation, ignorance and inaccessibility of banks. It is unlikely that formal financial institutions are a viable source of funding for informal traders. The lack of initial capital (particularly among retailers and intermediaries) and the shortage of operating funds therefore act as barriers to entry in this category of exporter traders. Specifically, sources of funding varied by class of actor. Retail traders, retailers/wholesalers, intermediaries/transporters get their funding from friends or used their own savings. Only 2% of exporter traders reported obtaining credit from microfinance institutions.

Figure 3: Traders' sources of finance



Official and unofficial cost and benefits of informal trade

The following categories of costs were recorded during the survey: 1) transfer costs including handling, packaging and transport; 2) the storage and rental costs; 3) labour costs of work paid by traders; 4) housing and feeding costs of the trader; and 5) expenses related to the risks involved in trading operations.

The expenditures reported in Table 3 are those prevailing at the time of the study and

which could be easily quantified by traders. In addition to these expenses, there were costs attributable to the risk of cross-border activities including the risks of the goods being seized by police officers at the border (not included in calculations because traders had difficulty estimating the costs). Traders complained of continued harassment by police officers who accused traders of conducting activities that do not meet all legal requirements of trading; this led to the payment of bribes. In addition, because of the nature of informal trade, traders were forced to ship their goods, by-passing official positions to avoid detection by authorities and minimize losses in case of forfeiture.

Table 3: Average annual expenditures of informal cross-border traders

Expense	Average annual cost in CFAF slices	Number of traders (%)
Rent	Less than 100,000	46.8
	Between 100,000 and 125,000	10.6
	More than 12, 000	42.6
Processing and packaging	Less than 100,000	56.2
	Between 100,000 and 125,000	9.8
	More than 125,000	34.0
Taxes/tariffs/commissions/certificates/licences	Less than 100,000	59.3
	Between 100,000 and 125,000	9.3
	More than 125,000	31.4
Storage of goods	Less than 100,000	34.2
	Between 100,000 and 125,000	17.1
	Plus de 125,000	48.7
Freight	Less than 100,000	17.0
	Between 100,000 and 125,000	28.3
	More than 125,000	54.7
Work force	Less than 100,000	63.7
	Between 100,000 and 125,000	4.5
	More than 125,000	31.8

Source: compiled from survey results; 1 USD = 500 CFAF

Moreover, informal cross-border trade involves the implicit costs to the whole society because of the increased corruption and the dumping of poor quality goods that can harm

a country's industry. Another cost to society is linked to issues relating to hygiene because most traded agricultural products are usually processed in poor sanitary conditions.

The expenses reported in Table 3 are annual and very general. We estimated the cross-border marketing costs of plantain.

Detailed information was collected on various costs included in the process of collecting, transporting and storing the latest shipping to Gabon and Equatorial Guinea. We assimilated these costs to variable costs as they vary with the amount of products purchased and the amount of cargo shipped. To make them comparable, we estimated the cost of transferring 1kg of plantain from the border markets of southern Cameroon to Gabon and Equatorial Guinea (Table 4). Thus, transportation, handling, travel of trader to follow the business was more important. In general, all transaction costs represent on average 30% and 22% of the selling price of 1kg of plantain on the market of Equatorial Guinea and Gabon respectively.

Table 4: Average cost of transferring a kg of plantain from Cameroon markets to Equatorial Guinea and Gabon markets

Elements of the marketing cost	E. Guinea	Gabon
Transportation	63.01	53.01
Handling	14.12	13.02
Travel expenses of trader	11.89	21.89
Commissions	10.14	9.14
Taxes	9.24	10.24
Storage	0.72	0.62
Packaging	0.76	0.86
Telephones	0.71	0.73
Others	0.73	0.84
Total	111.32	110.35
<i>% according to average price/kg on the destination market</i>	30	22

Source: Compiled from the survey results

Estimation of volumes and values of unrecorded cross-border trade

The estimated figures

Agricultural trade between Cameroon and its neighbours is “one-way trade” from Cameroon to neighbouring countries. Agricultural imports from neighbouring countries are very small and insignificant.

The results presented in Table 5 indicate that in 2008 a volume of just over 155,000 tons of agricultural and horticultural products was shipped from Cameroon to its CEMAC neighbours for an estimated value of almost 38 billion francs CFA. Equatorial Guinea was the largest CEMAC importer of produce from Cameroon (41%) and CAR was the lowest (5.6%). The rest of the information is in the table.

Table 5: Quantity and estimated values of agricultural and horticultural products exported from Cameroon to its CEMAC neighbours, 2008

Countries of destination	Border markets	Quantities (in tons)	Values (in CFAF)	%
Gabon	Abang Minko'o	5,320.25	1,256,566,284	
	Kye-ossi	8,626.35	2,037,419,400	
	Aboulou	5,399.75	1,275,343,037	
		19,346.35	4,569,328,727	12.4
Eq. Guinea	Campo	36,915	10,419,213,824	
	Idenau	23,990.2	6,771,204,754	
	Kye-ossi	2,821.05	796,237,929	
		63,726.25	17,986,656,508	41.2
Congo	Moloundou	17,818	2,959,966,286	
	Kenzou	18	2,990,200	
		17,836	2,962,956,487	11.5
CAR	GarouaBoulai	7,430	1,453,863,261	
	Kenzou	1,247	244,006,391	
		8,677	1,697,869,653	5.6
Chad	Kousseri	45,869	10,639,870,720	29.5
Total		155,454.60	37,856,682,095	100

Source: Authors' calculations

Products exported to Equatorial Guinea pass mainly through border markets like Campo with 58% of flows and Idenau with 38%. For Chad, the products pass through the main border, that is Kousseri. For Gabon, the products pass through border posts like Kye-ossi (63% of flows), Abang-Minko and Aboulou each with about 18% of flows. Products pass essentially via Moloundou (Congo) and Garoua Boulai and Kenzou (CAR.)

Estimations of cross-border trade according to exported products have been calculated and the results are shown in Appendices 2 and 3. The crops with over 50 tons exported per year are: avocado, plantain, carrots, cassava flour, mango, onion, tomato, potato, pepper, parsley, cola, etc. Fewer than 20 products represent about 67% of Cameroon's exports to its CEMAC neighbours. The others are wood forest products, livestock products, seafood, and agricultural and horticultural products whose annual tonnages rarely exceed 50 tons. These products are: bitter bark, beets, mandarin, lily, African pear,

djansang, grapefruit, pepper, coconut, dry maize, millet, shrimp, fresh carp, honey, eggs, chicks, fresh fish, etc.

The total value of exports from Cameroon to CEMAC countries including agricultural and manufactured goods as recorded by customs (INS, 2009) was 39.5 billion. Our estimations gave 38 billion CFA francs on agricultural goods as unrecorded exports, representing 0.4% of GDP in Cameroon in 2008. This figure is not represented in national accounts. Checking the list of products exported officially, one can confirm that the agricultural and horticultural commodities are marginally included in official statistics. The products subject to registration are mainly manufactured goods such as sugar, beer, metal sheets, fabrics, household soap, cement, batteries and electric batteries, cosmetics, textiles, refined sugar, new tires, bars, horse shoes, wheat flour, matches, chocolate, packed salt, etc.. The comparison in relative terms shows that informal or unrecorded trade represents 96% of the official trade and includes mainly agricultural and horticultural products. An analysis by country of destination shows that most informal trade is with Equatorial Guinea, whose informal exports are higher than the official ones. This is the same for Chad. For Gabon, the informal or unofficial exports represent more than half of official exports. The Congo and CAR receive small informal flows (below 50% of official exports).

The comparison with recorded volumes (in metric tons) of agricultural trade in CEMAC indicates non-significant official figures compared to estimated ones. In general, the estimated quantities are higher by more than 556% of official quantities. The analysis by country of destination shows the same trends as the previous value analysis above where we saw that Chad is the first destination where unrecorded flows are the largest (with 638%), followed by Gabon and Equatorial Guinea (495%), CAR (298%) and Congo (123%).

6. Conclusion and recommendations

This article has presented an alternative way to study regional integration within CEMAC based on the dynamics of the players in cross-border trade opposed to the institutional approach of regionalism which is widespread in literature. The results show the vitality of intra-CEMAC trade and indicate that its impact is underestimated by policy makers in Cameroon.

Cross-border flows between Cameroon and its CEMAC neighbours are organized from border markets where actors (wholesalers, retailers, intermediaries, exporters etc.) trust each other. This trust is established according to the frequency of transactions and the trader's ability to pay cash over time. Disputes between traders are resolved not at state courts but by market institutions (as trade associations) based on threat of reprisals (suspension of trade relations due to the defaulting). The uncertainty combined with the specificity of agricultural and horticultural products that are highly perishable lead to the coordination of actors in associations to minimize transaction costs in the various marketing process.

The produce is marketed mainly by land and sea, with marginal air transport used. The preparation of exports destined for neighbouring countries often requires the storage of goods in bulk quantities that can support the fixed costs and ensure profitability for the exporters. This is because access to credit is rare for actors in this trade. Indeed, access to financing depends on the category of traders; most of them use their savings to finance their activities. The formal banking system is absent with microfinance institutions providing funding for some exporter traders.

The volume of informal or unrecorded trade of agricultural and horticultural products between Cameroon and its neighbours is huge, and plays an extremely vital role. However, it is without official recognition in the economies of the CEMAC countries in general and Cameroon in particular. The importance of informal trade figures estimated in this research suggests that there is great potential in the regional economy to increase the volume of trade within CEMAC. To achieve this, all trade barriers should be lifted, mainly between Cameroon and Equatorial Guinea and between Cameroon and Gabon where visa barriers are crucial. In this way, traders would sell goods more formally to customers in these two countries and at reduced prices. In addition, since the volume/value of informal trade was even higher in some cases than in formal exchanges, it is evident that contributions from the informal sector to GDP, the food security of the sub-region and employment are important and should be revised in the light of these findings. This study did not assess the impact on employment and income, but the potential contribution of informal trade to employment for border communities is obvious.

With trade liberalization that characterizes CEMAC, governments should ensure that small-scale farmers and traders, including those in Cameroon, where almost all agricultural and horticultural products are grown, have access to all markets by removing barriers, promoting access to adequate capital and new methods of risk management to respond to requests for agricultural products from the CEMAC sub-region. The ability of farmers to respond will of course depend on rainfall and soil conditions, the level of agricultural technology, and the level of institutional support services available (agricultural research, extension, rural infrastructure and credit facilities). However, it will also depend much on the political will of member countries to really liberalize the movement of people and goods between their countries, a condition for a good business environment.

Finally, some recommendations for future research:

1. The objective of this study on estimation of trade between Cameroon and its CEMAC neighbours has left many questions unanswered. The level of income from the informal or unregistered trade must be estimated at the household level, allowing evaluation of its impact.
2. The costs of trade through official and unofficial channels should be compared. This could help understand the factors that reduce the volume of informal trade channels for formal trade.

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Appendix 1:

Main agricultural and horticultural commodities exported from Cameroon to its CEMAC neighbours and the average purchase price in Cameroon and overseas sale prices

Border	Main agricultural commodities	Purchase price in Cameroon (CFAF/kg)	Overseas sale prices (CFAF/kg)
Cameroon and Gabon	Avocado	598	767
	Plantain	147	327
	Cassava sticks	125	325
	Carrot	222	354
	Cabbage	303	452
	Cassava flour	622	801
	Macabo	113	214
	Mango	1,201	1,825
	Onion	155	452
	Potatoes	365	535
	Tomatoes	254	327
Cameroon and Equatorial Guinea	Eggplant	233	410
	Avocado	547	735
	Carrot	225	375
	Cabbage	305	433
	Beans	120	250
	Mango	1,000	1,628
	Onion	163	w433
	Watermelon	525	863
	Persil	325	523
	Bell pepper	305	603
	Potato	360	523
	Tomato	258	360
Cameroon and Congo	Groundnut	157	335
	Beans	145	355
	Cassava flour wet	180	266
	Onion	162	395
	Rice	250	280

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Appendix 1 continued

Cameroon and CAR	Groundnut	196	289
	Cassava	165	325
	Onion	165	435
	Rice paddy	352	521
Cameroon and Chad	Banana	275	325
	Cola	1,100	1,625
	Mango	1,000	1,325
	Onion	175	205
	Orange	425	826
	Potato	215	375
	Rice	225	312

Source: Compiled from our surveys and info-prices from MINADER-DESA (2008).

Appendix 2:

Estimated annual quantities and values of major agricultural and horticultural products traded between Cameroon and neighbouring CEMAC countries, 2008

Border with	Main commodities	Quantities (in tons)	Values (in CFAF)
Gabon			
<i>Export</i>	Avocado	531.63	317,914,740
	Banana	156.78	23,046,660
	Plantain	4,145.77	609,428,190
	Cassava stick	238.51	29,813,750
	Carrot	484.14	107,479,080
	Cabbage	244.57	74,104,710
	Barkbetter	48.97	3,672,750
	Cassava flour	509.75	317,064,500
	Macabo	1,027.24	116,078,120
	Mango	326.7	392,366,700
	Onion	2,424.47	375,792,850
	Potato	1,025.74	258,486,480
	Tomatoes	650.65	165,265,100
		11,814.92	2,790,513,630
<i>Import</i>	----- ¹	-----	-----
Equatorial Guinea			
<i>Export</i>	Eggplant	3,309.7	771,160,100
	Cabbage	3,408.4	1,039,562,000
	Beans	865.3	103,836,000
	Onion	6,177.05	1,006,859,150

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	Mango	890	890,000,000
	Bell pepper	3,915	1,194,075,000
	Potato	1,459	525,240,000
	Parley	2,967	964,275,000
	Tomato	235	60,630,000
		23,226.45	6,555,637,250
<i>Import</i>	-----	-----	-----
Congo			
<i>Export</i>	Groundnut	668	104,876,000
	Beans	2,093	303,485,000
	Cassava cossets	6,997	1,259,460,000
	Onions	5,420	878,040,000
	Plantain	1,517	227,550,000
		16,695	2,773,411,000
<i>Import</i>	-----	-----	-----
Chad			
<i>Export</i>	Banana	9,690	2,664,750,000
	Cola	580	638,000,000
	Avocado	825	445,500,000
	Onion	19,249	3,368,575,000
	Rice	14,425	3,245,625,000
	Tomato	855	220,590,000
		45,624	10,583,040,000
<i>Import</i>	-----	-----	-----

CAR

continued next page

Appendix 2 continued

<i>Export</i>	Banana	1,330	365,750,000
	Onions	3,993	658,845,000
	Plantain	687	100,989,000
	Tomato	809	208,722,000
		6,819	1,334,306,000
Total		104,179.37	24,036,907,880

¹ Dotted lines indicate that figures are not significant.
Source: Authors' calculations.

Appendix 3

Estimated annual quantities and values of other horticultural and agricultural products traded between Cameroon and its neighbours of CEMAC, 2008.

Border with	Other products	Quantities (in tons)	Values (in CFAF)
Gabon			
<i>Export</i>	Garlic, <i>folon</i> , pineapple, eggplant, beets, sugar cane, celery, cherry, lemon, cucumber, squash, bitter bark, ginger, okra, guava, green beans, palm oil, lettuce, vegetables, mandarin, cowpea, grapefruit, papaya, parsley, pepper, leek, pepper, <i>safou</i> , <i>djansang</i>	7,531.43	1,778,815,097
<i>Import</i>	<i>Bifaga</i> , wheat flour, palm oil, lemon fruit	-----	-----
Equatorial Guinea			
<i>Export</i>	<i>Ndjidja</i> , salad, tapioca, watermelon, garlic, <i>folon</i> , pineapple, eggplant, beets, sugar cane, celery, cherry, lemon, cucumber, squash, bitter bark, ginger, okra, guava, green beans, palm oil, lettuce, leaf vegetables, mandarin, cowpea, grapefruit, papaya, parsley, pepper, leek, pepper, pepper, <i>safou</i> , <i>djansang</i>	40,499.8	11,431,019,269
<i>Import</i>	Coconuts, lemons fruit, cabbage, onions	-----	-----
Congo			
<i>Export</i>	Plantain, dry maize, coconut, potato	1,141	189,545,490

Appendix 3 continued

<i>Import</i>	Palm oil, cassava sticks, cocoa, mango, coconut, palm nuts	-----	-----
Chad			
<i>Export</i>	Pineapple, avocado, sugarcane, lemon, guava, mandarin, mango, parsley, pepper, sugar	245	56,830,720
<i>Import</i>	Millet, cowpea, groundnut cake, cotton cake, red mil tea	-----	-----
CAR			
<i>Export</i>	Garlic, pineapple, mushrooms, palm oil, kola, lettuce, <i>ndjindja</i> , palm nuts, watermelon, pepper, soybean, sugarcane, cowpea, capes fresh, smoked carp, shrimp, crustaceans, mackerel, honey, eggs, fish smoked, chicks, fresh fish,	1,858	363,563,652
<i>Import</i>	Peanut, bamboo brooms, sesame, <i>kemba</i> , onions, <i>voandzou</i>	-----	-----
Total		51,276.03	13,819,774 228

Source: Authors' calculations

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