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The main attempts of the making of an special economic area in Cameroon: lessons from the covid-19 crisis

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Résumé. Malgré la littérature standard sur les voies d’industrialisation il semble que les stratégies d’industrialisation sont adaptées au contexte local. Ainsi une économie comme le Cameroun où une bonne partie de l’activité de rente c’est-à-dire l’activité à être industrialiser provient de sa position convenable comme constituant du bassin du congo les Autorités décident de la création d’une zone économique spéciale dans la filière bois. Est-ce alors à dire que cette création est un gage de succès pour l’industrialisation attendu de la dite filière bois ? Autrement dit, quels sont les conditions de succès d’une telle initiative ? Telles sont les questions auxquelles nous tentons de répondre, ici. D’une manière générale, conformément aux Résultats Obtenus il semble que l’Objectif d’accroissement de la Valeur ajoutée (VA) comme un objectif viable d’industrialisation car il nous permis d’identifier lesquels des facteurs permettent sa valorisation.

Mots-clés: Valeur ajoutée, zone économique spéciale, covid-19
Codes Jel : C32 O47

Abstract. The increasing Added value is among the priority best for an industrialization process. To this fact in an country like Camereroon where the rent economy those who want to be industrialize coming from his place into the congo basin the autorithies have take the decision to create an special economic area. Is this means that it’s a condition of success in the industrialization process? In other words, what are the factors who play favorably in the relevance in this kind of area? These are the main questions where are trying to answer, here. Globally speaking considering the Results its appear that some traditional factors who play for any kind of industrialization process are prerequisite for the relevance of this kind of area.

Keywords : Added value special economic area covid-19
Jel Classification Codes : C32 O47

1. Introduction

For a country who want to industrialize he seems that the best is to choose among the set of available programs and strategies those who is the most suitable for the country. As country part of the Congo basin his Authorithies have choose to make a special economic area with the aim of making available as industrialize product the main extractive activity issue from this geographical
position. At this stage of the writing our aim is to mitigate on the perspective of this area as an strategy of industrialization.

Firstly he seems that an industrial process is contingent to the local economy. For example for MENA (Middle East and North Africa) countries he seems that the comparative advantage goes to the foreign direct investment (Bouoiyour, Hanchane et Mouhoud 2009) with the main task that in this local sphere these activities related to fdi goes well in spillover effect by emulating the activities into other sectors. For example because it’s well attempted that his availability lies on the country’s dotation in human capital the fdi will thus emulate those of the country as a whole in other to make realizable the spillover effect with the supplementary argument that contrary to these areas of MENA the fdi don’t go futher in this kind of activities where the human capital dotation account less or much less in the success of the business as the extractive activities issue of an position into the Congo basin as in Cameroon.

Secondly he seems that the main extractive activity issue from the a privilege position into the Congo basin is such that the process of industrialization is measured or lies on the valorization of the Added value (VA). In fact, one of the main reason as Africa need to be industrialize is that the country’s activity is much less in Added value who tend to explain the low level of activity into the Region as weel as the high level of unemployement and the revenues perceive by people. This extractive activity is one that where the skill of agent in term in human capital dotation is not so constringent to involve in consideration as in Bouoiyour, Hanchane et Mouhoud (2009).

Thirdly its well know that import in africa is relative inelastic to price and in volume despite af contemporaneaous initiative as the covax who shoul reduce the importation from this Region due to the donation in vaccine from the occidental economies and Organization. This specificity tend to the fact the import product is treats as the main input for the local volume of available output. At this aim the main industrialization strategy into the Region has been the import-substitution. In the sense the main extractive activity issue from the privilege country’s position into the Congo basin the operationalization of an special economic area in this industry can help to achieve thios industrial process by import-substitution. In fact, this extractive industry account for more than 2/3 in the relevant input for the production activity. Together to this main xtractive
activity once more activity who account as main input in the production process is also realize the rent on “salt activity”.

Nevertheless as another one activity an major constraint can affect the best believe in this area the current coronavirus crisis. In fact, we know that the current cris is mainly characterized as relevant from climate change where the environmental consideration are strong constraints for this kind of activity. This is well observed by the taking into account of the environmental consideration despite the believe of making of this kind of special economic area. It’s convenient to state on this consideration by climate linked variable as Temperature (T) or Aberration in temperature (AT) thus we can know assess on the probability of success of this area in the regard of the contemporaneous crisis.

This study will thus be organize as follow, in the next section (section 2) we assess on the impact of the coronavirus crisis for the success of this area, at section 3 we will proceed to empirical evidence, and finally in section 4 the resume of main results and some guidelines about economic policy.

2. Environmental issue as constraint for the success of the special economic area

One of the environmental issue is the current crisis. We know that it’s a crisis of climate change. For this purpose in the sense that the protection against the virus have take the place as an prevention issue the obligatory against barriers measures will be much severe for this extractive activity. We know that in period of rain its difficult to realize this kind of extractive activity at this aim with the constraint on barrier measure the negative shock on the sector will be much severe than in the case of nonoccurrence of this activity. In fact, we know that the barriers measures lies on the availability in a minimum of infrastructure as the disponibility of soap and water. At this aim during this defavorable period some people’s will not have the choice to go ahead from the region of the extractive activity in order to be more suitable in the respect of barriers measures.

Secondly we know well that this extractive activity is consider as one of most intensive use of Roads due to the obligatory to go outside from the national border. Nevertheless among the barriers measures lies into the strategy against the coronavirus we have the scrutiny much accurate
at the national border. In fact, despite the current era of relaxation on these measures we know that at the national border the invigil ate of transport condition rest at a glance in the national strategy against coronavirus this is the aim to reconcile the objectives to have a resilient economy and people well being for his health. Nevertheless this necessity of invigilate on transport conditions are such factors who weight considerably in time principal the cost of going outside from national border in the realization process of this extractive activity.

Thirdly we know in the constraint to satisfy on the mesures edict in directive of fighting against coronavirus some place of work have seen the obligatory condition of re organize the place of work. At this end despite the prospect in favor in the making of such area the resilient issue on the employment of factors will rest with the obligatory condition to satisfy on the social distance measure. This issue will rest at this event as well as those of perceive revenue by agents with the constraints place in here conditions of works.

Another piece of evidence lies on the structural reforms implemented in the context of the current crisis. In the sense that with the need to be resilient to the negative shcks make by the national strategy against coronavirus government have make some adjustment in the sense that these structural adjustment are therefore the main fundamentals for the economy and considering that the Real exchange rate is know well govern by such economic fundamental the real Exchange Misalignment defines on the basis of these structural adjustment will necessarily have effect on the Added value of this extractive activity. One such measure of Misalignment is giving in Kuiveu (2021).

3. Empirical evidence

The reason why such area can produce the valorisation of the added value in this main extractive sector is that the amount of investment will be much more considerable as part of government to make an kind of this area and for economic agent who want to realize beneficial business affairs. Once more the scale economies will play a background role due to the concentration of investors in the special area in the same area as another industrial area. Secondly the area will from existence of national infrastructure as Rail, hydroelectric barrages, and the proximity from the Roads who goes until the hinterland, as well as maritime port. Another piece
of evidence come from of his relative proximity from the economies into the sub region area defined by cemac.

We use data from the online World Development Indicators Data Base at the World Bank. The data are the following: the Added value in agriculture because is a related activity for the main extractive activity associated to the position of the country into the Congo basin, the initial level of Added value to take into account scale economies effect, the level of investment, the variable related to infrastructure as the electricity production, and the Real Exchange Rate Misalignment as measured by Kuikue (2021) representative of prospects lies to the current crisis in fact to climate change position of the current crisis the enhance of Temperature one pf the variable clinked to climate consideration will exacerbe the seconomic fundamental as reprensative of structural reform undertaken nduring this period in the manner of producing an level of Over/undervaluation of the currency thus the use of Misalignment as constructed by Kuikue (2021) as prospects associated to the current crisis. The other relevance on the use of this variable is to take into account the level of competitiveness in the sector as an engine to enhance the Added value one prospect of promoting exports. The data spans the period between 1981 – 2015.

Its well emphasized that variables are integrated process for this purpose we use the well know Johansen cointegration technique to determining the cointegrating rank. The following Table 1 gives the Johansen cointegration test based on Trace and Lamdda max test:

<table>
<thead>
<tr>
<th>r</th>
<th>Eigen values</th>
<th>Trace</th>
<th>Lambda max</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0.58</td>
<td>57.01</td>
<td>29.48</td>
</tr>
<tr>
<td></td>
<td>(0.02)**</td>
<td>(0.03)**</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>0.39</td>
<td>27.52</td>
<td>16.75</td>
</tr>
<tr>
<td></td>
<td>(0.26)</td>
<td>(0.25)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>0.21</td>
<td>10.77</td>
<td>8.09</td>
</tr>
<tr>
<td></td>
<td>(0.57)</td>
<td>(0.54)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>0.07</td>
<td>2.58</td>
<td>2.58</td>
</tr>
<tr>
<td></td>
<td>(0.64)</td>
<td>(0.64)</td>
<td></td>
</tr>
</tbody>
</table>

Source: * (**, ***)) null hypothesis is rejette at the 1% (5%, 10%) significance level. r the cointegrating rank, (.) significance level.

He seems that there exist one relation of cointegration who is the following:

\[ LVA_{AGR} = 3.50 + 0.61LELEC + 0.46MIS - 1.13LGFCF \]
Lessons from the covid-19 crisis

One of the reasons why northern countries have chosen to produce vaccine is the fact that these countries massively have invested in such sector related to the pharmaceutical industry. To this fact the obtained results give a realism to this idea with the main characteristic that this investment level tends to reduce the Added value in Agricultural sector such sector unrelated to the pharmaceutical one. Concerning the Misalignment he seems that the non adequation of structural policies who tend to contract the industrialize sector (Elbadawi 1999) would have a positive related effect on Agriculture who means the process of incoming vaccine come minly of the adequacy of policies implement as such related to the financing economies (investment level that guarantee some earning to production factors, inflation who the control give inside into the purchasing power of the earning perceive, and the current account balance about the financing at the Broad level of the nation).

4. Conclusion

From the obtained results he seems that the taking into account of the current crisis have effect to be favorable to the making of a special economic area in terms of valorization of the Added value. In fact, considering that the Misalignment and Investment variables enter the cointegrating relation with the correct sign suggesting therefore that a special economic area record will gives inside to the national industrialization process by the contracting value of Added value in agriculture and to the prospect that the record of the special economic area lies also on infrastructure country availability.

5. References


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