



Inter-réseaux
Développement rural

**An Interprofessional Organization for Coffee and Cocoa in Cameroon,
for which services and for whom?**

September 2008

Foreword

This note has been written by Inter-réseaux on the basis of preexisting documents and notes as well as exchanges and discussions with actors involved on the subject in Cameroon in particular. Inter-réseaux commends their support in the realization for this document.

Documentary sources:

- Liberalization of the marketing of a basic commodity: consequences and perspectives, the case of the cocoa in Cameroun/A. Bernard, technical Adviser to the CICC. – 2003. - 16 p.
- Guarantee fund project note: elements of reflexion on the problems of the cocoa/coffee commodity chains, October 2001. - 7 p.
- Reflexion note and proposals. The Cameroonian cocoa-coffee commodity chain and French Assistance to the CICC: balance sheet and prospects/Alain Bernard, Technical Adviser to the CICC, September 2002. - 8 p.
- Structure of transit and importer negotiations. - Bulletin C & C n°17. - 2 p.
- Synthetic presentation of the evolution of the Cameroonian cocoa production chain since 1990/Alain Bernard, Technical Adviser to the CICC. - Senegal Saint-Louis: Training seminar on agricultural policy and international negotiations, May 2000. - 6 p.

The viewpoints expressed in this note engage only Inter-réseaux and not the authors of the documentary sources quoted above.

Table of contents

| | |
|---|---|
| Introduction | 3 |
| 1- RECENT EVOLUTIONS IN THE COFFEE AND COCOA COMMODITY CHAINS IN CAMEROON..... | 3 |
| 1.1- Up to the beginning of the 90s, state commodity chains..... | 3 |
| 1.2- In the 90s, liberalization of the subsector and set up of the ONCC and the CICC..... | 4 |
| 2- THE CICC AFTER LIBERALIZATION | 4 |
| 2.1- Missions..... | 4 |
| 2.2- Organization..... | 5 |
| 2.3- Services rendered to the members | 5 |
| 2.4- Resources and contributions..... | 6 |
| 3. STRATEGIES OF ACTORS INVOLVED IN THE COCOA AND COFFEE CHAIN AFTER LIBERALIZATION AND POSITIONING WITH RESPECT TO THE CICC..... | 6 |
| 3.1- Cocoa and coffee producers and their organizations: a growing but weak organization despite everything..... | 6 |
| 3.2- Conditioning Factories for cocoa and coffee: a profession in the process of disorganization..... | 7 |
| 3.3- Industrial Processors | 7 |
| 3.4- Exporters: behavior very related to that of big international groups | 8 |
| 3.5- Forwarding agents: a very concentrated profession..... | 8 |
| 3.6- Importers: from concentration to oligopsony..... | 8 |
| 3.7- Speculators 'Coxeurs': important actors in the commodity chain, not in good terms with | 9 |
| the inter-profession | 9 |
| 4. THE ACTUAL SITUATION OF THE COFFEE AND COCOA CHAIN IN CAMEROON..... | 9 |

Introduction

Up to the end of the 90s, West African public authorities were very much involved in the management of export value chains (cotton, coffee, cocoa, groundnuts, etc). The States intervened by determining (and sometimes in a unilateral manner) the modes of functioning of these value chains: fixing the purchase price to the producers, conditions for the provision of inputs and marketing, modalities for export. The States could even be single direct operators: they had the monopoly to buy from the producers, exclusive rights to process the products and/or export them, or regulated the provision of inputs.

The structural adjustment programmes of the 80s led the states to gradually disengage themselves from the value chains, with the World Bank, International Monetary Fund (IMF) and other donors estimating that the effects of privatization of the value chains would be more effective in terms of development and regulation of the value chains.

The technical functions of input supply, marketing, etc., which were hitherto provided by state run societies were as such transferred to the private sector and existing professional organizations which at the time were just emerging or even less organized.

In this context of liberalization and faced with the inability of the professional organizations to initiate real strategies for collective regulation of the value chains and markets, the strategic importance (in terms of source of foreign currency) of these once controlled value chains, led the public authorities to stimulate the creation of the first Interprofessional organizations (IOs) in West Africa: in 1992 the National Interprofessional Council for the groundnut sector (CNIA) in Senegal; and the Interprofessional Council for the cocoa and coffee (CICC) in Cameroon¹.

This note seeks to throw more light on the strategies of the actors within the coffee and cocoa commodity chain in Cameroon and the roles and services which the CICC provides to these different actors: farmers and producers' organizations, middlemen, factory buyers, processors, exporters, forwarding agents and importers.

1- RECENT EVOLUTIONS IN THE COFFEE AND COCOA COMMODITY CHAINS IN CAMEROON

1.1- Up to the beginning of the 90s, state commodity chains

The cocoa and coffee (Robusta and Arabica) commodity chains or subsectors in Cameroon were under strict state control up to 1991 through the ONCPB (National Board for the Marketing of Basic Commodities), the Cocoa Development Society (SODECAO) and 7 big "parastatal" Unions of Agricultural Cooperatives (UCA)².

At that time, the ONCPB was the main structure for the commercialization of cocoa and coffee: at the same time it played the role of a stabilization bank/fund, very rigid manager and provided direction for commercialization in zones where produce was bought and served as the unique exporter.

The cocoa and coffee producers imperatively had to deliver the product at the collection centre of a divisional cooperative which in itself was a sub division of a bigger union at provincial level, which would pay the product based on the price fixed by the ONCPB and according to the quality level. The product was then handed over to titled private holders of the zones who were mandated by the ONCPB for each agricultural season. The payments done by the co-operatives were ensured through farm season credits obtained from banks and these in turn were covered by the Bank of Central African States. The private holders transported the product, conditioned it for export and ensured the loading in execution of the international sales contracts signed only by ONPCB with the traders made up of importing customers (Gerkens, Cargill, WMD...). The private holders were remunerated according to a complex scale set forth by the ONPCB.

SODECAO ensured upstream and downstream support directly to the commodity chain: research/development, production and distribution of plant material, maintenance of the roads in cocoa production areas as well as infrastructures, warehouses, credit...

The Unions of cooperatives brought together all the producers. They provided many services: financing of collection operations, input supply, put products on the market, collection of statistics, quality control of products, collection and sales of products (monopoly of purchase), social actions for the members, social credits and production.

These cooperative unions had the monopoly to purchase the production from the producers. The price for the producers was guaranteed by the commercialization system (price stabilization). The cooperatives remained under the supervision of the State until the reform of the texts in 1992.

¹ Ref: Grain de Sel n°44, p 12-14

² A union per province: West UCA, North-west UCA, Littoral UCA, UCA Center, South-west UCA, South UCA, UCA East.

This system prevailed as long as the world market prices were high until 1987/1988. From 1988/1989 the prices started to fall and the ONCPB found itself unable to support the producer prices. Donors jointly pressed for the liberalization of the subsector.

1.2- In the 90s, liberalization of the subsector and set up of the ONCC and the CICC

A first law for the liberalization was promulgated in 1991, closing the ONCPB, creating two organizations to co manage the subsector, and entrusting to them the management of an intra-annual stabilization system: ONCC (National Cocoa and Coffee Board), public establishment, and the CICC (Interprofessional Council for Cocoa and Coffee), Interprofessional structure instituted in 1991 by presidential ordinance and later on with the statute of a private independent association from 1992.

It is in the context of the general policy of liberalization of the 90s that the laws relating to cooperative societies (GIC and GIE (1992-93) were voted.

SODECAO on its part withdrew progressively from the direct support functions which it provided to the subsector and transferred these functions to Producers' organizations (commercial functions upstream and downstream of the commodity chain, drying, storage, treatment, research/development, extension/technical advice) and to Mutual savings and credit schemes –MEC (credit function).

The dysfunction of the new system at the level of the cocoa and coffee chain from one farming season to the other, led the government to take some partial measures between 1991 and 1995, which finally led to the law permitting total liberalization of the marketing of the cocoa and coffee in 1995 and followed by two decrees of application in 1997 (cf. box at the end of this document).

From then on, the state in principle is just to fix the rules in the law, and the roles of the ONCC and the CICC. The role of the ONCC in particular is to follow up the marketing operations, realize statistics, to ensure the respect of technical rules, to supervise the export quality control operations, to represent the Interprofession and to inform on the prices on the international market. Contrary to the ONCPB, the ONCC does not intervene in the financing of marketing and production operations. It does not carry out stabilization and therefore no more guarantees on the prices. Lastly, it does not carry out internal quality control, which is now ensured by accredited private societies³. However, it is in charge of representing the commodity chains internationally.

The collapse of the system managed by the ONCPB led to serious disputes both at the level of banks⁴ and the private holders.

2- THE CICC AFTER LIBERALIZATION

One of the objectives of liberalization was to professionalize the operators involved in the cocoa and coffee chain. On the one hand, the traders were to get organized so as to be able to negotiate contracts with the importers, to negotiate for funding with the banks and to ensure the marketing of the products in strict compliance with the international rules. On the other hand, the producers were to organize themselves to ensure effective negotiations with the traders through grouped sales, to control the quality of their products and to acquire inputs through tenders.

Within this framework, the ONCC and the CICC have the role of providing the proper environment for the professionalization of the actors (financing of the trainings, study trips, seminars...). Through various projects, several donors⁵ supported the CICC in its construction and its structuring.

2.1- Missions

The main official missions of the CICC are:

- to give its opinion and to make proposals on issues of development, marketing, taxation of operations of commercialization of cocoa and coffee;
- to provide professional Organizations of the 4 colleges services so as to improve the effectiveness of the whole professional organization;
- to determine the criteria needed for actors to exercise professions in the marketing of cocoa and coffee and to provide a moral guarantee for the realization of operations;
- to ensure the respect of the professional and Interprofessional deontology and to sanction failure to respect the rules;
- to ensure the application of the rules which should ensure a healthy and fair competition between the members of the professional organizations affiliated to the CICC;

³ 7 active companies accredited to carry out quality control: SGS, Uni controle commodity Cameroon, Audit contrôle & expertise, Agro Cic, La griffe du Littoral, Hydrac et Certispec.

⁴ In 2000, 10 years after, the liquidation of the ONCPB is still not closed and the banking sector has remained distant from the cocoa and coffee sector.

⁵ French cooperation (AFD, SCAC), European Union

- to manage and/or produce information of use to professionals;
- to record sale contracts of all unprocessed products at export;
- to conceive within the framework of the Mutual Caution and Professional guarantee scheme an insurance and re-insurance system for professionals;
- to manage the Mutual Caution and Professional Guarantee Scheme.

2.2- Organization

The central organs are:

- the General assembly (AG), with her 4 professional colleges represented:
 - o college of producers (a national college of producers and 7 regional colleges),
 - o college of industrial processors' organizations,
 - o college of conditioning factories,
 - o college of exporters (+ agents).
- the executive Council (EC) with a Permanent Committee and a Permanent Secretariat (the team of the permanent secretariat is made up of the Executive Secretary and two heads of service).
- the Disciplinary board.

Other less formal structures exist, like:

- the divisional CICC committees (CCA)

These committees are informal. They exist from the moment 2 colleges are represented. Their role is to collect market information and forward it to the CICC: information on marketing, interrelationships sellers-buyers, traders, monitoring of the professional cards, competition, and the speculators.

Approximately 20% of marketing operations take place within markets organized by producers. During purchase operations where buyers and sellers meet, a committee is designated to ensure that the marketing operations take place properly. The information collected in the market is transmitted to the CICC, the POs make a summary of their sales operations at the end of the campaign (date, quantity, price, name of the buyer...).

- CICC Information committee

The CC Information tries to mitigate the lack of information on the surface areas cultivated for cocoa and coffee, quantities produced, number of producers, quantities of produce available in the markets all through the season, market calendars, quantities bought from POs, list of cocoa buyers per production zone, marketing statistics per zone, information on prices (prices received by the producers all through the season; international prices).

2.3- Services rendered to the members

Services currently rendered to the commodity chains by the CICC:

- meeting forum, for debates between the professional categories: the AGs and the EC, which enables it to make an inventory of the forces involved, to collect complaints and view points, address messages to the authorities (important political dimension);
- support to the professional categories: the rise to power of producers encouraged by the permanent secretariat is done through effective structuring of the Professional Agricultural Organizations around their function of representation (CRP and CNP), and generates real dynamics;
- representation of the "private sector" vis-à-vis the authorities: this role is properly assumed; and this, both in Yaoundé and in the production zones;
- effective implication in reflexions and debates on the revival of production, financing, design of projects (Stabex, PPTE) for the professionals;
- in the same way, at the international level, for the defense of the Cameroon Origin, the commodity chains no longer speak only through ministerial representations.

The CICC got engaged to improve on the quality of Cameroonian coffee and cocoa: supply of material to test the quality, micro haulers and drying ovens, training on quality, etc. in terms of diffusion of information, it publishes an information bulletin on the cocoa and coffee sectors, it organizes radio programmes, they inform buyers when the POs have their produce ready for sale (information of exporters on time schedules for group sales. It is strongly involved in the putting in place of divisional CICC committees and the CC-info. It encouraged the state and donors to support the revival of production (carrying out studies on the production systems). The CCIC participates in the elaboration of all the texts related to the cocoa and coffee subsectors: it was an important actor in the creation of the development fund for the cocoa and coffee sectors (March 2006) and the creation of the technical follow up and coordination committee for these subsectors (July 2007).

2.4- Resources and contributions

The resources of the Interprofessional Council today are mainly ensured through the financial support of donors and a parafiscal tax.

The parafiscal tax stands at 25.000 FCFA per ton of coffee and cocoa is deducted as commission during exportation at the unique counter in Douala. This commission is distributed between the CICC-1.500 FCFA/T, ONCC- 6.500 CFA/T, international cocoa and coffee organizations-2.000 FCFA/T and the CEMAC Development fund (FODEC)- 15.000 FCFA/T. The large majority of the national production is opened to these deductions (only the quantities processed by local transformers are still not controlled by the CICC). In theory, all the operators are supposed to take part in this parafiscal tax, but in effect, only the producers bear this tax (the exporters pay the parafiscal tax but defer it on the prices they pay to the producers).

Nevertheless the CICC benefits from the interests generated on the cautions deposited by the traders to guarantee the proper execution of the marketing operations (10 million FCFA for exporters, 0.1 million for factories and 500.000 FCFA for cocoa buyers).

3. STRATEGIES OF ACTORS INVOLVED IN THE COCOA AND COFFEE CHAIN AFTER LIBERALIZATION AND POSITIONING WITH RESPECT TO THE CICC

3.1- Cocoa and coffee producers and their organizations: a growing but weak organization despite everything

- *Producers*

These are farm families whose main or secondary source of income is derived from cocoa and coffee. Because of lack of statistics we are not able to know their real numbers but they are certainly very many (400-500 000 coffee and cocoa producers, the last census dates back to 1989), for a cultivated surface area of 300-400 000 ha and production volumes of less than 200.000 T (Cocoa: 120.000 T; Robusta: 50-70 000 T; Arabica 5-10 000 T with total volumes of coffee declining).

Previously they were provided phytosanitary inputs basically for free but they must now save for the inputs for the next farming seasons or they must obtain credits from the MECs which have developed in their regions, and pay for inputs whose prices have greatly increased and in a country where the pathology of the cacao-tree is very important and makes production very fragile. Because of this, we observe partial or even total abandonment of recommended technical practices (reduction of the number of treatments, under dosage...) as well as the emergence of new arbitrations between speculations for export (related to the world market prices). In some zones, it is observed that farmers abandon their cocoa farms for other speculations, off rooting of coffee trees in some other zones (mainly in the West of Cameroon where there exist a very strong pressure on land), in spite of the threats and reprisals made by the supervisory administration⁶.

The producers are dispersed and poorly organized. The strategies are often individual (the greater proportion of cocoa and coffee is sold individually, with the different traditional leaders depending on the regions). Individual producers have to deal with speculators (coxeurs) who impose low prices. The quality of the products remains poor.

- *Producers Organizations: CIGs, Unions, Federations, Confederations, Cooperatives*

The cocoa and coffee producers' organizations (POs) bring together at most 40.000 producers (8-15% of the total number of farmers¹¹), that is about 15-20.000 T (10% of the total).

This would be due to collapse of the interventionist approach of the Cooperative Unions at the beginning of 1991 and also due to the initially weak enthusiasm brought in with the proposal of the Law of 1992 known as the law on COOP/GIC.

At the level of Cocoa, the main actor is the Conaprocac (16 Federations, 12.000 producers and 5.000 T)

At the level of Arabica Coffee, there is the NWCA (North West Cooperative Association), Uccao (Central Union of Agricultural Cooperatives of the West Province) and the UCAL (Communal Union Logo Farmers).

If the POs are very different according to the production zones, their effectiveness (the POs in the Mbam being more powerful) and commodity chains (the cocoa producers better organized than the coffee farmers), the cooperative sector in Cameroon is still in a crisis situation.

In all, the POs are fragile as concerns accounting and funding, suffering very often from very low levels of management of the leaders and more so because of very limited own capital stocks (barely inexistent). If there appears to be a proliferation of POs, most of them are fictitious.

⁶ See the article "Coffee and cocoa in south Cameroon: social evolutions and contrasts/Valantine Achancho. – Grain de sel n°34-35, March-August 2006. - 2 p (p18-19).

As a matter of principle, the POs sell the produce of its members immediately after clustering and become disinterested by these once the transactions have been carried out. In reality, the time between “delivery to the grassroots PO by the member”, and “effective payment” is often rather long: transfer from the grassroots PO to the producers’ union, search of a buyer by the union, weighing operations, collection and then payments to the union and then transfer to the farmer. This constraint remains the major strong point for the ‘coxeurs/speculators’ and explain in part the low volumes of products that are exchanged in the organized markets.

However, some POs have succeeded to put in place more effective ways of placing their products on the market (invitations to tender, market organization, contracts...). Some farmers and their organizations are trying to equip themselves with haulers at the level of the villages in order to produce coffee grain.

- Participation of the producers in the Interprofession CICC: regional and national colleges

The producers were represented at the CICC by a College made up of notables that were co-opted from the old Cooperative Unions created before 1995 (in recession). Following a modification of the statutes and the internal rules and regulations of the CICC, 7 regional Colleges of producers were created (CRP) and a national College of producers (CNP). All the ‘new’ and ‘old’ cooperatives can affiliate to the CNP through the CRP which elects the delegates to the AG of the CICC at the level of each province. The legitimacy of the CICC was in question because of the absence of proper representation of the producers in the structure; the CICC was criticized for the role played by the commercial representatives- roles which were judged to be excessive.

Today, the producers are represented at the CICC through the national College of producers’ organizations (24 delegates out of 64) and through 7 regional colleges. Only producers’ organizations handling a minimum of 250 tons in grouped sales and having at least 100 members are affiliated and can be followed up by the CICC.

There should be 28.000 producers affiliated to the CICC (that is only 6-10% of all producers and 72- 75% of organized producers i.e. members of professional producers’ organizations (OPA)), made up of 740 grassroots organizations and 50 federative structures.

This would represent 16.000 T of produce marketed (equivalent of 10% of the total production and 80% of the production of affiliated members).

However, the role and the effective power of the producers within the CICC is subject of controversy. This has even led to the emergence of other Interprofessional organizations competing with the CICC.

3.2- Conditioning Factories for cocoa and coffee: a profession in the process of disorganization

- Cacao

Cocoa is reprocessed and conditioned in the transit zones of Douala (this means withdrawal of investments from the production zones).

- Coffee

The coffee factory buyers in the production zones have actually lost speed and many factors explain this:

- with the fall of the Robusta prices in particular, the coffee transformers no longer get any gains from the activity and now limit their actions just to those of hauling coffee cherries for small buyers;
- processing is more and more carried out by other actors of which some are seen as nonprofessionals as well as some Pos;
- many exporters no longer pass through the factories for their coffee supplies: they have their own factories and/or they buy already hauled product from the POs and speculators (coxeurs) (they are even installing micro-decorticators in the villages in order to encourage the hauling of the coffee by the farmers);
- the producers are trying to get equipped and therefore depend less on the services of the factories.

The factories generally operate at a low financial scale having very little access to bank credit. Many of them rent out their machines to POs and buyers. Their working equipments are getting more and more out dated and obsolete and they lack resources to re-invest. They have the impression that they are marginalized having just a limited role: to transform cherry coffee for all other actors.

- Participation in the interprofession CICC

This profession of factory holders is in a process of disorganization, even in complete regression, with a “deprofessionalisation” of processing and its representation is almost non-existent.

3.3- Industrial Processors

- Industrial Cocoa Processors: crushers

Crushers are very few. This primarily concerns the SIC Cocoa (25-30.000 T) and Chococam. 50% of SIC Cacao belongs to the State, and 50% owned by Barry-Caillebaut (Barry-Caillebaut alone assumes the representation of the processing industry through its subsidiary company SIC Cocoa, which tries to be subsidized by the commodity chain). Chococam is the subsidiary company of a “major” international involved in the sector.

- Industrial Coffee Processors: roasters

The coffee roasters are generally SME/SMLs and their scales are not too different from those of factory buyers: many small, poorly organized and dispersed roasters, except the Central Union of the Agricultural Cooperatives of the West Province (Uccao handles some few hundred tons).

- Participation in the inter-profession CICC

Certain positions adopted by the processing industry dissociate itself from the general interest and by so doing generate differences as concerns the official position of the CICC.

The local processing industry and mainly that of cocoa very often takes positions which are not in favor of a fair competition between all the operators. The industrial processors refuse to pay the obligatory deductions levied on all exporters of processed products. Lastly, the coffee roasters prefer to work with the 'coxeurs'/speculators and the operations are never recorded anywhere.

3.4- Exporters: behavior very related to that of big international groups

- The Cocoa chain

(Cameroonian or Greek), most of the remaining ones (Telcar, Sic-cocoa) now exist only as agents (position of FOB) of 2 importing groups WMD and Cargill. Between 1999 and 2002, 5 exporters exported about 75% of the country's cocoa beans. Barry-Caillebaut, WMDS and Cargill all together control 90% of the cocoa beans exported.

The behavior of the local exporters is very much related to the oligopsony imposed by these big international groups: fewer and fewer operators in the sector export the product but most deliver it to these three groups. It is important to know that these active exporters to a large extent obtain funding for their purchase and export activities from external customers. 70% of the cocoa beans exported is bought at farm gate; it is the search for the lowest price for the cocoa and not the quality.

In effect there has been a reduction in the duration of transportation, conditioning and loading of average quality cocoa, and even of acceptable quality at a low price, and the compression of the overhead costs, the limitation of infrastructures, and subcontracting.

The exporters have become in general just agents of the oligopsony.

In order to ensure supplies, the temptation for the exporter to secure control of the POs in a zone and therefore its products is big, and by using different means ("gifts", "support projects", debt, various services...) they are reconstituting monopolies.

- The Coffee chain

The coffee chain is in jeopardy (international prices) and the "weight" of the commercial operators is very weak.

Coffee represents less than half of the tonnage of cocoa.

2/3 of the Robusta coffee is exported by 6 operators; 90% by 18. For Arabica, there are about thirty exporters. The 15 biggest, export 90% of the coffee.

- Participation in the inter-profession CICC

Many are active out of CICC, and those who are represented are not necessarily out to defend the interest of the Cameroonian coffee- cocoa sector since they are more after low prices for their products. They can even be completely passive when it concerns local field problems.

Many do not respect the code of ethics (professional card).

3.5- Forwarding agents: a very concentrated profession

The concentration observed at the level of the exporters is also observed at the level of transit.

The two principal forwarding agents belonging to the same group, ensure the transit of almost $\frac{3}{4}$ cocoa and coffee from Cameroon. These two operators have important industrial resources which enable them, in addition to conditioning for export, to ensure at the request of their importing customers drying, sorting and calibration of the coffee of all sorts (second level factories).

Three other operators (Utrac, Transinor and Camtainer) have a significant activity. The others handle very small quantities.

3.6- Importers: from concentration to oligopsony

Barry-Caillebaut, WMDS and Cargill together acquire and control 90% of the cocoa beans exported. At the level of coffee, there is a relatively larger diversity of importers, who have persisted even though quite few.

At the level of the international cocoa beans importing groups, there was initially a policy of vertical integration downstream in order to control the commodity chain from the farm gate level in producing countries up to the chocolate industries, biscuit industries and even distribution in the consumer countries.

By controlling all the commercialization stages inside the country, the oligopsony ensures supplies from the crushers, i.e. ensures a better control of the supply of large and reliable quantities of cocoa. The crushers in the consumer countries can thus reduce their cocoa bean stocks (which are very expensive in terms of warehouse charges and financial expenses). They progressively buy just the quantities that they need: "just *in time*" policy (spread of their provisions).

In addition to allowing them to reduce their costs, by reducing their stocks, the crushers produce temporary excesses on the markets, which take down the prices in the market as long as possible.

- Participation of the importers in the inter-profession CICC

The participation of the "big importers" in the national debate, through their local representatives, effective through their "national subsidiary companies" (Cargill and Barry are affiliated to the CICC through Telcar and Sic-cocoa) obviously raises a basic problem: it is difficult to associate these to the defense of the Cameroon Origin since the operators are interested in obtaining their product at the lowest possible price.

3.7- Speculators 'Coxeurs': important actors in the commodity chain, not in good terms with the inter-profession

The coxeurs are collectors and discounters who operate directly with the producers "in the bush": they buy cocoa and coffee in the villages, face to face with the growers, at farm gate, often misleading them (on the quantity and quality) but paying them immediately. That is where their strong point is: they pay the producers in cash when they need it to take care of all their needs.

Some of them lend money to the producers at usurious rates at the beginning of the farming season and this obliges them to sell their cocoa and coffee to them. They do not conform to the rules of the CICC.

4. THE ACTUAL SITUATION OF THE COFFEE AND COCOA CHAIN IN CAMEROON

Non respect of the texts

In reality, many of the provisions of the decrees of application signed in 1995 and 1997 are not put to practice. Among the difficulties encountered, one can note: the difficulty to diffuse up to date information as a public service to operators, a multiplication of official exporters, of whom many are fictitious and do not respect the texts; a reduction in the quality of the cocoa: the cocoa importers lay more emphasis on the price to the detriment of the quality and finally the quality of cocoa delivered is overall just 'average', the absence of control of exporters with regards to farm gate transactions, leading to a reduction in the quality of the product and the development of speculation to the detriment of farmers; the professional card delivered by the Interprofession (CICC) which is theoretically obligatory (and distributed most of the time lately⁷) for all the commercial operators (exporters, factories, agents) is in effect never required or used as a precondition for transacting. This makes it difficult for the CICC to play its role of self disciplining the professionals with regards to the respect of the texts in force (code of ethics, law and decrees); the obligation to declare farm gate purchases and exports is not respected by the operators. By so doing, the absence of production statistics per basin adds to the absence of commercial statistics. The opacity in the cocoa and coffee value chain is therefore complete.

The non respect of the texts by the administration itself has made it impossible to put in place a system of auto-discipline in the chain based on the code of ethics, the obligatory professional cards for the traders, an internal disciplinary board; a set up which at the origin was the foundation on which the CICC was formed.

Lack of information

The absence of reliable data on production (MINAGRI) and non the declaration of the purchases in production zones, even though obligatory does not permit the preparation and diffusion of any statistics other than those of exports.

Lack of funding for many of the operators

For lack of funding, many of the operators who do not have access to bank credits search for funding for their campaigns from their clients who are industrial exporters, and by so doing increase the grip of these operators on the chain. It is also important to note that because of the crisis that the cocoa and coffee sector has passed through, many are those operators who have remained indebted vis-à-vis other operators (for example exporters indebted to importers, buyers indebted to exporters, POs indebted to buyers or exporters). As such the actors that were able to resist the crises remained financially attached to their creditors who continue to finance them in order to recover their debts. The debtors now find themselves limited in the choice of the markets on which to sell their products despite the fact that there are usually better prices on other markets.

⁷ The resolution to found professional charts was taken in 1996 and the first charts were delivered in 1997.

The coffee cocoa commodity chain extremely 'simplified': Oligopsony, lack of transparency and competition

In Cameroon the cocoa and the coffee commodity chains are extremely 'simplified'. On the one hand are found many unorganized producers (400 -500 000 producers and barely 10% organized in POs). On the other hand a group of exporters (3 "majors" and a few other exporters) dominates more than 90% of the market (a little bit more exporters for coffee). Between the two, there is quasi absence of processors, local factory buyers and on the contrary a big presence of speculators (coxeurs – mobile buyers and sellers). In all, the process of integration is gradually transforming the purchase, sales and export operations to a succession of internal distribution by the societies making up the oligopsony, from the farm gate level to the CAF/port of destination.

We can speak now about a new stabilization. Before 1991 the cocoa and coffee commodity chain was managed by the ONCPB¹⁶ who played at the same time the role of stabilization, management of marketing and the unique exporter. Today, stabilization is in the hands of privates with the difference that there are no deductions by the ONCPB but that gains realized from commercialization are directly exported by these societies which dictate (partly) the prices in the world market.

More and more the purchase price of cocoa is not a market price but that which is dictated by the big industrial buyers, crushers and commercial structures/subsidiaries of the big international exporters present in the producing countries. The grip of these societies in the commerce of cocoa enables them to impose these decisions. In such a context of simplification of the commodity chains, the CICC is still struggling to find its place.

Annexes :

A. SPECIFICATIONS OF THE LAW 95/11 OF 1995:

1. Role of the State

Develop healthy and fair competition between the operators of the cocoa and coffee commodity chain; for that:

- all agreements to impose purchase prices are prohibited;
- the services of the State must help the producers to be organized to sell their products;
- the State continues to defend the quality of the products of Cameroon origin, and to ensure its control;
- the State ensures that the operators are informed about the prices and their trends;
- the inter-profession is the adviser of the State on all matters related to the cocoa and coffee commodity chain.

2. the purchase of the products at farm gate level:

- is opened to all traders who have fulfilled their obligations and for all who desire, and for the producers and their organizations;
- the purchases are done during the campaigns whose opening and closing dates are fixed : 1/8 to the 15/7 (cocoa); 1/12 to the 15/11 (Robusta coffee); 1/10 to the 15/9 (coffee Arabica);
- there are no more monopolies, concessions nor buying quotas;
- the products are sold and bought freely according to a price that has been agreed upon by the parties;
- the quality standards and the rules on the weights and measures must be respected;

3. Exports:

- the declared buyers (traders, producers and POs) are also authorized to export;
- all exports must be systematically recorded.

B. SPECIFICATIONS OF THE 1997 DECREES OF APPLICATION:

The decrees focus on conditioning and marketing, the first (97/130) on the cocoa beans, the second (97/131) on raw coffee.

1. Quality of the products

- the decrees describe the quality criteria for marketable cocoa and coffee; they set the standards of quality for each product: cocoa, coffee Robusta and Arabica.
- In the production zones, the quality control of the products exchanged is the joint responsibility of the buyer and the seller;
- At export, the quality is controlled by an accredited control/audit company

2. Purchase in the production zones

- the buyer must be a holder of a professional card delivered by the CICC for a season ;
- must inform the CICC, Prefects (D.Os) and sub Prefects about the places of purchase and the list of all his/her agents;
- the agents must be holders of a professional card delivered by the CICC, valid for only one season;
- the buyer is responsible for the behavior of his agents;
- the card can be withdrawn by the CICC in the event of serious deviations and defaults observed as regards the rules and the code of ethics of the CICC; in this case, the operator is suspended by the MINDIC;
- the buyer must declare his purchases for the past month on the 1st of each month at the adequate Prefecture, with copy to the CICC and the ONCC;
- coffee can be bought from the producer either as cherry or hauled.

3. The export of the products:

- to be able to operate, exporters must be holder a professional card delivered by the CICC;
- the file of declared exporters is updated each year by MINDIC and the CICC in order to put aside any operators who are inactive for two seasons/campaigns;
- the exporters declare every Tuesday their exports of the previous week to the CICC and the ONCC;
- the products for export must be cleared of all insects and this must be done by an organization accredited by the MINAGRI and the MINDIC.

C. MAIN MODIFICATIONS IN 2004 and 2005

The Law of 95/11 was amended by the law 2004/025 of December 30, 2004 and decrees 97/130 (cocoa) and 97/131 (coffee) were modified by the decrees 2005/1212 (cocoa) and 2005/1213 (coffee) of April 27, 2005.

The most important modifications are as follows:

- confirmation of the oneness of the inter-profession;
- creation of a development fund for the commodity chains;
- prohibition of the purchase of coffee cherry;
- integration of the concept of quality standards.