# CAMEROON

## TRADE SUMMARY

The U.S. goods trade deficit with Cameroon was $41 million in 2005, a decrease of $168 million from $209 million in 2004. U.S. goods exports in 2005 were $117 million, up 17.5 percent from the previous year. Corresponding U.S. imports from Cameroon were $158 million, down 48.9 percent. Cameroon is currently the 121st largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Cameroon in 2004 was $283 million, up from $242 million in 2003.

## IMPORT POLICIES

### Tariffs

Cameroon is a member of the WTO and the Central African Economic and Monetary Community (in French, CEMAC), which includes Gabon, the Central African Republic, the Republic of Congo, Chad, and Equatorial Guinea. CEMAC countries have a common currency managed by a regional Central Bank, share a common financial, regulatory, and legal structure, and maintain a common external tariff on imports from non-CEMAC countries. In theory, tariffs have been eliminated within CEMAC, and only a value-added tax should be applied to goods traded among CEMAC members. There has been some delay, however, in fully achieving this goal, and currently both customs duties and the value-added tax are being assessed on imports within CEMAC. Trade levels between Cameroon and its neighbors are small compared to the trade flows between Cameroon and its principal trading partners in Europe.

The simple average of CEMAC's common external tariff (CET) is 18.4 percent. The CET is assessed through four tiers of tariff rates: 5 percent for essential goods, 10 percent for raw materials and capital goods, 20 percent for intermediate goods, and 30 percent for consumer goods. In addition, there are other taxes assessed on imports, which can vary according to the nature of the item, the quantity of the particular item in the shipment, and even the mode of transport. As a result, average customs charges are in reality much higher. To improve customs revenue collection, the Cameroonian government has contracted with a Swiss company to assess and collect customs duties.

**Non-Tariff Measures**

Prospective importers are required to register with the local Ministry of Trade and notify the customs collection contractor of all imports. Special import permits are granted to individuals who import items for personal use. Export-import companies must secure a commerce register and a taxpayer's card from the Ministry of Economy and Finance prior to registering with the Ministry of Trade. Contractors importing equipment and supplies related to public contracts may obtain a duty exemption from the Ministry of Economy and Finance only when the duties would count as part of the government investment in the project. CEMAC has no regional licensing system. Agents and distributors must register with the government, and their contracts with suppliers must be notarized and published in the local press.

Cameroon requires a commercial invoice and a bill of lading for all imported goods. Ship registration marks and numbers must match exactly those on the invoices and the goods. Three copies of the invoice are necessary for surface shipments and four copies are needed for air shipments. The importer must also present a written approval certificate acknowledging that the business operator is an exporter or an importer and/or an exemption, if appropriate. Documentation of bank transactions is required if the value of the imported goods exceeds FCFA 2 million (approximately $4,000). This is also true for pre-shipment inspection certificates, which require a "clean report of findings" from the customs collection contractor. For certain imports, such as used clothing, certificates of non-infestation are also required. A service fee of FCFA 25,000 (approx. $50) is required for imported second-hand automobiles. All documents must be submitted within 48 hours of a shipment's arrival.

Cameroon is a party to the WTO Agreement on Customs Valuation. Cameroon assesses duties on its own estimated cost of production, rather than the actual purchase price, for three commonly subsidized goods -- beet sugar, flour, and metal rebar. Although the government has tried to speed customs clearance, customs fraud is still a major problem, and protracted negotiations with customs officers over the value of imported goods are common.

## STANDARDS, TESTING, LABELING AND CERTIFICATION

The Department of Price Control, Weights and Measures is officially responsible for the administration of standards. Labels must be written in both French and English and must include the country of origin as well as the name and address of the manufacturer. The pre-shipment inspection contractor may inspect the quality of any goods shipped into the country. In the absence of any specified domestic norm or standard, international norms and standards apply. In practice, most imports are admitted into the country without the need to meet specific standards.

## GOVERNMENT PROCUREMENT

Cameroon is an observer, but not yet a member of the WTO Agreement on Government Procurement. The Government Procurement Regulatory Board administers public sector procurement. Local companies are gradually losing their preferential price margins and other preferential treatment with regards to government procurement and development projects. As part of its economic reform program, the government has established more open tender announcements, set up independent monitors for large government contract awards, and instituted more frequent audits of tender awards. In September 2004, the government enacted a decree to further enhance transparency and competitiveness in the award of public contracts. Cameroon’s tight budgetary constraints require that most direct purchases by the government have pre-identified sources of financing.

## INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Cameroon is a member of the World Intellectual Property Organization and is a party to the Paris Convention for the Protection of Industrial Property and the Universal Copyright Convention. IPR enforcement is problematic due to the cost of enforcement and the rudimentary understanding of IPR among government officials and the populace. A few firms, including some from the United States, have complained of piracy, but have found little practical legal recourse to enforce their intellectual property rights. Although the government of Cameroon has been making some efforts in this regard, it is piecemeal at best. Yaounde, the capital of Cameroon, is also the headquarters for the 14-nation Africa Intellectual Property Organization (known by its French acronym OAPI) which offers patent and trademark registration.

## SERVICES BARRIERS

### Telecommunications

Cameroon has eliminated many restrictions on foreign trade in services and is gradually privatizing its telecommunications sector. In 1999, the government sold the state-owned mobile telephone company Camtel Mobil to a South African firm and gave a second mobile phone license to a French company. Efforts to privatize the main state-owned telephone operator, CAMTEL, collapsed when the two top bidders withdrew their offers. In 2004, the government – with the consent of the World Bank, which is monitoring the government’s privatization program – authorized CAMTEL to resume investments in the sector that had previously been frozen for more than seven years. CAMTEL is to operate as a private company with no government support through 2006, while the government and the World Bank work to identify further privatization options. CAMTEL has taken advantage of this opportunity and launched a new wireless program. A number of companies are now moving into local Very Small Aperture Terminal (VSAT) systems for data transmission, international telephone service and Internet access. In September 2005, wireless provider MTN Cameroon bought a leading Internet service provider, although the regulatory board has yet to approve the deal. The Cameroon

Telecommunications Regulator – Telecommunications Regulatory Board (ART) – regulates the sector and issues licenses for new companies to operate.

### Insurance

Foreign firms can operate in Cameroon, but they must have local partners. There are several foreign insurance companies (including one U.S. firm) operating in Cameroon with Cameroonian partners.

## INVESTMENT BARRIERS

The government states that it welcomes foreign investment and there has been significant improvement in the process of obtaining approvals for investment projects. In March 2002, the Parliament approved an investment charter that established a new framework for investments and integrated recent laws relating to the forestry, mining and petroleum codes. In September 2005, the President enacted a decree creating an investment promotion agency.

However, Cameroon's investment climate remains challenging. The World Bank's "Doing Business in 2006" survey found that it takes 444 days to comply with licensing and permit requirements for ongoing business operations in Cameroon, compared with 70 days in the United States, and also found that enforcing contracts can be particularly difficult.

Capital movements within CEMAC are completely free. Capital movements between CEMAC and third countries are permitted, provided that proper supporting documentation is available and prior notification is given to the exchange control authority. With respect to inward or outward foreign direct investment, investors are required to declare to the Ministry of Economy and Finance transactions above CFA 100 million (approximately $200,000), and they must provide such notification within 30 days of the realization of the investment. The Bank of Central African States' decision to continue monitoring outward transfers, combined with its cumbersome payment system, has led many to conclude that controls on transfers remain in force.

Local and foreign investors, including some U.S. firms, have found Cameroonian courts too complicated and costly to resolve their contract or property rights disputes. The United States-Cameroon Bilateral Investment Treaty provides access to international arbitration.

## OTHER BARRIERS

Problems with energy supply have been a major concern of the government and international financial institutions. The IMF and the World Bank, in particular, feel that the lack of a dependable supply of energy has limited FDI, so they are pushing stakeholders in the sector to improve capacity as quickly as possible.

Corruption is pervasive throughout the public and business sectors. The judicial system, characterized by long delays and under-staffing in the areas of financial and commercial law, has imposed major expenses on some American companies operating in Cameroon. Court decisions are often arbitrary and subject to corruption. Cameroon ratified the UN Convention Against Corruption in February 2006.