CAMEROON

TRADE SUMMARY

In 2000, the U.S. trade deficit with Cameroon increased to $96 million, an increase of $56 million from the 1999 deficit. U.S. merchandise exports to Cameroon were $59 million, an increase of $22 million from 1999. Cameroon was the United States' 130th largest export market in 2000. U.S. imports from Cameroon were $155 million, an increase of $78 million from 1999.

The stock of U.S. foreign direct investment in Cameroon was $241 million in 1999, up 36.9 percent from 1998.

Cameroon is a member of the Central African Economic and Monetary Community (in French, CEMAC) which also includes Gabon, Central African Republic, Republic of Congo, Chad, and Equatorial Guinea. CEMAC countries have a common currency managed by a common central bank. The Community is trying to establish a unified market allowing for open trade and capital flows between the member states. However, trade levels between Cameroon and its neighbors are small compared to the trade flows between Cameroon and its principal trading partners in Europe.

Cameroon's economy has registered five consecutive years of real economic growth averaging 4-5 percent annually. It has undertaken economic reform measures in collaboration with the IMF and the World Bank. The government has liberalized some aspects of the trade and investment climate, notably allowing greater foreign investment in previously closed sectors. There are efforts to reform port and customs administrations, but many procedures remain opaque.

IMPORT POLICIES

Since 1994, Cameroon has been operating under the Central African Customs Union's regional reform program. This program has been expanded to include a new Customs Code and an amendment to the Investment Code. The new Customs Code eliminates most quantitative restrictions on foreign trade and simplifies customs procedures.

On January 1, 1998, the Generalized Preferential Tariff (GPT) was to have been completely eliminated for goods shipped between CEMAC countries. Only a value-added tax (replacing the turnover tax (TCA) in Cameroon) at the rate of 18.7 percent is to be applied to goods traded within the CEMAC zone. However, there has been some delay in achieving this goal. Customs duties, in addition to the value-added tax, are assessed on imports into CEMAC countries.

The Cameroon government has moved to intensify customs revenue collection by contracting with the Swiss company SGS to assess and collect customs duties. The unweighted average of the Common External Tariff (CET) of the CEMAC is 18.4 percent. The CET is assessed through four 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 surtaxes 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, the 18.4 percent tariff rate is the absolute minimum; actual tariff rates for most items are much higher.

Import Licensing

Cameroon's import licensing procedures have been simplified. A prospective importer is now only required to have an "agreement," which serves as a two-year, renewable import license covering any item an importer may choose to import. Special import permits are granted to individuals who import items for personal use. Contractors importing equipment and supplies relating to public contracts can obtain a duty exemption from the Ministry of Economy and Finance. CEMAC has not yet created a regional licensing system.

Documentation Requirements

Cameroon requires a commercial invoice and a bill of lading for all imported goods. Shipping marks and numbers must match exactly those on the invoices and the goods. Three copies of the invoices are necessary for surface shipments while four copies are necessary for air shipments. The importer must also present an "agreement" and/or exemption, if appropriate. Documentation of bank transactions is required only if the value of the imported goods exceeds CFA franc 2,000,000. This is also true for a pre-shipment inspection certificate, called a Clean Report of Findings from SGS. For certain imports, such as second-hand clothing, certificates of non-infestation are also required.

Customs Valuation

Cameroon was scheduled to implement the WTO Agreement on Customs Valuation in December 2000, but it has since requested a six month extension in the WTO Committee on Customs Valuation. Customs taxes in Cameroon are levied on the C.I.F. value of the imported goods. The prevailing practice, however, is to value the goods at the list price of the goods in country of origin and include the cost of freight to Douala (the principal port of Cameroon). 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. Cameroon continues to maintain a preshipment inspection (PSI) regime.

STANDARDS, TESTING, LABELING AND CERTIFICATION

Standardization is at an early stage in Cameroon and is only partially regulated. The Department of Price Control, Weights and Measures is officially responsible for standards administration in Cameroon. Labels should be written in both French and English, and must include the country of origin as well as the name and address of the manufacturer. In addition, the product name, weight, and all ingredients including salt must be listed. Comments such as "made in," "to be consumed before a certain date," etc., should appear in either French or English. Canned goods require that the manufacture and the expiry dates be engraved or stamped on top of the package in indelible ink. Cigarettes destined for Cameroon must be pre-labeled. SGS may inspect the quality of any goods shipped into the country. In practice, imports are admitted into the country with little reference to standards or norms.

GOVERNMENT PROCUREMENT

Cameroon is not a member of the WTO Agreement on Government Procurement. Government procurement is administered by the Directorate of Public Works. Local companies receive preferential price margins and other preferences on all government procurement and development projects. As part of its economic reform program, the Government has established more open tender announcements, established independent monitors for large government contract awards and instituted more regular audits of tender awards. Cameroon's tight budget circumstances require that most direct purchases by the government have pre-identified sources of financing. The Government of Cameroon has a low credit rating because of continuing difficulty in paying its debts.

EXPORT CONTROLS AND SUBSIDIES

Coffee and cocoa exports must obtain a quality grade certification from one of three government-approved quality testing companies. Export licenses are also required for "strategic" products such as gold and diamonds and for ecologically sensitive items (i.e., items governed by the CITES Convention – live animals, birds, and medicinal plants). The government bans exports of some types of forest products, as an environmental conservation measure. No export subsidies are currently in place.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

A new agreement among francophone African countries, signed in 1999 in Bangui, aims at bringing their intellectual property laws into compliance with the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Cameroon has ratified the Bangui Agreement and an interagency committee has been created to update Cameroon's IPR laws. The interagency committee has not yet produced a draft law for parliamentary approval to bring older Cameroonian laws into accord with the Bangui agreement and TRIPS. Cameroon is also a party to the Paris Convention on Industrial Property and the Universal Copyright Convention. A licensed copyright company, the Societe Civile Nationale des Droits d'Auteurs, registers copyrights for music, books and periodicals, paintings, and theatrical productions. IPR enforcement is problematic due to the small size of the market, the cost of enforcement, and rudimentary understanding of IPR among government officials. U.S. industry complains that software piracy is widespread.

Cameroon is the headquarters for the fourteen nation West Africa Intellectual Property Organization (OAPI), which offers registration for patents and trademarks. Patents in Cameroon are good for 10 years and renewable every five years thereafter, so long as the patent was used in any OAPI member country at least once. Compulsory licensing also exists. Registered trademarks are good for twenty years and renewable every 10 years thereafter. Trademark enforcement is weak due to limited government expertise and resources. OAPI is a member of the World Intellectual Property Organization (WIPO).

SERVICES BARRIERS

Cameroon has eliminated many restrictions on foreign trade in services.

Telecommunications

Cameroon is privatizing its telecommunications sector. A new agency, ARTEL, regulates the sector. In 1999, the government sold the state-owned mobile telephone company to a South African company, and it gave a second GSM license to a French company. A third foreign company has won provisional approval to buy the main state-owned telephone utility, CAMTEL, although negotiations had not been concluded in February 2001. Some companies are now moving into local VSAT systems for data transmission, international telephone service and internet access. ARTEL must license each such application.

Banking

The government sold its last state-owned bank in January 2000, the last step in a major banking system restructuring. A new private bank began operations in 2000, and the sector now has nine banks. The Central African States Bank (in French, BEAC) regulates the sector through its regional banking commission, COBAC. COBAC is a jurisdictional body with the authority to take disciplinary action. A regional stock exchange may be launched soon in Douala. In addition to approval from COBAC, the Cameroonian Ministry of Economy and Finance must license a bank, and there are special regulations for small-scale credit cooperatives.

Insurance

Cameroon is one of the fourteen French-speaking African nations that ratified the CIMA treaty and adopted a common code with respect to the insurance sector. This supranational code was designed to regulate the insurance sector in all signatory states. Enforcement of the CIMA code of regulations has led to the closure of some weak insurance companies and the restructuring of the sector, which is almost completed. Foreign firms can operate in Cameroon, but they must have local partners. There are several French insurance companies working in Cameroon with Cameroonian partners.

Shipping

The country's major port is at Douala, with smaller ports at Limbe and Kribi. Though the Port of Douala is considered the major port of entry for the central African region, it is one of the most inefficient ports in Africa. Delays are frequent, and to improve port efficiency the Government in 2000 made the port administration autonomous. An average of three days is needed to clear goods through customs. In December 1997, the Government of Cameroon liberalized auxiliary port and maritime services and the maritime transport sector is now open to any transporter serving Cameroon ports. Cameroon has a relatively well developed rail system which was privatized in 1998 and three international airports, along with 50 small airports or airstrips. Domestic air service is not well developed.

INVESTMENT BARRIERS

Capital movements within CEMAC are completely free; those between the CEMAC and third countries are permitted, provided that proper supporting documentation is available and prior notification is given to the exchange control authority. Regarding inward or outward foreign direct investments, investors are required only to declare to the Ministry of Finance transactions above a prescribed threshold and within 30 days of the realization of the investment. There is still a lingering perception that controls on transfers remain in force due to BEAC's decision to monitor outward transfers and the cumbersome BEAC payments system.

The Government of Cameroon welcomes foreign investment, although the process of obtaining approvals for investment projects can be tedious. The Government plans to overhaul its existing investment code and also establish a special new code for the mining system, but these draft laws had not reached the Parliament by December 2000. In general, Cameroon's legal system is prone to favoritism and corruption. In addition, tax authorities can be arbitrary and abusive.

Cameroon has a Bilateral Investment Treaty with the United States that provides, inter alia, investor-state international arbitration, the right to make transfers freely and without delay, and the right of establishment. Cameroon is a member of the francophone Organization for the Harmonization of Business Laws (in French, OHADA). OHADA codes are applicable throughout French-speaking West Africa and are either in place in Cameroon or planned to be in place within the next few years.

ELECTRONIC COMMERCE

Internet access is still in its infancy in Cameroon and legislation to govern Internet services has not been devised. Currently, no special restrictions on these services have been imposed.

OTHER

Agent and Distributor Rules

Agents and distributors must register with the government and their contracts with their suppliers must be notarized and published in the local press.

Procedural and Financial Irregularities

Corruption is pervasive throughout the administration and business sector. The judicial system, marked by long delays and poorly paid staff has imposed major expenses on some American companies operating in Cameroon. Court decisions are often arbitrary and subject to corruption. Many accused individuals find it easier and cheaper to bribe a judge than to hire a lawyer to win a case. Lawyers frequently do not act in accord with proper ethics. Local and foreign investors, including some U.S. firms, therefore have found Cameroon courts too complicated and costly to resolve their contract or property rights disputes.