

# CAMEROON

## TRADE SUMMARY

In 2001, the U.S. trade surplus with Cameroon was \$82 million, a decrease of \$178 million from the 2000 deficit. U.S. goods exports to Cameroon were \$184 million, an increase of \$125 million from 2000. Cameroon was the United States' 95<sup>th</sup> largest export market in 2001. U.S. imports from Cameroon were \$102 million, a decrease of \$53 million from 2000.

The stock of U.S. foreign direct investment in Cameroon was \$266 million in 2000, down 12.8 percent from 1999.

Corruption continues to present the highest barrier to doing business in Cameroon. However, the country has made headway in making itself a more acceptable place to do business, which contributes to the present and projected five percent GDP growth rate. Improvements since last year's National Trade Estimate (NTE) report include implementation of the WTO Agreement on Customs Valuation, creation of an agency to oversee government procurement, passage of mining and petroleum laws, passage of an intellectual property law, initiating the privatization of the parastatal telecommunications firm, and privatization of Douala port. In addition the government reached their HIPC decision point and completed their Interim Poverty Reduction Strategy Paper which should have some positive implications for the investment and economic climate.

## IMPORT POLICIES

Since 1994, Cameroon's trade policies and practices are, to a large extent, determined regionally by CEMAC (the Economic and Monetary Community of Central African States). CEMAC's scope has expanded to include creating a new Customs Code and amending the Investment Code. The Investment Code in force in Cameroon since 1994 eliminates most

quantitative restrictions on foreign trade and simplifies customs procedures.

Customs duties, in addition to a value-added tax, are assessed on imports into CEMAC zone. The Government moved to intensify customs collection efforts by granting a monopoly to a private Swiss company (SGS) to assess and collect customs duties.

The Common External Tariff (CET) of the CEMAC zone 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 that vary according to the nature of the item, the quantity of items in the shipment, and even the mode of transport.

## Import Licencing

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. Importers are required to submit a Customs Declaration through a customs broker or receive an authorization in order to clear goods from customs. Customs declaration forms have been standardized among all CEMAC members.

## Documentation Requirements

Cameroon requires a commercial invoice and a bill of lading for all imported goods. Three copies of the invoices are necessary for surface shipments while four copies are necessary for air shipments. The importer

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must also present an "agreement" and/or exemption if appropriate. Documentation on bank transactions is required only if the value of the imported goods exceeds 2,000,000 FCFA. This is also true for pre-shipment inspection certificates from SGS, called a "clean report of findings". For certain imports, such as second-hand clothing, certificates of non-infestation are also required.

A single window for customs procedures became operational in December 2000. All documents have to be submitted to this window within 48 hours of a shipment's arrival. The use of a single window has reduced import formalities from 26 days to 15 days.

### **Customs Valuation**

Cameroon began implementing the WTO Agreement on Customs Valuation in July 2001. Cameroon assesses duties based on the cost of production, not the purchase price, on three goods – sugar, flour, and construction iron. This has been justified as an antidumping measure.

Customs taxes in Cameroon are levied on the C.I.F. value of the imported goods. 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. The establishment of single-window customs procedures is reducing some areas of corruption.

### **STANDARDS, TESTING, LABELING AND CERTIFICATION**

Labels such as "made in," "to be consumed before a certain date," and so forth should appear in either French or English. Canned goods require that the manufacture and the expiration dates be engraved or stamped on top of the package in indelible ink. Cameroon standardization is at an early stage in Cameroon

and is only partially regularized. Imports are admitted into the country with little reference to standards except in cases where a product is suspected of being, or has been declared to be dangerous.

The authorities adapt international standards to the national context. In absence of national standards, Cameroon has adopted international standards such as ISO 9000. The Societe General de Surveillance (SGS) and other recognized institutions are in charge of testing, when required. Laboratories in exporting countries may also be recognized and approved.

A ministerial order adopted in 2000 details additional requirements for labeling. 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. In addition, the product name, weight, and all ingredients must be listed.

Cameroon is in the process of drafting a Sanitary and Phytosanitary law, which would regulate the use of pesticides. Cameroon is a member of the International Office of Epizootics (OIE), the International Plant Protection Center (IPPC) and the CODEX Alimentarius.

### **GOVERNMENT PROCUREMENT**

Cameroon recently expressed its interest in joining the WTO Agreement on Government Procurement. In addition the government has stated its intention to fight corruption and promote transparency. Two decrees signed on June 30, 2000 established the Independent Agency to Regulate Government Procurement (Agence de Regulation des Marches Publics). This agency introduced new procurement thresholds and set up a new system of fines. The government conducts more transparent

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tender announcements, appoints independent monitors for large government contract awards and undertakes more regular audits of tender awards. Local companies receive preferential price margins and other preferences on all government procurement and development projects.

### **INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION**

A new agreement among francophone African countries, signed in 1999 in Bangui, aims at bringing 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. In November 2001, the interagency committee produced a draft law, which the National Assembly passed. This law (which was drafted with the assistance of WIPO) brings older Cameroonian laws into accord with the Bangui Agreement and TRIPS.

Cameroon is also 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 a 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 patents and trademark registration. 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. An agency, Agence Regulation de Telecommunication (ART), regulates the sector. In 1999, the government sold the state-owned mobile telephone company to a South African company and gave a second GSM license to a French company. Talks with the a foreign company that won provisional approval to buy the primary state-owned telephone utility, CAMTEL, broke down in November 2001, and the government started negotiations with a second bidder, a Cameroon-South African joint venture. Some companies are now moving into local VSAT systems for data transmission, international telephone service and Internet access. ART must license each of these applications.

#### **Banking**

The government sold the last state-owned bank in January 2000, the last step in a major banking system restructuring. Three new private banks have begun operations since 2000, and the sector now has ten banks. The Central African States Bank (BEAC) regulates the sector through the regional banking commission, COBAC. COBAC is a jurisdictional body with

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the authority to take disciplinary action. A national Stock Exchange was established in Douala in December 2001, and will be operational in 2002. Both COBAC and the Cameroonian Ministry of Economy and Finance must license banks, and there are special regulations for small-scale credit cooperatives.

### Insurance

Cameroon is one of the fourteen French-speaking African nations that ratified the Treaty agreed to by the Inter-African Conference on Insurance Markets (CIMA). This agreement is a supra-national code designed to regulate the insurance sector in all signatory states. CIMA also established a common code in the insurance sector. Enforcing the CIMA code of regulations led to the closure of some weak insurance companies and a restructuring of the sector, which is nearly finished. Foreign firms can operate in Cameroon, but they must have local partners. There are several foreign insurance companies (including one U.S. firm) working in Cameroon with Cameroonian partners.

### Shipping

The country's major port is in 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 has traditionally been very inefficient. Delays are frequent. In 2000, the government made the port administration autonomous, and improvements resulted. In 2001, the U.S. Trade and Development Agency (TDA) financed a feasibility study that recommended building a modern, deep-water container port in the port of Limbe, with road and rail connections to other CEMAC countries.

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 (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 investment, investors must only declare to the Ministry of Finance transactions that are above a prescribed threshold. They must do this within 30 days of the investment. There is a lingering perception that controls on transfers remain in force due mostly to BEAC's decision to monitor outward transfers and the cumbersome BEAC payments system. However, BEAC staff says that the monitoring is for statistical purposes only.

The Government of Cameroon welcomes foreign investment, although the process of obtaining approvals for investment projects under special schedules can be tedious. The government plans to overhaul its existing Investment Code that would integrate the CEMAC Investment Charter adopted in 2000. Special new Petroleum and Mining codes were adopted in 2000 and 2001. The National Assembly must approve mining permits, and, in practice, the process is bureaucratic and delays are significant. In general, Cameroon's legal system is prone to favoritism and corruption. In addition, tax authorities can be arbitrary.

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Cameroon's Bilateral Investment Treaty provides with the United States, *inter alia*, for 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 and Central Africa.

disputes. Consequently, the association of entrepreneurs (GICAM) has opened an arbitration center for economic operators that want a rapid resolution of their disputes.

### 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 BARRIERS

#### 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 administrative and business sector. The judicial system, marked by long delays and poorly paid staff, represents a major obstacle to U.S. companies operating in Cameroon. Court decisions are often arbitrary and subject to corruption. Reportedly, many accused individuals find it easier and cheaper to bribe a judge than to hire a lawyer to contest a case. Lawyers frequently do not act in accord with proper ethics. The Cameroon Bar Association has had to sanction some of its members in recent years, including disbarment. Local and foreign investors, including some U.S. firms, therefore have found Cameroon courts too complicated and costly to resolve contract or property rights