CAMEROON

TRADE SUMMARY

The U.S. trade deficit with Cameroon was $16 million in 2002, a reversal of $99 million from the $82 million trade surplus in 2001. U.S. goods exports in 2002 were $156 million, down 15.3 percent from the previous year. Corresponding U.S. imports from Cameroon were $172 million, up 69.4 percent. Cameroon is currently the 96th largest export market for U.S. goods.

Cameroon has made significant headway in making itself a more acceptable place to do business, which contributes to the present and projected 5 percent growth rate in Gross Domestic Product (GDP). Improvements since last year's National Trade Estimate (NTE) Report, however, have been slow as Cameroon continues to make economic reforms, which it hopes to complete by the end of 2003. Corruption continues to be a major obstacle to doing business in Cameroon.

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 working 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 seven consecutive years of real economic growth averaging 4 percent to 5 percent annually. It has undertaken economic reform measures in collaboration with the International Monetary Fund (IMF) and the World Bank. The Cameroon government has liberalized some aspects of the trade and investment climate, notably allowing greater foreign investment in previously closed sectors. New investment legislation passed in March 2002 will further open opportunities for investors once it is fully implemented at the end of 2004. 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 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 in Cameroon) at the rate of 18.7 percent should be applied to intra-regional goods. However, there has been some delay in achieving this goal, and currently both customs duties and the value added tax are being 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 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 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 related to public contracts can obtain a duty exemption from the Ministry of Finance and Budget. CEMAC has not yet created a regional licensing system.

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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 francs 2,000,000. This is also true for preshipment inspection certificates, which require a "clean reports of findings" from SGS. 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 must 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 and export formalities from 14 days to 7 days.

Customs Valuation

Cameroon began implementing the WTO Agreement on Customs Valuation in July 2001. Cameroon assesses duties based on the cost of production, rather than the purchase price, for three goods heavily subsidized in their country of production – sugar, flour, and construction iron. This functions as a de-facto antidumping measure without the WTO-required injury determination, since the cost of production of these products is typically higher than the purchase price. Customs taxes in Cameroon are levied on the c.i.f. (cost, insurance, freight) value of the imported goods. Although the Cameroon 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

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 both in 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. For canned goods, it is required 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 Government Procurement Regulatory Board (in French, Agence de Regulation des Marches Publics, or ARMP). Local companies receive preferential price margins and other preferences on all government procurement and development projects. As part of its economic reform program, the Cameroon 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 Cameroon government have pre-identified sources of financing.

EXPORT 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 on live animals, birds, and medicinal plants). The Cameroon government bans exports of some types of forest products as an environmental conservation measure. No export subsidies are currently in place.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

A new agreement among francophone African countries, signed in 1999 in Bangui, aims at bringing their intellectual property laws into compliance with TRIPS. Cameroon has ratified the Bangui Agreement and an interagency committee has been created to update Cameroon's IPR laws. In November 2001, the 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 a also party to the Paris Convention on Industrial Property and the Universal Copyright Convention. The licensed copyright company (the Societe Civile Nationale des Droits d'Auteurs) that formerly registered copyrights for music, books and periodicals, paintings, and theatrical productions has been put into liquidation. In its place, new structures covering each specific domain are being created. 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 patents and trademarks registration. Patents in Cameroon are good for ten 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 ten 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

Telecommunications

Cameroon has eliminated many restrictions on foreign trade in services and is privatizing its telecommunications sector. The Agence Regulation de Telecommunication (ART) regulates the sector. In 1999, the Cameroon government sold the state-owned mobile telephone company to a South African firm and gave a second mobile phone license to Orange, a French company. Negotiations for the privatization of the main state-owned telephone utility, CAMTEL, were unsuccessful once the two best bidders withdrew their offers. The World Bank is currently working with Cameroon to form a new strategy that will lead to the privatization of CAMTEL. Some companies are now moving into local VSAT systems for data transmission, international telephone service and Internet access. ART must license each such company.

Banking

The Cameroon government sold its last state-owned bank in January 2000, the last step in a major banking system restructuring. Four new private banks have begun operations since 2000, and the sector now has ten banks. The Central African States Bank (in French, BEAC) regulates the sector through the Regional Banking Commission, COBAC. COBAC is a jurisdictional body with the authority to take disciplinary action. A national stock exchange was established in Douala in December 2001, and is expected to be operational by 2003. Both COBAC and the Cameroon Ministry of Finance and Budget 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 Inter-African Conference on Insurance Markets Treaty (CIMA) and adopted a common code with respect to the insurance sector. This supra-national code is designed to regulate the insurance sector in all signatory states. Enforcement of the CIMA code of regulations 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 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, Kribi, and Garoua. Though the Port of Douala is considered the major port of entry for the Central African region, it has traditionally been one of the most inefficient ports in Africa. To improve port efficiency, the Cameroon government made the port administration autonomous in 2000. An average of three days is needed to clear goods through customs. In December 1997, the

Cameroon government 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 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 to declare to the Ministry of Finance only those 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 Cameroon government welcomes foreign investment, although the process of obtaining approvals for investment projects under special schedules can be tedious. In March 2002, the parliament voted into law the new investment charter that establishes a new framework for investments in Cameroon. The new charter will integrate recent laws relating to the mining and the petroleum codes. The new charter should be implemented by the end of 2004. In general, Cameroon's legal system is prone to favoritism and corruption.

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 Organization for the Harmonization of Business Laws (in French, OHADA). OHADA codes are applicable throughout French-speaking West and Central Africa.

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 Cameroon government, and their contracts with 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, have found Cameroon courts too complicated and costly to resolve their contract or property rights disputes.