# CAMEROON

## TRADE SUMMARY

The U.S. trade deficit with Cameroon was $208 million in 2004, an increase of $85 million from $123 million in 2003. U.S. goods exports in 2004 were $100 million, up 10.2 percent from the previous year. Corresponding U.S. imports from Cameroon were $308 million, up 43.9 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 2003 was $3.7 billion, up from $2.8 billion in 2002. U.S. FDI in Cameroon is concentrated largely in the manufacturing, utilities, and banking sectors.

## IMPORT POLICIES

Cameroon is a member of the Central African Economic and Monetary Community (in French, CEMAC), which also includes Gabon, the Central African Republic, the Republic of Congo, Chad, and Equatorial Guinea. CEMAC countries have a common currency managed by a common 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. However, there has been some delay 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.

To improve customs revenue collection, the Cameroon government contracted with the Swiss company SGS to assess and collect customs duties. The simple average of CEMAC's common external tariff (CET) 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 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.

### Import Licensing

Cameroon has simplified its import licensing procedures. A prospective importer is now only required to register with the local Ministry of Commerce and notify SGS of all imports above CFA2,000,000. Special import permits are granted to individuals who import items for personal use. However, 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 Commerce. 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.

**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 invoice are necessary for surface shipments, while four copies are necessary for air shipments. The importer must also present an "agreement" (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 only if the value of the imported goods exceeds CFA francs 2,000,000 (approximately $4,000). This is also true for pre-shipment inspection certificates, which require a "clean report of findings" from SGS. For certain imports, such as second-hand clothing, certificates of non-infestation are also required. SGS officials have also introduced a new service fee for importing second-hand automobiles.

There is a one-stop-shop for customs procedures. All documents must be submitted within 48 hours of a shipment's arrival. While at first this innovation reduced the time needed for processing of paperwork, delays attributed to corruption continue to hamper the process. The International Maritime Traffic Facilitation Committee is studying how to reduce customs-related delays.

### Customs Valuation

Cameroon began implementing the WTO Agreement on Customs Valuation in July 2001. 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 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

The Department of Price Control, Weights and Measures is officially responsible for standards administration. 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 (in French, Agence de Regulation des Marches Publics, or ARMP) administers public sector procurement. Although fewer than in previous years, local companies still receive some preferential price margins and other preferences on 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 budgetary constraints require that most direct purchases by the Cameroon government have pre-identified sources of financing.

## INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Cameroon 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 small size of the market, the cost of enforcement, and the rudimentary understanding of IPR among government officials. U.S. industry complains that piracy is widespread. In November 2001, a law drafted with the assistance of WIPO and passed by the National Assembly sought to bring older Cameroonian laws into accord with the Bangui Agreement and TRIPS. Cameroon is the headquarters for the fourteen-nation West Africa Intellectual Property Organization (OAPI in French) which offers patents and trademarks 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 to a South African firm and gave a second mobile phone license to Orange, a French company. Negotiations to privatize the main state-owned telephone utility, CAMTEL, collapsed when the two best 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, which had previously been frozen for more than seven years. Through 2006, CAMTEL is to operate as if it were a private company, with no government support, while the government and the World Bank determine how to proceed with further privatization. Some companies are now moving into local VSAT systems for data transmission, international telephone service and Internet access. The Telecommunication Regulatory Board (in French ART) regulates the sector and would have to license new companies.

## Banking

The Cameroonian 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 there are now 10 banks in the sector. The Bank of Central African States (in French, BEAC) regulates the sector through the Regional Banking Commission, COBAC. COBAC has the authority to take disciplinary action. Both COBAC and the Cameroon Ministry of Economy and Finance must license banks, and there are special regulations for small-scale credit cooperatives. A national stock exchange in Douala was inaugurated in the second quarter of 2003 but has not yet begun trading operations.

## 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.

## INVESTMENT BARRIERS

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. Regarding inward or outward foreign direct investment, investors are required to declare to the Ministry of Economy and Finance only those transactions above a prescribed threshold of CFA 100 million ($200,000), and they must provide such notification within 30 days of the realization of the investment. BEAC's decision to continue to monitor outward transfers, combined with its cumbersome payment system, have led many to conclude that controls on transfers remain in force.

The Cameroon government welcomes foreign investment, although the process of obtaining approvals for investment projects can be tedious. In March 2002, the parliament approved an investment charter that establishes a new framework for investments in Cameroon and that integrates recent laws relating to the forestry, mining and petroleum codes. Implementation of the new charter has been delayed; it may not take effect until 2007. In general, Cameroon's legal system is characterized by favoritism and corruption.

Cameroon has a Bilateral Investment Treaty with the United States that provides for, *inter alia*, non-discriminatory treatment, access by investors to 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

Investments in the Internet sector are ongoing but it is still challenging to secure Internet access when out of the main cities, Yaoundé and Douala. Demand is growing rapidly, but Internet access, where available, is expensive and very slow during business hours. Cameroonian legislation governing 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 public and business sectors. The judicial system, characterized 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. 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.