

# CAMEROON

In 1998, the U.S. trade surplus with Cameroon was \$22 million, a decrease of \$43 million from the 1996 surplus. U.S. merchandise exports to Cameroon were \$75 billion during 1998, a decrease of \$47 million from the level of U.S. exports to Cameroon in 1997. Cameroon was the United States' 120th largest export market in 1998. U.S. imports from Cameroon were \$53 billion in 1998, down 4 percent from 1997. The stock of U.S. foreign direct investment (FDI) in Cameroon in 1997 was \$218 million, an increase of 20 percent from the level of U.S. FDI in 1996.

## **IMPORT POLICIES**

Cameroon has been operating under the Central African Customs Union regional reform program since 1994. The program has been expanded to include a new customs code and an amendment to the investment code. The new code eliminates most quantitative restrictions on external trade and simplifies customs assessments. The generalized preferential tariff was eliminated completely for goods being shipped to UDEAC/CEMAC countries on January 1, 1998. Starting in 1999, only the value added tax will be collected on intra-regional goods. On January 1, 1999, Cameroon converted its business taxation system from a turnover tax (TCA) to a modern value added tax (TVA) at a flat rate of 18.7 percent. The government moved to intensify customs revenue collection efforts by granting a monopoly to a private Swiss company (SGS) to assess and collect customs duties.

### **Customs valuation**

Customs taxes in Cameroon are levied on the cif value of imported goods. The prevailing practice, however, is to value the goods at the list price of the goods in the country of origin and include the cost of freight to Douala (the principal port of the country).

### **Import licensing**

Import licensing has been simplified. A prospective importer is now only required to have a so-called "Agreement." The "Agreement" is a two-year renewable import license that covers any item an importer may choose. Special permits are granted to those who import items for personal use. Contractors importing equipment and supplies relating to public contracts can obtain a tax-free exception from the Ministry of Economy and Finance.

### **Documentation Requirements**

Cameroon requires a commercial invoice and a bill of lading for all goods entering the country. 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 import license, permit, or exemption where required. Documentation on bank transactions is required only if the value of the imported goods is over two million CFA francs. A pre-shipment inspection certificate, called the bill of clean findings, must also be obtained from SGS for shipments over this amount.

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Certificates of non-infestation are required for certain imports. SGS may inspect the quality of any goods shipped into the country.

### **GOVERNMENT PROCUREMENT**

Government procurement is administered by the Public Works Directorate. Cameroonian companies are granted preferential price margins and other preferences on all government procurement and development projects. Because of Cameroon's low credit rating, governmental direct purchases are now made through domestic middlemen who require cash up-front on behalf of their foreign correspondents.

### **EXPORT SUBSIDIES**

Coffee and cocoa exports must obtain a quality grade certification from the Coffee and Cocoa Board prior to export. Export licenses are also required for "strategic" products such as gold and diamonds and for ecologically sensitive items (i.e., governed by the CITES convention) such as live animals, birds and medicinal plants. In January 1998, the government removed petroleum and hydrocarbons from the list of sensitive products subjected to prior price assessment procedures. No known export subsidies are currently available. In the past, heavy export taxes have penalized exports of agricultural products.

### **LACK OF INTELLECTUAL PROPERTY PROTECTION**

Cameroon is the headquarters for the 14-nation West African Intellectual Property Organization (OAPI). OAPI is a member of the World Intellectual Property Rights Organization (WIPO). OAPI offers registration for patents and trademarks. Patents in Cameroon are initially good for forty years, and subsequently renewable every five years if the patent was used in an OAPI member country at least once. Compulsory licensing also exists. Trademarks initially last for 20 years, with renewal possible every ten years thereafter. Trademark enforcement is weak due to the small size of the domestic market and the cost of enforcement.

### **SERVICES BARRIERS**

At the opening of the Uruguay round negotiations, Cameroon presented conditional offers on market access for services. Cameroon made a commitment on non-application of limitations relative to market access and national treatment relating to maintenance and tourism. However, later in 1994, Cameroon eliminated most restrictions on external trade. Exceptions are now only placed on so-called "strategic" goods and services such as water electricity, public transportation (road and rail), and telecommunications.

A new law governing telecommunications in Cameroon has recently been adopted. This law provides that the regulation, control and oversight of the telecommunications sector will be the responsibility of a telecommunications board. The new law also establishes a modern framework for the development of Cameroon's telecommunications sector in the context of liberalization, privatization and fair competition. One private operator will be allowed a portion of the cellular market, while operation on the fixed network, currently run by the state owned company Camtel, will soon be offered up to private interest. Cellular phone service, launched in July 1993 to cover a limited geographical area, operates on the GSM 900 standard.

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Cameroon is one of the fourteen French-speaking African nations that ratified the CIMA treaty and adopted a common code. This supranational code is supposed to regulate the insurance sector in all signatory states. However, because of the poor state of the country's insurance sector, Cameroon may well invoke an exception for this sector at some future time.

Cameroon's banking system is controlled by the Banque des Etats de l'Afrique Centrale (BEAC), a common central bank also serving the five other member countries of the Central Africa subregion. The banking system is made up of nine operating banks. Despite undergoing a prolonged decade of restructuring, many of these are still fragile. The banks' contribution to the reviving economy has been marginal in recent years as all of the banks are only willing to finance short term operations. With one exception, commercial banks remain undercapitalized and none meets all of the prudent criteria set forth by the regional central bank (BEAC).

Infrastructure for distribution of goods is not fully developed, but permits limited access to all ten provinces. The major port in Cameroon is Douala. There is a relatively well developed rail system and three international airports, along with 50 small airports/airstrips. In order to conform with further WTO open access criteria, in December 1997, the government liberalized the auxiliary maritime and ports authority services, to include maritime transportation of Cameroonian exports and imports.

### **INVESTMENT BARRIERS**

Cameroon has undertaken a serious effort to attract foreign investment, and its legal regime contains the basic elements needed to provide an open investment climate. Nonetheless, an arbitrary application of government controls and a legal system prone to corruption and favoritism has hindered the investment environment. The Cameroon investment code is currently pending revision to ensure greater transparency.

### **ELECTRONIC COMMERCE**

Internet access is in its infancy in Cameroon, and therefore legislation for this sector has yet to be developed. Currently, no special restrictions have been imposed.

### **OTHER BARRIERS**

#### **Agent and Distributor Rules**

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

#### **Procedural and Financial Irregularities**

The flawed judicial system is a major obstacle to development of Cameroon's economy and society. The judiciary is often arbitrary, and persons accused of corruption by the local press are seldom called to account

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before the courts. If they are called, persons often find it easier and cheaper to bribe a judge than pay a lawyer to win the case. Under the current judicial system, local and foreign investors, including some U.S. firms, have found it complicated and costly to enforce contract rights, protect property rights, a fair and expeditious hearing before the courts or defend themselves against frivolous lawsuits. However, the recently implemented “Organization for the Harmonization of Business Law in Africa” (Organisation Pour L’Harmonisation du Droit des Affaires en Afrique, or OHADA) treaty offers some hope for reform of the judiciary.