

CAMEROON

TRADE SUMMARY

The U.S. goods trade deficit with Cameroon was \$154 million in 2006, an increase of \$113 million from \$41 million in 2005. U.S. goods exports in 2006 were \$120 million, up 2.4 percent from the previous year. Corresponding U.S. imports from Cameroon were \$274 million, up 73.2 percent. Cameroon is currently the 127th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Cameroon in 2005 was \$279 million, up from \$265 million in 2004.

IMPORT POLICIES

Tariffs

Cameroon is a Member of the World Trade Organization (WTO) and the Central African Economic and Monetary Community (in French, CEMAC), which includes Gabon, the Central African Republic, the Republic of Congo, Chad, and Equatorial Guinea. CEMAC countries have a common currency managed by a regional 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. There has been some delay, however, in fully achieving this goal, and currently both customs duties and value-added taxes 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.

The simple average of CEMAC's common external tariff (CET) is 18.4 percent. The CET is assessed through four tiers of 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 that 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. To improve customs revenue collection, the Cameroonian government has contracted with a Swiss company to assess and collect customs duties. All shipments, including any type of charitable donation or material, are subject to the customary import duties and fees unless written exoneration is obtained prior to shipment.

Non-Tariff Measures

Importers are required to register with the local Ministry of Trade and to notify the customs collection contractor of all imports. Export-import companies must register with, and secure a taxpayer's card from, the Ministry of Economy and Finance prior to registering with the Ministry of Trade. Contractors importing equipment and supplies related to public contracts may obtain a duty exemption from the Ministry of Economy and Finance when the duties would count as part of the government investment in the project. CEMAC has no regional licensing system. Agents and distributors must register with the government, and their contracts with suppliers must be notarized and published in the local press.

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Cameroon requires a commercial invoice and a bill of lading for all imported goods. Three copies of the invoice are necessary for surface shipments, and four copies are needed for air shipments. The importer must also present 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 if the value of the imported goods exceeds FCFA2 million (approximately \$4,000). This is also true for pre-shipment inspection certificates, which require a “clean report of findings” from the customs collection contractor. For certain imports, such as used clothing, certificates of non-infestation are also required. A service fee of FCFA25,000 (approximately \$50) is required for imported second-hand automobiles. All documents must be submitted within 48 hours of a shipment’s arrival.

Cameroon is engaging in questionable customs practices, including assessing 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. This practice raises questions with respect to Cameroon’s commitments under Articles 1-6 of the WTO Customs Valuation Agreement. 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.

STANDARDS, TESTING, LABELING AND CERTIFICATION

The Department of Price Control, Weights and Measures is officially responsible for the administration of standards. 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 administers public sector procurement. Local companies are gradually losing their preferential price margins and other preferential treatment with regards to government procurement and development projects. As part of its economic reform program, the government published more open tender announcements, set up independent monitors for large government contract awards, and instituted frequent audits of tender awards. In June 2006, the government committed to begin assessing its procurement system against World Bank criteria and to ensure effective application of a law barring participation of persons or companies who have broken procurement rules. A computerized public contract-tracking system is scheduled to be launched on the Public Procurement Regulatory Agency’s website in 2007.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Cameroon is a member of the World Intellectual Property Organization and is a party to the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, and the Patent Cooperation Treaty. IPR enforcement is problematic due to the cost of enforcement and a less advanced understanding of intellectual property rights among some government officials and the populace. A few firms, including some from the United States, have complained of piracy but have found little practical legal recourse to enforce their intellectual property rights. Cameroonian artists’ organizations have publicly complained about lax enforcement of copyright and related rights and have generated substantial public discussion on the importance of protecting intellectual property rights through vocal campaigns highlighting the damaging effect of widespread music piracy.

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Yaounde, the capital of Cameroon, is also the headquarters for the 14-nation Africa Intellectual Property Organization (known by its French acronym OAPI), which offers patent and trademark registration.

SERVICES BARRIERS

Telecommunications

Cameroon has eliminated many restrictions on foreign trade in services and is gradually privatizing its telecommunications sector. Two mobile telephone firms, South African MTN and French Orange, currently operate in Cameroon, and state-owned phone operator CAMTEL has announced plans to launch a mobile service. After initial efforts to privatize CAMTEL collapsed when the two top bidders withdrew their offers, the government – with the consent of the World Bank – authorized CAMTEL to resume investments in the sector. As of mid-March 2007, no public announcement had been made about the most recent tender process, which was to have concluded in January 2007. Privatization of CAMTEL remains on Cameroon’s official agenda with the IMF. A number of companies are now moving into local Very Small Aperture Terminal (VSAT) systems for data transmission, international telephone service and Internet access. After dropping a 2005 bid to acquire a local Internet service provider, MTN created a new entity, MTN Network Solutions, to provide Internet service. The Cameroon Telecommunications Regulator – Telecommunications Regulatory Board – regulates the sector and issues licenses for new companies to operate.

Insurance

Foreign firms can operate in Cameroon, but they must have local partners. There are several foreign insurance companies (including one U.S. firm) operating in Cameroon with Cameroonian partners.

INVESTMENT BARRIERS

The government states that it welcomes foreign investment and there has been significant improvement in the process of obtaining approvals for investment projects. Despite a number of recent government initiatives, Cameroon’s investment climate remains challenging. The World Bank’s “Doing Business in 2007” survey found that it takes 444 days to comply with licensing and permit requirements for ongoing business operations in Cameroon (compared with a sub-Saharan Africa regional average of 230 days, and 69 days in the United States), and also found that enforcing contracts can be particularly difficult.

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. With respect to inward or outward foreign direct investment, investors are required to declare to the Ministry of Economy and Finance transactions above CFA100 million (approximately \$200,000), and they must provide such notification within 30 days of the realization of the relevant transaction. The Bank of Central African States’ decision to continue monitoring outward transfers, combined with its cumbersome payment system, has led many to conclude that controls on transfers remain in force.

Local and foreign investors, including some U.S. firms, have found Cameroonian courts too complicated and costly to resolve their contract or property rights disputes. Additionally, even with a favorable court judgment, enforcement of such a ruling under local law can be problematic. The United States-Cameroon Bilateral Investment Treaty, which entered into force in 1989, provides U.S. investors in Cameroon with significant legal protections and access to legally binding international arbitration to resolve investor-state

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disputes. Local arbitration options also exist (and are encouraged by Cameroonian private sector organizations).

OTHER BARRIERS

Problems with energy supply have been a major concern of the Cameroonian government and international financial institutions. The IMF and the World Bank, in particular, feel that the lack of a dependable supply of energy has limited FDI, so they are pushing stakeholders in the sector to improve capacity as quickly as possible. U.S.-owned power provider AES Sonel has announced plans for substantial investments to improve and expand its power production.

Corruption is pervasive throughout the public and business sectors. The judicial system, characterized by long delays and under-staffing in the areas of financial and commercial law, has imposed major expenses on some U.S. companies operating in Cameroon. Court decisions are often arbitrary and subject to corruption. Cameroon ratified the United Nations Convention Against Corruption in February 2006, but has yet to implement most of its provisions.

U.S. companies have expressed concern that the Ministry of Labor has made it more difficult for investors to sell their assets in Cameroon by requiring companies involved in share sales to make termination-of-contract payouts to contractual employees even when the contracts in question are being assumed by new owners. The issue appears to arise only when the divesting investors are foreign. This issue is currently under review by the Cameroonian government and has not yet been resolved.