

## CAMEROON BUSINESS MISSION FACT SHEET 20010-2011



BUSINESS OPPORTUNITIES.....	3
GENERAL INTRODUCTION.....	4
COUNTRY FACTS.....	5
ECONOMIC FACTS.....	5
ECONOMIC SITUATION.....	6
GDP GROWTH ANNUAL PERCENTAGE CHANGE .....	6
Political climate .....	7
FOREIGN AID.....	8
FOREIGN INVESTMENT.....	8
FDI.....	8
Investment climate.....	9
TRADE.....	10
OIL & GAS SECTOR IN CAMEROON .....	13
Opportunities.....	14
Key players: .....	14
AGRICULTURE .....	15
Cotton: from raw material to finished product .....	15
Cocoa-Coffee: a necessary effort quality.....	15
Banana: exploring new markets.....	16
Incentive.....	16
AGRO INDUSTRIES .....	16
Forestry .....	17
Threats.....	17
Opportunities.....	17
TOURISM.....	18
MEASURES TO ENCOURAGE TOURISM ENTERPRISES .....	18
Conclusion: .....	19
Appendix.....	20
Doing business report .....	20
Risk: .....	20
Strength and weakness of Cameroon.....	20

## **BUSINESS OPPORTUNITIES**

According to the 2008 BP Statistical Energy Survey, Cameroon produced an average of 82 thousand barrels of crude oil per day in 2007, 0.1% of the world total and a change of -5.7 % compared to 2006. The Republic of Cameroon, lies on the eastern border of oil-rich Nigeria, and is the sixth largest oil producer in Sub-Saharan Africa with oil reserves estimated at 400 million barrels in January 2004.

Agriculture is the mainstay of the Cameroonian economy and accounts for 50% of total exports and also about 70% of the active population is involved in agriculture. Food and export crops, livestock, fishing and forestry make the back bone of the economy.

The **Cameroon** government encourages **tourism** in the country by projecting it as “Africa in Miniature”. Cameroon has a rich variety of relief, climates and landscapes as well as a great variety of animal and plant species which are unique on the continent. It is a real “microcosm of Africa” enclosed within a triangle of 45,000 km that the visitor discovers, spellbound.

Cameroon’s economic performance this year looks slightly better than it did three months ago, but the country is still handicapped by its poor infrastructure. The government did sign a key agreement involving some of its most ambitious projects, but the immediate future will still include serious threats to its economic strength.

## GENERAL INTRODUCTION

The **Republic of Cameroon** is a unitary republic of central and western Africa. It is bordered by Nigeria to the west; Chad to the northeast; the Central African Republic to the east; and Equatorial Guinea, Gabon, and the Republic of the Congo to the south. Cameroon's coastline lies on the Bight of Bonny, part of the Gulf of Guinea and the Atlantic Ocean. The country is called "*Africa in miniature*" for its geological and cultural diversity. Natural features include beaches, deserts, mountains, rainforests, and savannas. The highest point is Mount Cameroon in the southwest, and the largest cities are Douala, Yaoundé, and Garoua. Cameroon is home to over 200 different ethnic and linguistic groups. The country is well known for its native styles of music, particularly makossa and bikutsi and for its successful national football team. English and French are the official languages.

Compared to other African countries, Cameroon enjoys relatively high political and social stability. This has permitted the development of agriculture, roads, railways, and large petroleum and timber industries. Nevertheless, large numbers of Cameroonians live in poverty as subsistence farmers.

Power lies firmly in the hands of the president, Paul Biya and his Cameroon People's Democratic Movement party (CPDM), and corruption is widespread. The Anglophone community has grown increasingly alienated from the government, and Anglophone politicians have called for greater decentralization and even the secession of the former British-governed territories.

Cameroon's per-capita GDP was estimated as US \$2,300 in 2008, one of the ten highest in sub-Saharan Africa. The country has also large reserves of bauxite and natural gas, though they have yet to be exploited. Hydroelectric power stations on Cameroon's rivers, particularly the Sanaga, provide enough electricity to meet almost all of the country's needs.

## COUNTRY FACTS

Area	Total	475,440 sq km
	Land	472,710 sq km
	Water	2,730 sq km
Coastline	402 km	
Terrain	Diverse, with coastal plain in southwest, dissected plateau in centre, mountains in west, and plains in north.	
Land use	arable land: permanent crops: other:	
Irrigated land	260 sq km (2003)	
Population	18,879,301	
Population growth rate	2.19% (2009 est.)	

## ECONOMIC FACTS

Subject	Unit	2004	2005	2006	2007	2008	2009	2010	2014
GDP Constant Price	Annual percentage change	3.7	2.3	3.2	3.3	2.9	1.6	2.7	5.2
GDP Current Price <sup>1</sup>	Billion US dollars	15.784	16.593	17.957	20.691	23.243	20.38	21.332	-
GDP per Capita, current price <sup>2</sup>	US dollars	909.429	930.009	979.045	1,097.41	1,199.16	1,022.81	1,044.46	-
Inflation rate, consumer price	Annual percentage change	0.3	2.0	4.9	1.1	5.3	2.9	2.0	2.0
Current account balance <sup>3</sup>	Billion US dollars	0.564	0.1491	0.039	0.419	0.325	0.013	-	-
Current account balance	Percentage of GDP	-3.4	-3.4	0.6	-0.8	-1.0	-7.2	-4.6	-2.7

<sup>1</sup> [http://www.economywatch.com/economic-statistics/Cameroon/GDP\\_Current\\_Prices\\_US\\_Dollars/](http://www.economywatch.com/economic-statistics/Cameroon/GDP_Current_Prices_US_Dollars/)

<sup>2</sup> [http://www.economywatch.com/economic-statistics/Cameroon/GDP\\_Per\\_Capita\\_Current\\_Prices\\_US\\_Dollars/](http://www.economywatch.com/economic-statistics/Cameroon/GDP_Per_Capita_Current_Prices_US_Dollars/)

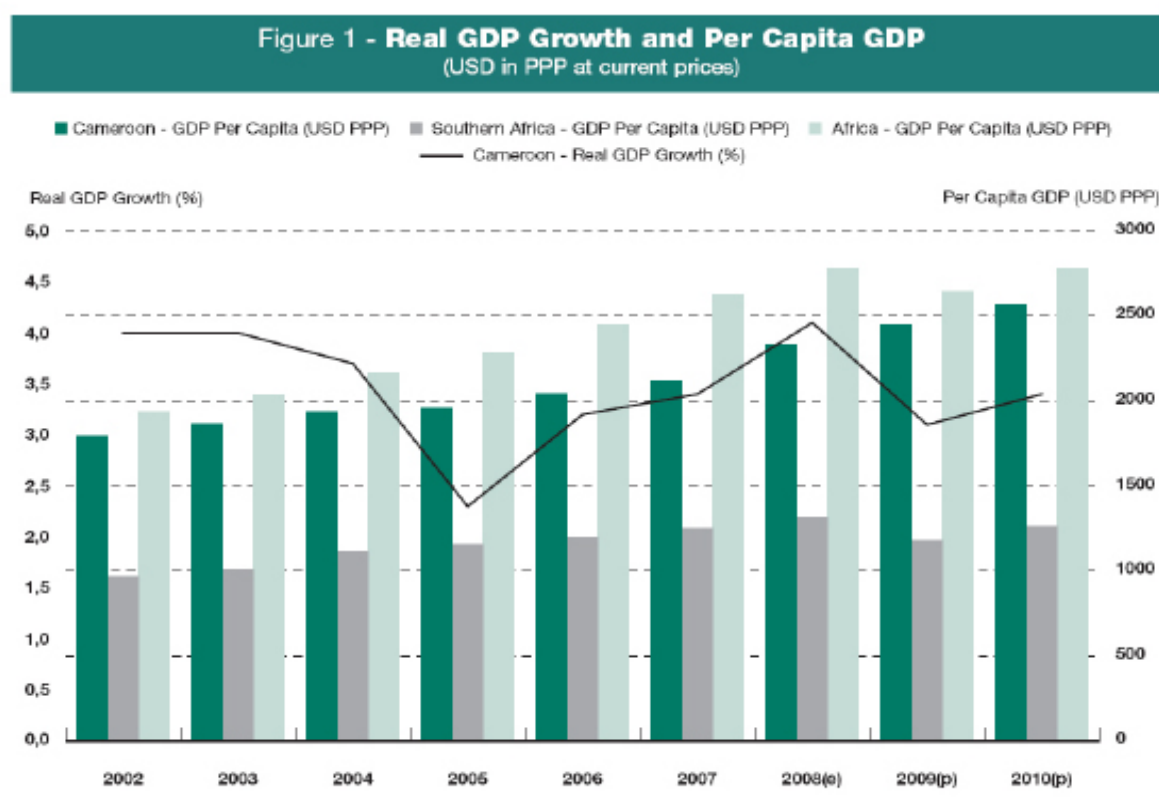
<sup>3</sup> [http://www.indexmundi.com/Cameroon/current\\_account\\_balance.html](http://www.indexmundi.com/Cameroon/current_account_balance.html)

## ECONOMIC SITUATION

Offshore oil deposits exploited since the early 1970s had made Cameroon one of the most prosperous nations in tropical Africa, but economic mismanagement along with overvalued currency has led to recession during last few years. The current account and fiscal deficits have widened, and foreign debt has grown. The government has now embarked upon a series of economic reform programs supported by the World Bank and IMF.

The GDP growth rate was 3.8% in 2006 and 3.8% in 2007, with a forecast of 5.3% for 2008 by IMF. The economic dynamism of the country is still fragile because on the one hand, the economy is largely dependent on international oil prices (considering that the oil production in the country is declining) and on the other hand, the budgetary deficit is affecting the industrial production. Furthermore, Cameroon is still not able to attract sufficient foreign investments; the country is suffering from insufficient infrastructure and is one of the most corrupt countries in the world. However, inflation remains under control at around 5.3% (2008 EST.).

## GDP GROWTH ANNUAL PERCENTAGE CHANGE



Source: IMF and local authorities' data; estimates (e) and projections (p) based on authors' calculations.

## **Political climate**

There is a degree of political tension in the country. There are two factors that contribute towards this the first problem originates from 1972 when the nature of the country's political structure was changed from that of a decentralized federal structure to a unitary state. There are two groups that have appealed for the restoration of the federal state. One in its original form while the other group has asked for the secession of two English-speaking provinces. The government will not accept either of these options.

The other contributing factor is the vast amount of political parties that exist in the country. This is as a result of legislation enacted in 1991, legalizing the formation of political parties. As a result there are at least 150 political parties. Many of them are dissatisfied with the government's management policies as well as the rate at which democracy is progressing in the country. While their fears may indeed be grounded, there are many parties that do not have significant supporter bases. Parties tend to support the same ideals of multi-party democracy and also share the ideals of restricted government intervention and the pursuit of private entrepreneurship. The result is often confusing for voters and could prevent their participation in a meaningful democracy as they are not always able to vote for clear democratic principles.

Sparked by a combination of political and economic frustrations, violent unrest gripped Douala, Yaoundé, and dozens of other cities in February 2008. During the February 2008 riots and the subsequent government crackdown, members of the security forces shot and killed demonstrators and rioters. In August 2008, the Nigerian Government handed over the Bakassi peninsula territory to Cameroon, ending a long-standing dispute. The Nigerian Government had initially challenged the October 2002 International Court of Justice verdict on the boundary, but in 2006 Nigeria agreed to hand over the territory to Cameroon and withdrew its forces from the peninsula.

## **FOREIGN AID**

As of September 2009, the World Bank's portfolio in Cameroon comprises 20 projects: 13 IDA and Global Environment Facility- financed projects, three regional operations, and four trust fund projects. The value of this portfolio is estimated to be US\$659.5 million equivalent.

In the governance sector, the support of the EC will contribute to consolidating the rule of law and management of public finances. In addition it will serve to improve forestry governance and the sustainable management of natural resources as well as to improve the reliability and transparency of elections. With regard to trade and regional integration, assistance will contribute to boosting growth by improving competitiveness and facilitating trade, strengthening production and exports as well as improving the road network.

The EC's total allocation foreseen for Cameroon under 10th EDF (European Development Funds) funding (2008-2013) amounts to €245.9 million to address these priorities<sup>4</sup>.

## **FOREIGN INVESTMENT**

Cameroon is open to international trade. It is a member of the Commonwealth and the Franc Zone. The share of foreign trade in country's GDP is nearly 50%. Its top three export partners are: Spain, Italy and France. The commodities mainly exported are mineral fuels & oils, wood & charcoal, cocoa, cotton, and aluminum. The top three import partners of Cameroon are: Nigeria, France and China. It mainly imports mineral fuels & oils, cereals, vehicles, machinery, and electric & electronic equipment.

Cameroon's main trading partners include suppliers such as France (40%), Nigeria (16%), Belgium (7%), Italy (5%), US (5%), and buyers such as Belgium (41%), Italy (10%), Spain (9%) and France (7, 5%).

## **FDI**

Cameroon receives very little Foreign Direct Investments. Between 2007 and 2008, the recorded net FDI flow was approximately 1.2% of the GDP for each year. The most targeted sector remains that of extraction industries, particularly oil drilling. The United States and France are the country's primary investors.

The country is ranked at the 101<sup>st</sup> position in the world, in terms of FDI attractiveness (over 141). Cameroon has to improve and simplify its administrative procedures in order to revive company creation. In effect it has a number of natural resources (oil, forestry and fishing) on which it can depend.

The business climate in the country deteriorated in 2008-2009. According to the World Bank Doing Business in 2009 classification, which is based on the ease of doing business indicator, Cameroon is on the 164<sup>th</sup> position, over 181 economies.<sup>5</sup>

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<sup>4</sup> [http://ec.europa.eu/europeaid/where/acp/country-cooperation/cameroon/cameroon\\_en.htm](http://ec.europa.eu/europeaid/where/acp/country-cooperation/cameroon/cameroon_en.htm)



## Investment climate

The investment image of Cameroon is made somewhat attractive by the country's oil and agricultural sectors. However, there are certain features that serve to discourage potential investors from pursuing opportunities in the country. This means that the bureaucracy in the country is at a high level thus slowing down the process time of transactions in the country.

But the government is keen to attract FDI to the country. They have cited various reasons that should prove attractive to potential investors. These include the fact that the country is well situated for entry into the Central African market. The government has also claimed that the country's human resources are of a high standard and that they also have abundant natural resources. .

The government of Cameroon was one of the first in Africa to take active steps towards the encouragement of FDI. This was the enactment of the Investment Code in the early nineties. It was aimed at investment liberalization. There are various benefits under the code for firms operating (as well as those wanting to) in the country. These benefits are for firms whose operations involve processing goods for export as well as those that use imports from the Central African Customs and Economic Union. There are also various investment regimes that a firm may choose to be part of. This is done according to specific criteria laid out by the Code. It is advised to contact Cameroon trade authorities for the exact details regarding the criteria. The Investment Code Management Unit is an authority created especially for the implementation of the Investment Code.

The right to private ownership is recognized in Cameroon, but some analysts have stated that a dysfunctional judiciary cannot guarantee this for potential investors. Corruption is said to feature in this area. Despite this, foreign investors are allowed to own and establish companies in the country. Preferences for companies originating from France exist as part of a convention that was signed between the two countries. While this is not to the overall detriment of investors from other countries, those from France do enjoy some privileges above their foreign counterparts.

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<sup>5</sup> <http://www.egypt-import-export.com/en/country-profiles/cameroon/investing2>











## TRADE

Oil and its related products make up the country's most important export commodities. The country's export partners include Italy, France and the Netherlands. The European Union remains Cameroon's main trading bloc, accounting for 36.6% of total imports and 66.1% of exports. France is Cameroon's main trading partner, but the United States is the leading investor in Cameroon (largely through the Chad-Cameroon pipeline and energy provider AES Sonel). According to press reports, China recently became the number one importer of Cameroonian exports, especially unprocessed timber.

Cameroon is also part of the CEMAC zone which maintains 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 achieving this goal, and currently both customs duties and value added taxes are being assessed on trade within CEMAC.


Cameroon applies CEMAC's common external tariff (CET), which is entirely *ad valorem* and has five tariff rates: duty-free for certain pharmaceutical preparations and articles, books and brochures, and aircraft; 5 percent for essential goods; 10 percent for raw materials and capital goods; 20 percent for intermediate goods; and 30 percent for consumer goods.

The table below shows the top export partners of Cameroon<sup>6</sup>

Global Exports by Cameroon		Market Value : 10,183 (millions)		
<u>Exports To</u>	<u>Trade Value</u>	<u>Share</u>	<u>Growth</u>	
	(thousands)	(%)	(% 5yr)	
 Spain	2,775,579	27.26	NA	
 Italy	2,319,618	22.78	NA	
 France	1,137,763	11.17	NA	
 United States	681,092	6.69	NA	
 Netherlands	674,808	6.63	NA	
 China	364,260	3.58	NA	
 Belgium	360,664	3.54	NA	
 Congo Kinshasa	291,510	2.86	NA	
 United Kingdom	208,563	2.05	NA	
 Portugal	172,053	1.69	NA	

<sup>6</sup> <http://globaledge.msu.edu/countries/cameroon/tradestats/>

The table below shows the top import partners of Cameroon<sup>7</sup>

Global Imports by Cameroon		Market Value: 9,193 (millions)		
Imports From	Trade Value	Share	Growth	
	(thousands)	(%)	(% 5yr)	
 Nigeria	2,205,873	23.99	NA	
 France	1,618,298	17.60	NA	
 China	599,363	6.52	NA	
 Belgium	382,933	4.17	NA	
 Equatorial Guinea	326,377	3.55	NA	
 Germany	323,602	3.52	NA	
 United States	270,983	2.95	NA	
 Japan	258,834	2.82	NA	
 Brazil	258,192	2.81	NA	
 Italy	249,961	2.72	NA	
 India	181,920	1.98	NA	
 Cameroon	172,983	1.88	NA	
 Mauritania	131,728	1.43	NA	
 South Africa	127,327	1.39	NA	
 Netherlands	127,024	1.38	NA	
 United Kingdom	125,555	1.37	NA	

The table below shows the top import products of Cameroon<sup>8</sup>

Top Products Imported by Cameroon		Market Value : 5,778 (millions)		
Product	Trade Value	Share	Growth	
	(thousands)	(%)	(% 5yr)	
8431 - Parts For Fork Lifts, Bulldozers & Graders	87,409	1.51	67.60	
3004 - Medicines in Doses	85,024	1.47	29.51	
6309 - Worn Clothing	55,847	0.97	77.34	
1001 - Wheat	52,135	0.90	41.27	
8703 - Passenger Vehicles	51,711	0.89	17.68	
2710 - Non Crude Oil	49,230	0.85	127.70	
1006 - Rice	46,928	0.81	3,671.62	
8525 - Cel Phones, Video Recorders & Radio Transceivers	39,930	0.69	181.39	
8704 - Trucks	33,227	0.58	(16.27)	
8517 - Telephone, Fax & Switching Apparatus	30,054	0.52	208.24	

<sup>7</sup> <http://globaledge.msu.edu/countries/cameroon/tradestats/>

<sup>8</sup> <http://globaledge.msu.edu/countries/cameroon/tradestats/>

The table below shows the top export products of Cameroon<sup>9</sup>

<b>Top Products Exported by Cameroon</b>		<b>Market Value : 13,148 (millions)</b>	
<u>Product</u>	<u>Trade Value</u>	<u>Share</u>	<u>Growth</u>
	(thousands)	(%)	(% 5yr)
2709 - Crude Oil	2,641,976	20.09	230.67
4407 - Wood Sawn > 6 mm	295,835	2.25	5.81
0803 - Bananas	281,836	2.14	83.00
7601 - Aluminum	197,013	1.50	272.50
1801 - Cocoa	191,213	1.45	68.39
2710 - Non Crude Oil	158,769	1.21	356.58
4001 - Natural Rubber	128,272	0.98	200.93
5201 - Cotton	124,026	0.94	89.31
0901 - Coffee	60,254	0.46	71.83
4403 - Lumber	60,053	0.46	(57.00)

<sup>9</sup> <http://globaledge.msu.edu/countries/cameroon/tradestats/>

## **OIL & GAS SECTOR IN CAMEROON**

Despite being the smallest oil producer in Sub-Saharan Africa, and with declining production levels, the oil sector in Cameroon is the third largest sector in terms of GDP. In 2008 the oil sector accounted for 38% of overall state revenue up from 33% in the 2007 fiscal year. Oil has been extracted in Cameroon since 1977 and both its production and exploitation are controlled by the state through the National Hydrocarbon Company (SNH), a state-owned company that guarantees the interests of the state through concessions, apportionment, production and hybrid contracts.

Cameroon has oil reserves estimated at 400 million barrels in January 2004. The country has gas reserves, estimated at 110 billion cubic meters (bcm) that are still unexploited. The upstream oil industry is an important part of Cameroon's economy. Reserves are located offshore in the Rio del Rey Basin of the Niger Delta, offshore and onshore in the Douala/Kribi-Camp basins on Cameroon's western coast, and onshore in the Logone-Birni basin in the northern part of the country.

The downstream oil industry in Cameroon is also an important sector of the country's economy. Consumption of liquid fuel products is currently in the region of 900,000 tonnes per annum excluding smuggling from Nigeria, estimated to be 30% of this figure. With the building of the Chad to Cameroon oil pipeline, and the siting of the export terminus at Kribi, Cameroon has the potential to become a notable oil transport centre.

The Chad/Cameroon Petroleum Development and Pipeline Project were approved by the Executive Directors of the World Bank Group on June 6, 2000. The project, which is the single largest private sector investment in Sub-Saharan Africa, will develop three oil fields (Kome, Miandoum, and Bolobo) in the Doba region of southern Chad and construct an export system consisting of a 1,070 km pipeline to offshore oil-loading facilities in Cameroon's Atlantic Coast.

## **Opportunities**

Also to boost the hydrocarbon sector, the Cameroonian authorities have also issued a Code of gas, which should enable the exploitation of natural gas from the peninsula whose potential is estimated at some 300 million m<sup>3</sup>, excluding gas flared on the oil platforms. According to official figures, the natural gas reserves found are assessed at 156 billion m<sup>3</sup>. This represents at least thirty years of operation. What we must add 110 billion m<sup>3</sup> additional estimated by specialized firms. These figures, moreover, are not only non-associated gas, extracted from the ground state. For, as the Cameroon oil producer, evacuated its oil fields in nature, annually, and wasted about one billion m<sup>3</sup> of natural gas flared.

The technology to recover this gas unnecessarily burned there. According to Alexander Ekollo Mound, CEO of African Petroleum Consultant, "it is all the more urgent to procure that the environment is disrupted during combustion. In total, estimates the National Hydrocarbons Corporation (SNH), which manages the state interests in this sector, "the reserves are found around 157 billion m<sup>3</sup> for a potential 270 to 300 billion m<sup>3</sup>. In addition, "opportunities to monetize this resource are looming, national and sub regional levels. Lines of development were identified, including the generation of electric power supply and gas industries and the production of LPG.

### **Key players:**

- Perenco
- Shell
- SNH
- Exxonmobil
- TOTAL

## **AGRICULTURE**

Cameroon's economy is predominantly agricultural. The main crops are cocoa, coffee, tobacco, cotton and bananas.

Agriculture can be rightly regarded as the mainstay of the economy in Cameroon. With occupancy of 70% of the workforce, it contributes approximately 42% of the workforce. Unemployment help, many people fall back into the business of the earth to find something to live or survive. It is divided into several components, including cash crops and food crops, cotton, palm, the cocoa-coffee, rubber industry, the sugar industry, the banana and even the downstream sector.

### **Cotton: from raw material to finished product**

The cotton industry, one that is not liberalized, knows the difficulties due to a continued decline in output and prices in the international market. The 350,000 producers have seen the purchase price fell from 195 to 175F CFA 2004-2005 to 2005-2006. At this price, the producer tends to save on fertilizer, which has the consequence of not ensuring the quality of returns. Production of 125,000 tons of cotton fiber in 2004-2005 (from 200,000 tons of seed cotton processed locally) fell to 113,000 t in 2005-2006.

SODECOTON, whose capital is owned almost 60% by the government buys the entire production of cotton seed and sells. It reflects an operating loss of several billion CFA francs in 2005. Cameroon has pledged to privatize after the failures of the late 90s. Cameroon has many companies and weaving filature (such as CICAME, cotonerie Industrial Cameroon, specializes in the manufacture of garments in local tissue wrappers), but with a very insufficient capacity considering the material available and the demand for processed products is increasing every year. The end of quotas and permission to import second-hand clothes were dealt a blow to the clothing sector, now overwhelmed by imports from Asia and Europe.

### **Cocoa-Coffee: a necessary effort quality**

Liberalized for almost 15 years, the cocoa sector is doing badly despite the hopes that had arisen in the Ivorian crisis and has experienced a surge of production from 120,000 to 190,000 tons between 2000 and 2005. Great rival of Cameroon for many decades, Côte d'Ivoire has seen its place and cocoa production plummet during the crisis years. It is clear that Cameroon is now a major world cocoa producer, despite the relatively poor performance of this sector.

The Cameroonian market is dominated by three companies: Cargill, ADM and Barry Callebaut. Chococam is the leader in the manufacture of plates and confectionery. The coffee chain known for its similar difficulties. A development fund was created in 2006 to promote the sector.

## **Banana: exploring new markets**

Two major groups dominate the banana sector in Cameroon: the Fruit Company of Marseilles (Dole group, 46%) and CDC (Crown Corporation, in partnership with Del Monte Cameroon, 41%). A third operator (SPM group, 13%) moved more recently and is growing. The banana spread on 10,000 hectares (6700 acres planted).

The main destination is the European Union, whose imports were based on a licensing system (abolished in January 2006), based on historical data unfavourable to Cameroon: it had only 150,000 tonnes for export capacity of 250,000 t (leading exporter in Africa). It had to then purchased the rights from Caribbean countries (whose production was down significantly), 220 € per tonne in 2005, which absorbs much of the export revenue. Cameroon should make serious efforts to increase yields and quality, to diversify its sales (50,000 t already go to the Maghreb) and reduce production costs (packaging and fertilizers are imported) to make the sector more competitive.

## **Incentive**

- Tax exemption on input import duties has enabled easier access to the relevant seeds and fertilizers needed to improve fundamentals.
- The EU and Cameroon signed an economic partnership agreement (EPA) allowing Cameroonian exports preferential access to EU markets similar to the deal whereby African countries can export bananas to former colonial powers duty-free.

## **AGRO INDUSTRIES**

- There are few agro- industries that process products like coffee, cotton, cocoa, palm oil, sugar, maize, rubber, palm kernel oil and Soya beans. *Investment opportunities in these sectors are therefore in agri-business, food processing, packaging, storage, input manufacture, production extension in capacity (modern large scale farming), marketing, rehabilitation of existing capacities and agricultural machinery.*

- Most of the food processed is the usual traditional foodstuffs like cassava, maize, and potato. But the process of consumable food products is still artisanal. This is the case with palm nut fruits into palm oil and kernel oil.

*Investment opportunities are available in this food sub sector and also for meat and dairy products and fish. There is need also adequate equipment and maintenance, modern processing methods, packaging, storage and packaging.*

- With the *transformation of cotton*, many Cameroonians are involved in the cloth sector. The products are high quality and are appreciated on the international market but the percentage for export is very insignificant. *Investors can come in for joint venture purposes to improve on design, quality, and increase capacity to meet increased demand*



## **Forestry**

The fourth largest sector in Cameroon is the forestry sector, accounting for 10% of GDP. The sector pertains to the Ministry of Forests and Wildlife which deals with the coordination and oversight of the exploitation, conservation and promotion of forests. A number of initiatives and structures have been created with the purpose of combating mismanagement and corruption in the forestry sector. Yet, the sector continues to be very corrupt, and a November 2004 article in *Mutations* issue 1289 estimated the losses caused by corruption at nearly USD 217 million annually.

It should also be noted that, Cameroon has the second forest in Africa, more than 18 million hectares of exploitable closed forest, representing 40% of the land area. About 80 different species are marketed; ayous (wood white light) and sapele (wood heavy red) account for one third of exports, but also operates mahogany, moabi, azobe. The state seeks to maximize local value added of the sector, which has led in 1999 to prohibit the export of logs, it is also necessary that there be creditworthy investors, reliable and professional to take over.

### **Threats**

Catch-limit violations, illegal fishing, and transshipment are significant problems in Cameroon.

### **Opportunities**

The introduction of new economic actors and a restructuring of the existing fleet would lead to greater economic gains in the fishing sector. Improving fishing gear technology would also increase efficiency. A project is currently underway to reduce post-capture waste.

## **TOURISM**

Thanks to its tourist potential, stability of its institutions and the climate of social peace, Cameroon is in the sub region of Central Africa, a good economic risk for investors, especially as internally, environment and prospects are favourable for rapid development of the tourism industry. In this regard, a multitude of opportunities are offered to national businesses and international. These include:

- The construction of large tourist resorts on the Atlantic coast marinas, resorts, holiday villages.
- the construction of hotel infrastructure in tourist areas and urban centres; the creation of large parks theme;
- the granting of touristic sites;
- The organization of charter flights to Cameroon; Establishing infrastructure for organizing cruises on major rivers and on the Atlantic coast.
- The resumption of concession facilities in the park hotel state.

### **MEASURES TO ENCOURAGE TOURISM ENTERPRISES**

To encourage and develop tourism, the government of Cameroon for 3 years, has taken a series of measures including the establishment of a progressive legal and institutional framework particularly conducive to the growth of this sector in Cameroon and which establishes: -

The commitment of the state to develop tourism and to ensure the safety of tourists;

- Streamlining and facilitating procedures for obtaining licenses, approvals and other authorizations in the tourism sector (construction, opening and operation of facilities and tourism agencies);
- Permission to operate charter flights from all foreign destinations as part of travel packages;
- The opening of tourist information offices abroad. The Paris office is already open and others will be phased;
- The creation of a National Tourism Council, chaired personally by the Prime Minister, Head of Government to take all necessary measures to develop tourism and to counter any difficulties that hinder the promotion of tourism. To this end, several recommendations for improving the reception of tourists at airports in the facilitation of visa and improving the quality of service in the tourism establishments have already been done. Also as part of promoting the destination Cameroon, aggressive actions are undertaken to publicize the Cameroon as a country where the tourist is safe wherever he is and thereby maintain the dynamism of this sector.

Moreover, the Charter Investment Incentive was adopted, because it guarantees not only freedom and security of investment but also the safety of people and goods is a factor conducive to tourism investment.

The country's political stability, its commitment to peace, along with the challenge of making Cameroon one of the largest African tourist destinations of the 3rd millennium, are factors which militate for the security and profitability of any investment operated in the tourism sector in Cameroon.

## **INFRASTRUCTURE**

Cameroon, despite its numerous economic problems, manages to appeal to investors looking for opportunities in its key infrastructure sectors. In the latest quarter, several new projects were proposed and key participants already operating in the country reaffirmed their commitment to the sector, despite their need to pare back investment spending elsewhere because of the economic crisis.

This interest bodes well for infrastructure development in the country over the next five years. Thanks to debt cancellation through the World Bank and the International Monetary Fund's Heavily Indebted Poor Country (HIPC) initiative, public finances have been helped. The country still suffers from corruption, lack of transparency and insecure borders, but the problems are not getting worse.

Two infrastructure projects deserve - “and are getting - “especially close scrutiny. Both have the potential to influence significantly the country's long-term economic performance. The Kribi Deep Sea Port could greatly enhance Cameroon's ability to exploit its mineral resources. The Lom Pangar Dam would give it the ability to increase and stabilize its electricity generation. Greater iron ore and aluminium production - “and export - “are likely to result if the construction of the two projects goes ahead as planned, and therefore a reduction in the dependence on oil. The dam would reduce vulnerability to drought by ensuring that its hydroelectric generators, which account for more than 80% of electricity production, have the water they need.

If the country can get those and other projects to completion, the resulting momentum is likely to bring further investment in infrastructure, including into roads, railroads and water and sanitation.

In the short term, however, the economic environment has taken a clear turn for the worse. On the back of falling oil, commodity and tourism exports, we see Cameroon's current account surplus, equal to 1.12% of GDP in 2008, flipping to a deficit equal to 3.4% of GDP in 2009. The potential for an outbreak of militancy could exacerbate the size of the deficit, while a deeper than anticipated drop in imports on the back of CFA franc depreciation and falling investment could help bring in the current account deficit.

Growth of 3.1% is now expected in the construction sector in 2009, accelerating to 3.5% in 2010 and then 6.1% the year after.

### **Conclusion:**

Cameroon has an economy which is primarily agricultural, with principal commercial crops being cocoa, coffee, tobacco, cotton and bananas. Petroleum products make up more than half of all exports. While income from the oil sector fluctuated, the expansion of the non-oil sector contributed importantly to the improved overall growth performance. Timber is also a major export. Regarding infrastructural development, Cameroon has projects aimed at improving its road, seaports infrastructures and this provides great opportunities for foreign investors.

## Appendix

### Doing business report<sup>10</sup>

Doing business	Rank 2010	Rank 2009	change
Doing Business	171	167	-4
Starting a Business	174	174	0
Dealing with Construction Permits	164	154	-10
Employing Workers	126	124	-2
Registering Property	143	142	-1
Getting Credit	135	132	-4
Protecting Investors	119	114	-5
Paying Taxes	170	172	+2
Trading Across Borders	149	147	-2
Enforcing Contracts	174	173	-1
Closing a Business	98	98	0

#### Risk:

Investors are often concerned with the risk of expropriation. Cameroon has extensive legal guarantees that prevent an investor from losing revenue if expropriation does occur. The legislation in the country is of an international standard with the investor receiving prior notice as well as compensation if expropriation does occur. There are no regimes that promote confiscation as a form of taxation.

Property rights are also legally protected in the country. The risk lies in the fact that the judiciary is not independent and there have been instances where decisions of the court and government have been inconsistent. While these instances have occurred it is not on a continuing basis and it is not a risk that can be planned for in an investment strategy.

The main risk in Cameroon is that of corruption which has been reported in various though isolated incidents. This has occurred both in the government and the judiciary. While it remains a problem, there have been efforts to improve the situation. This includes reforms in various sectors such as the granting of trade licenses; previously an area of much corruption.

#### Strength and weakness of Cameroon

##### Strength

- Endowed with vast resources ranging from agriculture, wood, mining, and tourist potential to oil, gas, and hydroelectric energy Cameroon boasts one of Central Africa's most diversified economies.

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<sup>10</sup> <http://www.doingbusiness.org/ExploreEconomies/?economyid=34>

- Implementation of far-reaching structural reforms allowed Cameroon to obtain in 2006 a 50 per cent reduction of its foreign debt under the HIPC and MDRI programmes
- The structural reforms have attracted investors and accelerated the process of diversifying the productive fabric.

### **Weakness**

- With government finances still too dependent on oil production (30 per cent of tax revenues and 50 per cent of exports), the projected decline of oil resources has made rapid development of alternative revenue sources a necessity.
- A poor business environment has hampered development of a formal private sector contending with intense competition from the informal economy.
- The growth still does not suffice to meet the Millennium Objectives notably intended to cut poverty in half by 2015
- The political succession crisis looming in the run-up to elections in 2011 could jeopardise the country's political stability.