
The report is drawn up by the Secretariat on its own responsibility. It is based on the information available to the Secretariat and that provided by the Republic of Cameroon. As required by the Decision, in preparing its report the Secretariat has sought clarification from the Republic of Cameroon on its trade policies and practices.

Document C/RM/G/56 contains the report submitted by the Government of Cameroon.

NOTE FOR ALL DELEGATIONS
Until further notice, this document is subject to a press embargo.
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Note on statistics

There are considerable difficulties in compiling reliable economic statistics for Cameroon; international financial institutions are currently assisting the authorities in building a sound data base, consequently all national accounts and balance of payments figures remain subject to revision. The statistics presented in this report reflect information available in late August 1994. Most trade statistics have been estimated by the Secretariat on the basis of partner data.
SUMMARY OBSERVATIONS

1. After decades of import-substitution policies, Cameroon began opening its international trade system in the late 1980s, a process which included the introduction of new customs and fiscal régimes in January 1994. As a result, quantitative restrictions, tariff exemptions and special customs and fiscal régimes have now been eliminated or drastically reduced. With some important exceptions, exports are largely uncontrolled and most export charges are low. Cameroon's import tariffs are all ad valorem and applied in four tiers, with an average of 18.8 per cent. A new turnover tax has been introduced and progress continues in areas related to competition policy, government procurement, technical requirements and anti-dumping.

2. Cameroon's trade liberalization and fiscal reform are part of a larger market-oriented economic reform programme aimed at reversing a prolonged economic downside triggered by the halving of world petroleum prices in 1986. The ensuing sharp falls in export revenue and government income required increasingly stringent internal measures to keep the overall budget deficit under control. As these measures failed to restore growth, Cameroon in concert with the other countries of the franc zone sought to restore competitiveness by devaluing the CFA franc from CFAF 50 to CFAF 100 per French franc in January 1994. The success of the devaluation in achieving a sustained higher level of exports, and thus helping to underpin stable growth, hinges in part on containing inflation so as to preserve the cost advantages derived from the devaluation. Although there were signs in late 1994 that the strategy might be working, Cameroon's process of economic reform is still fragile and inadequate investment levels remain a serious constraint to a sustained economic recovery.

3. Cameroon has made little use of multilateral commitments to reassure investors and other economic agents of the permanence of its new outward economic orientation. Cameroon had no tariff bindings in the pre-Uruguay Round GATT. Implementation of the Uruguay Round results will lead to only a handful of new tariff bindings for industrial products. Although Cameroon has bound all its agricultural tariffs under the Uruguay Round Agreement, the ceiling rates introduced, 80 per cent with a maximum level for "other duties and charges" of 230 per cent, are many times higher than the currently applied tariffs. The low level of multilateral commitments is of particular concern because there appear to be few institutional constraints to prevent protectionist measures creeping back into Cameroon's trading system. Deeper multilateral commitments would confirm the authorities' stated determination not to back-track on trade reform.

4. Cameroon's service sector accounts for almost half of GDP; the agriculture and manufacturing sectors are also large, each accounting for about 22 per cent of GDP. Agriculture is particularly important as it employs about 80 per cent of Cameroon's population; manufacturing is responsible for a large share of total formal employment. Manufacturing is mostly based on the processing of indigenous agricultural products, although processing of imported materials also takes place. Among the largest manufacturing industry groups are food and beverage products, textiles, and aluminium. The informal sector is sizable and growing.

5. Cameroon's largest trading partner is the European Union (EU), which accounts for some 75 to 80 per cent of trade in each direction. About 30 per cent of Cameroon's exports are to France; Italy, the Netherlands, Spain and, to a lesser extent, Germany were Cameroon's other main export markets. Outside the EU, the United States is the largest market for Cameroon's exports but its importance has
fallen markedly since the early 1980s. The share of Africa in Cameroon's exports is estimated at between 5 and 10 per cent, the largest markets apparently being the Central Africa Republic, Congo, Gabon, Morocco and Nigeria. By far the leading supplier to Cameroon is France, with a share of about 45 per cent; other major European suppliers include Belgium, Germany, Italy, the Netherlands and Spain. Cameroon's largest non-European suppliers are the United States and Japan; although not well documented, imports from Nigeria and Cameroon's other neighbours also appear important.

6. Crude petroleum accounts for about half of Cameroon's total exports, down from two-thirds in 1985. Non-petroleum exports are spread over a relatively broad range of agricultural products, the most important being bananas, cocoa, coffee, cotton, natural rubber and wood logs. The major processed export product is aluminium. Cameroon's imports are dominated by manufactured goods, which account for some three-fourths of all imports. The main imported products are chemicals (including medicines), alumina and automotive products, but a broad assortment of other products is also imported. Food imports account for slightly under 20 per cent of total imports, mainly frozen fish, flour and rice. Crude petroleum imports for the local refinery are also significant.

(2) Trade Policy Framework

7. Cameroon is a bilingual, unitary state. The President is Head of State with executive responsibility for the conduct of the Republic's affairs and the negotiation and ratification of treaties. The President appoints the Prime Minister and the ministers and secretaries of state and presides the Council of Ministers. Ministries involved in the formulation and administration of trade or trade-related policies include those of Industrial and Commercial Development, Finance, Foreign Affairs, Agriculture, and Town Planning and Housing. Cameroon's legislature, the National Assembly, is a unicameral body of 180 elected members serving five-year terms.

8. Cameroon does not have a foreign trade law. International treaties and laws are subject to approval by the National Assembly. International accords ratified by Cameroon, including GATT, are in effect from the time they are ratified, with no implementing texts required, and take precedence over internal laws except the Constitution. Responsibility for negotiating, concluding and signing trade-related treaties and agreements is vested in the Ministry of Industrial and Commercial Development and the Ministry of Foreign Affairs.

9. Cameroon is a member of the Central Africa Customs and Economic Union (CACEU), whose other members are the Central African Republic, Chad, Congo, Gabon and, non-GATT party, Equatorial Guinea. The CACEU Treaty provides for a common external tariff as the main instrument for extra-regional trade policy and for a preferential duty to promote intra-regional trade. Exchange rate stability and the harmonization of monetary policies between CACEU members is ensured through their participation in the Bank of Central African States (BEAC). The Convention of Monetary Cooperation between BEAC-member countries and France provided for a fixed exchange rate between the CFA franc and the French franc.

10. GATT rules and obligations can be invoked in relevant matters before Cameroon's courts and GATT obligations are taken fully into account in the elaboration of trade-related domestic legislation. After independence in 1960, Cameroon applied the GATT de facto until it became a contracting party on 3 May 1963, with rights and obligations applying retroactively to 1 January 1960. Cameroon has observer status in the Tokyo Round Agreements on Government Procurement, Customs Valuation and Civil Aircraft, but has not acceded to any of the Tokyo Round Agreements and Arrangements.
11. Cameroon's main objectives during the Uruguay Round were to improve market access for its exports and to enhance the security of that access. Cameroon participated throughout the Uruguay Round, taking a coordinated approach with its fellow members of the CACEU in several areas, including agricultural and natural resource-based products, tariff escalation in importing countries and improved market access opportunities. The authorities were satisfied that Cameroon's objectives for the Round had been attained, although concerns linger in relation to subsidized agricultural exports and the erosion of the preference margins enjoyed by Cameroon under the Lomé Convention.

12. The authorities believe that no major regulatory changes are required to implement the Round's results, particularly given Cameroon's recent liberalization of its trade régime. As of 20 December 1994, the National Assembly had begun, but not yet completed, its approval of Cameroon's ratification of the World Trade Organization.

13. Cameroon is granted trade preferences in accordance with existing GSP schemes by developed countries and enjoys preferential access to the European Union's market under the Lomé Convention. Cameroon is a contracting party to the Global System of Trade Preferences (GSTP) among developing countries and within this system it has an agreement with Romania. Tariffs are applied on an m.f.n. basis, the only significant exception being trade with other members of the CACEU. Cameroon is party to several commodity agreements established within the United Nations Conference for Trade and Development, including the cocoa, coffee, natural rubber and tropical timber agreements.

(3) Trade Policy Features and Trends

(i) Recent evolution

14. Before 1994, Cameroon's tariff yielded relatively low revenue because of the widespread use of exemptions, made necessary to offset, in part, the strong anti-export bias inherent in the real effective appreciation of the CFA franc after 1985. The end result was an extremely complex import régime which tended to provide industries with "tailor-made" protection, to the detriment of the efficient use of resources and at a high cost to taxpayers. It also lent itself to fraud and abuse. To address these problems, Cameroon embarked on a trade liberalization programme in 1990, including a coordinated plan with the other CACEU members to reform their common external tariff which led to the adoption of new tariff and fiscal régimes in January 1994.

15. A new General Trade Schedule was introduced in June 1994, laying down Cameroon's trade policy after the revamping of the tariff and fiscal régimes and the CFA franc devaluation. The new Schedule seeks to consolidate Cameroon's import liberalization measures and provide a legal framework to fight illicit trade practices and unfair competition, and to continue the process of streamlining export procedures and reducing export duties to take advantage of the CFA franc devaluation and structural reforms to relaunch economic activity by recapturing export markets and diversifying exports.

(ii) Type and incidence of trade policy instruments

16. The new CACEU's tariff has 5,531 lines at the 8 digit HS level, applied at rates of either 5, 10, 20 or 30 per cent. Cameroon accords at least m.f.n. treatment to imports from all countries. Tariff escalation is substantial in areas such as textiles and apparel and basic metal products; in certain sectors, the pattern of escalation is unusual in that the average rate on semi-manufactured goods is significantly lower than on raw materials.
17. Outside the framework of the CACEU tariff, Cameroon levies a customs duty of 15 per cent on imports of petrol (super) and diesel. Other special customs and fiscal régimes, notably those accorded to public and para-public enterprises, have been eliminated or should be phased out in the near future. Tariff exemptions have been dramatically reduced and no quantitative restrictions are in force; most imports are now subject only to a declaration for statistical purposes with only certain products subject to technical endorsements. Cameroon maintains an import pre-shipment verification programme; exports from some 90 countries are subject to such programme, including all those from Cameroon's major trading partners.

18. Exports are largely uncontrolled. Export authorizations have been removed with only selected products subject to quality and health controls. There are no subsidies to, or quotas on exports although palm oil exports have been recently banned and Cameroon's participation in international commodity agreements does carry certain restrictions. Cameroon also imposes potentially distorting export charges on its main agricultural export products: a (tax-deductible) charge of 15 per cent on exports of cocoa, coffee, banana, cotton and medicinal plants and an exit duty of 25 per cent on wood logs. Moreover, as a general rule, only up to 30 per cent of logs may be exported without prior local transformation; from 1999, exports of logs are to be prohibited. Free zone legislation has been introduced to promote export-oriented investment.

19. The previously extensive system of price controls and guaranteed producer prices have been largely dismantled. The high level of state involvement in the economy has been progressively reduced, although state monopolies still include public services, petroleum, telecommunications and international shipping. Progress continues towards establishing a comprehensive legal framework in the area of standards and other technical requirements, which currently have the potential to be used as protectionist tools. Under current government procurement legislation, there is a degree of preference for local materials; no preferential treatment is given to bidders on the basis of country of origin, although credit availability appears to limit bids to certain regions. New government procurement legislation is scheduled to be introduced in 1994.

(iii) Temporary measures

20. Cameroon has no anti-dumping or countervailing procedures along GATT lines, although references to dumping practices are made in legislation concerning anti-competitive commercial practices. Cameroon has no domestic procedures for safeguard action nor have there been requests for import relief under such procedures. Complaints by domestic producers for relief against offending imports appear to be handled informally and through indirect measures. For example, Cameroon's final list of m.f.n. exemptions in the Uruguay Round services agreement indicates that measures concerning sharing agreements on shipping routes would be strengthened if trading partners continued to practice dumping. The authorities are of the view that Cameroon's recent trade and price liberalization have made it necessary to consider new measures to fight anti-competitive practices, including dumping, to protect consumers. As a result, measures have been introduced or are being studied affecting, inter alia, advertising, accounting practices, quality control and after-sales service.

(iv) Sectoral policy patterns

21. Prior to 1985, Cameroon saw import-substitution as an important element of the development process. Following the start of oil production in 1977, growing revenue from petroleum exports helped finance both agricultural support programmes and ambitious industrialization plans in an attempt to achieve self-sufficiency in both food and a range of basic manufactures. Domestic production was largely insulated from foreign competition by high tariffs...
and various restrictive barriers to trade. Industries were fostered whose survival depended on continuous government assistance and protection. Public and parastatal enterprises came to dominate a broad range of primary and manufacturing industries.

22. Since 1986, lower export revenue and government income have prompted a series of sectoral reforms. In the petroleum industry, a range of amendments to the hydrocarbons code were introduced in 1990 to encourage exploration and the industry is likely to continue playing a key rôle in Cameroon's economy for years to come. In the agricultural sector, drastic changes affecting producer prices, marketing systems and administrative bodies produced a shock from which the sector is yet to recover fully. Nevertheless, the reorientation of agriculture toward the market and the potentially competitiveness-boosting effects of the CFA franc devaluation should have placed Cameroon in a good position to exploit the opportunities that may result from the Uruguay Round. Cameroon's manufacturing sector remains the largest and most diverse in the region, with particular strengths in downstream, agro-based industries. However, the sector was severely affected by the contraction of the domestic economy and the loss of competitiveness in foreign markets. The resulting process of de-industrialization has not been halted by limited programmes of privatisation, rehabilitation or liquidation of public and para-public enterprises.

23. Cameroon's new industrial policies have the potential to lead again to a distorted production structure. This is particularly true of the current thrust to increase value added on an industry by industry basis and of the sector specific investment régimes now emerging. These strategies may succeed in boosting the targeted activities, but at the expense of lower value added in other industries. More importantly, the piecemeal pursuit of investment and of higher value added risks creating ventures with uncertain long-term prospects while preventing the economy from attaining, given its wealth of natural resources, its high real income potential.

(4) Trade Policies and Trading Partners

24. Cameroon's comprehensive macroeconomic and structural reform programme have gone a long way towards reversing the country's previous inward-looking, anti-export policies. This reform programme, although coordinated with the other CACEU members, was undertaken autonomously. Nonetheless, measures by other countries in the multilateral context of the Uruguay Round should be a strong complement to these reforms. As Cameroon's reforms take root, exporting firms should find import barriers falling and export opportunities expanding. However, attracting substantial new investment, particularly foreign, is a precondition to exploiting fully those new opportunities.
I. THE ECONOMIC ENVIRONMENT

1. The Republic of Cameroon covers 475,440 square kilometres in central Africa and is wedged between the Atlantic Ocean and Nigeria to the west, Chad and the Central African Republic to the east, and the Congo, Gabon and Equatorial Guinea to the south. Cameroon has great physical diversity, including equatorial forests in the south through grasslands to Sahelian semi-desert in the north. The climate is hot and humid in the south and west; the north is dry, with more extreme temperatures.

2. The official languages are French and English; many local languages are also spoken. French is spoken by about 80 per cent of the population; English is commonly used in the west. Differences in, among others, education and legal procedures still exist between anglophone and francophone areas.

3. Population growth averages 2.9 per cent per annum. Over the last two decades, school enrolment and life expectancy have risen and infant mortality has fallen sharply (Table 1.1). Some 45 per cent of the population is less than 15 years old; about 40 per cent is urban, this proportion having doubled since 1970. The two most important urban centres are the capital Yaoundé and the port of Douala, which is Cameroon’s most important maritime centre, handling 95 per cent of sea-borne traffic and about 90 per cent of foreign trade.

Table 1.1
Basic indicators, 1970-92

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<td>Population</td>
<td>6,506</td>
<td>8,701</td>
<td>11,524</td>
<td>12,242</td>
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<td>Urban population (per cent)</td>
<td>20.3</td>
<td>31.4</td>
<td>40.3</td>
<td>42.1</td>
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<td>Work force ('000)</td>
<td>3,199a</td>
<td>3,618</td>
<td>4,365</td>
<td>4,568</td>
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<tr>
<td>Birth rate</td>
<td></td>
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<tr>
<td>Total fertility rate</td>
<td>5.8</td>
<td>6.5</td>
<td>5.8b</td>
<td>5.8b</td>
</tr>
<tr>
<td>Infant mortality rate (per '000 live births)</td>
<td>125.8</td>
<td>106.2</td>
<td>88.3b</td>
<td>61.0b</td>
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<td>Life expectancy</td>
<td>48.9</td>
<td>53.0</td>
<td>57.0b</td>
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<td>School enrolment ratios</td>
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<td>Primary school</td>
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<td>Secondary</td>
<td>7</td>
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<td>Share of GDP (per cent)</td>
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<td>Agriculture</td>
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<td>Other industry (including petroleum)</td>
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<td>47</td>
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<td>48</td>
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... Not available.
a 1972 value.
b Estimates.

4. The labour force represents one-third of Cameroon’s population of 12.2 million, with about 80 per cent employed in agriculture. During the 1980s, the number of regular salaried workers rose rapidly but significant job losses have occurred in recent years, with real GDP down by some 40 per cent since 1986.¹ There were 180,000 employees on the public sector payroll in the early 1990s, one of the largest in Africa relative to population size; according to the authorities, public sector employment has since been considerably reduced. Unemployment is thus a serious problem.²

(1) Major Features of Cameroon’s Economy

5. The agricultural sector is often referred to as Cameroon’s economic engine. However, industrial expansion, led through the mid-1980s by the petroleum sector, contributed to a decline in agriculture’s share of GDP from 37 per cent in 1970, to 28 per cent in 1980 and 22 per cent in 1992. The principal cash crops are banana, cocoa, coffee, cotton and wood. The main subsistence crops are roots and tubers, plantains, millet and sorghum; livestock also makes a significant contribution to the food supply.

6. Manufacturing value added is almost as important as that of agriculture, growing in the period 1980 to 1992 from a share of 8 to just under 22 per cent of GDP. Manufacturing is responsible for a sizeable share of total formal employment.³ The sector is based on the processing of both indigenous primary products, including petroleum-refining and agro-industrial activities, and of imported raw materials, particularly alumina.

7. The share of industry, other than manufacturing, in GDP has undergone significant variation due to fluctuations in the value of petroleum production, which makes a crucial contribution to GDP and constitutes a principal source of government revenue and foreign currency. Services, including the public administration, is Cameroon’s largest sector, accounting for almost 50 per cent of GDP in 1992 (Chart I.1).

8. Cameroon has a rapidly growing informal sector. Although its size is not known with precision, it probably is of considerable economic importance (Box I.1).

¹Formal sector employment was about 500,000 in 1984, the latest year for which an estimate is available.

²No meaningful unemployment estimates are available because the number of regular salaried workers is small relative to the working population.

³Employment in manufacturing was estimated to be some 5 per cent of the work force in 1985.
Chart I.1
GDP by sector, 1975-92

Source: GATT estimates based on World Bank, World Tables, various issues.

Box I.1: The informal sector

The informal sector plays a crucial rôle in Cameroon's economy, employing an estimated 75 per cent of the urban work force. More than 6 out of each 10 households derive at least part of their income from the informal sector. Half of all informal production units appear to be engaged in commercial activities. A study commissioned by the Government found that in 1993 there were close to 90,000 informal production units in Yaoundé alone, with an output equivalent to that of the formal industrial sector; those units engaged about 125,000 persons, most of whom were self-employed.

The informal sector is one of the most rapidly growing elements of Cameroon's economy and is considered to be a social safety valve due to its ability to absorb workers shed by the shrinking private and public sectors. Although those substitute jobs entailed lower remuneration, they eased the effects of the recession. The authorities have supported efforts to organize and incorporate the informal sector into the national fiscal system. This goal has become increasingly important as the growth of the sector has tended to undermine public finances through increased tax avoidance and to destabilize industrial and commercial activities through increased smuggling. The latter has been encouraged by the long Cameroon-Nigerian border and, until recently, by high and complex import and internal taxes.

The recent devaluation of the CFA franc, the overhaul of the import and fiscal régimes, and efforts to tax informal activities may check the growth of the informal sector in the short term. However, a more permanent solution may have to await an improved economic environment that makes it socially viable to impose Cameroon's full regulatory framework on informal activities. That such a step will be eventually necessary is foreshadowed in the study commissioned by the Cameroonian Government, which concluded that the informal sector does not represent a permanent solution to the difficulties faced by the rest of the economy.
(2) Economic Developments to the mid-1980s Crisis

9. Cameroon experienced steady economic growth during the two decades following independence in 1960. Growth was particularly rapid in the late 1970s and first half of the 1980s, propelled by the start of petroleum exports at the end of 1977 (Chart 1.2 and Table 1.2).

Chart 1.2
Real GDP per capita in Cameroon, 1970-94 a)

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual GDP (US$ per person)</th>
</tr>
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<tbody>
<tr>
<td>1970</td>
<td>400</td>
</tr>
<tr>
<td>1974</td>
<td>600</td>
</tr>
<tr>
<td>1978</td>
<td>800</td>
</tr>
<tr>
<td>1982</td>
<td>1000</td>
</tr>
<tr>
<td>1986</td>
<td>1200</td>
</tr>
<tr>
<td>1990</td>
<td>1400</td>
</tr>
<tr>
<td>1994</td>
<td>1400</td>
</tr>
</tbody>
</table>

a. Value for 1994 is estimated.

Source: World Bank, World Tables, various issues; and GATT Secretariat estimates.

10. Growth in petroleum production underpinned an investment boom, particularly in construction. By 1980, petroleum had become Cameroon's principal export commodity, with total exports more than double their 1976 level. Export revenue increased significantly again between 1980 and 1985, mainly due to increased petroleum sales. The increased royalties provided the Government with sufficient budgetary revenue to shield the agricultural sector from falling commodity prices, largely by price support schemes. The increased revenue also supported a policy of import substitution, especially through major government investments in manufacturing. In addition, large investments were made in basic infrastructure such as education, health, and transport and communications, all of which contributed to rapid job creation. In general, government involvement in, and control over, economic development increased, guided by the principle of "communitary liberalism", which encouraged both free enterprise and social solidarity, safeguarded by a strong State.4

Table 1.2
Economic performance of Cameroon, 1975-1994*

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<tbody>
<tr>
<td>(Average growth rate, per cent per annum)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real GDP</td>
<td>8.1</td>
<td>7.2</td>
<td>-5.0</td>
<td>-7.2</td>
<td>-6.0</td>
<td>2.1</td>
<td>-6.4</td>
<td>-8.4</td>
<td>-4.9</td>
<td>-5.9</td>
</tr>
<tr>
<td>Private consumption</td>
<td>7.0</td>
<td>10.2</td>
<td>4.4</td>
<td>-12.7</td>
<td>-6.1</td>
<td>9.1</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
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<tr>
<td>Government consumption</td>
<td>5.1</td>
<td>36.2</td>
<td>-6.4</td>
<td>-12.7</td>
<td>-6.1</td>
<td>10.4</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Gross fixed capital formation</td>
<td>11.9</td>
<td>-0.2</td>
<td>20.6</td>
<td>-12.7</td>
<td>-6.1</td>
<td>7.6</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Imports of goods and n. factor services</td>
<td>6.5</td>
<td>2.1</td>
<td>-10.5</td>
<td>-9.0</td>
<td>-6.1</td>
<td>7.6</td>
<td>-17.0</td>
<td>-3.5</td>
<td>-3.6</td>
<td>...</td>
</tr>
<tr>
<td>Exports of goods and n. factor services</td>
<td>6.0</td>
<td>11.4</td>
<td>-25.8</td>
<td>-12.7</td>
<td>-6.1</td>
<td>7.9</td>
<td>-6.3</td>
<td>-8.3</td>
<td>-4.5</td>
<td>...</td>
</tr>
<tr>
<td>GDP deflator</td>
<td>11.9</td>
<td>-1.0</td>
<td>-6.0</td>
<td>7.8</td>
<td>0.6</td>
<td>-6.2</td>
<td>1.5</td>
<td>-0.8</td>
<td>-4.3</td>
<td>15.3</td>
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<tr>
<td>Consumer price index</td>
<td>10.6</td>
<td>18.2</td>
<td>6.0</td>
<td>8.6</td>
<td>-2.3</td>
<td>-1.4</td>
<td>2.0</td>
<td>2.0</td>
<td>-3.9</td>
<td>12.8</td>
</tr>
<tr>
<td>Export prices, f.o.b.</td>
<td>6.4</td>
<td>-21.8</td>
<td>1.9</td>
<td>-4.3</td>
<td>-5.2</td>
<td>-1.3</td>
<td>-8.6</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Import prices, c.i.f.</td>
<td>4.6</td>
<td>10.9</td>
<td>0.3</td>
<td>9.8</td>
<td>0.7</td>
<td>6.4</td>
<td>-1.0</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Terms of trade</td>
<td>1.7</td>
<td>-29.4</td>
<td>1.6</td>
<td>-12.9</td>
<td>-5.7</td>
<td>-7.4</td>
<td>-7.5</td>
<td>-16.1</td>
<td>-0.8</td>
<td>-0.3</td>
</tr>
<tr>
<td>Real effective exchange rate</td>
<td>-0.7c</td>
<td>10.6</td>
<td>11.8</td>
<td>-3.3</td>
<td>-7.9</td>
<td>-2.3</td>
<td>1.8</td>
<td>-4.1</td>
<td>-0.8</td>
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<tr>
<td>Nominal effective exchange rate</td>
<td>-1.4f</td>
<td>8.1</td>
<td>4.9</td>
<td>3.4</td>
<td>4.9</td>
<td>16.9</td>
<td>3.6</td>
<td>9.2</td>
<td>6.9</td>
<td>-46.3d</td>
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<tr>
<td>Money Supply (M2f)</td>
<td>30.9</td>
<td>-12.5</td>
<td>-24.1</td>
<td>4.3</td>
<td>4.5</td>
<td>6.6</td>
<td>0.7</td>
<td>-1.8</td>
<td>-16.6</td>
<td>...</td>
</tr>
<tr>
<td>Discount rate (per cent per annum)</td>
<td>7.7</td>
<td>8</td>
<td>8</td>
<td>9.5</td>
<td>10</td>
<td>11</td>
<td>10.8</td>
<td>12</td>
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</table>

(Per cent of GDP, annual average)

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<tbody>
<tr>
<td>Government budgetf</td>
<td>0.1</td>
<td>0.6</td>
<td>-3.7</td>
<td>1.0</td>
<td>-3.2</td>
<td>-5.8</td>
<td>-5.2</td>
<td>-7.2</td>
<td>-8.4</td>
<td>-8.0</td>
</tr>
<tr>
<td>Revenue</td>
<td>20.7</td>
<td>22.2</td>
<td>20.1</td>
<td>17.1</td>
<td>17.2</td>
<td>15.4</td>
<td>17.0</td>
<td>17.1</td>
<td>16.2</td>
<td>14.6</td>
</tr>
<tr>
<td>Expenditure</td>
<td>20.6</td>
<td>21.6</td>
<td>23.8</td>
<td>16.1</td>
<td>20.4</td>
<td>21.4</td>
<td>22.2</td>
<td>24.3</td>
<td>24.6</td>
<td>22.6</td>
</tr>
<tr>
<td>Current account balanceg</td>
<td>-4.9</td>
<td>-4.7</td>
<td>-7.2</td>
<td>-3.5</td>
<td>...</td>
<td>-2.7</td>
<td>-2.8</td>
<td>-9.1</td>
<td>-10.3</td>
<td>...</td>
</tr>
<tr>
<td>Merchandise trade balance</td>
<td>2.4</td>
<td>3.7</td>
<td>2.1</td>
<td>5.0</td>
<td>6.4</td>
<td>4.9</td>
<td>3.4</td>
<td>2.1</td>
<td>2.0</td>
<td>...</td>
</tr>
<tr>
<td>Servicesg</td>
<td>-7.5</td>
<td>-7.6</td>
<td>-8.5</td>
<td>-7.6</td>
<td>...</td>
<td>-7.4</td>
<td>-6.4</td>
<td>-10.5</td>
<td>-11.4</td>
<td>...</td>
</tr>
<tr>
<td>Unrequited transfers</td>
<td>0.2</td>
<td>-0.8</td>
<td>-0.8</td>
<td>-0.9</td>
<td>...</td>
<td>-0.2</td>
<td>0.2</td>
<td>-0.7</td>
<td>-0.8</td>
<td>...</td>
</tr>
<tr>
<td>Memorandum:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International reserves, except gold (months of imports of goods and services)</td>
<td>0.7</td>
<td>0.3</td>
<td>0.3</td>
<td>0.9</td>
<td>0.4</td>
<td>0.1</td>
<td>0.2</td>
<td>0.1</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

... Not available.

a Fiscal years, ending 30 June, unless otherwise indicated. Figures may change as a result of the ongoing reorganization of Cameroon's statistical system.
b Preliminary estimates.
c Average for 1979-85.
e End of period.
f The budget numbers are on a commitments basis, and thus arrears are not accounted for; data for fiscal 1992 onwards are for general budget units and the Autonomous Amortization Fund.
g Includes interest due on the external debt.

Source Data provided by the Cameroonian authorities; International Monetary Fund, International Financial Statistics, various issues; World Bank, World Tables, various issues, and GATT Secretariat estimates.
11. Oil profits were in part channelled to the agricultural and manufacturing sectors through off-budget accounts (comptes hors budget), often held abroad and then drawn upon to meet expenditures in support of activities considered particularly important. That support appears to have helped Cameroon escape the "Dutch disease" effect, i.e., the crowding out of non-oil economic activities by an expanding petroleum sector. However, much of the petroleum revenue thus channelled appears to have been dissipated through a piecemeal approach to sectoral support, which was largely outside normal budgetary disciplines. In terms of the official budgetary accounts, the authorities followed a conservative fiscal policy, to the extent that the rapid increase in government expenditure required by the growing public and para-public sectors did not exceed the rise in government revenue. As such, there was limited use of foreign debt.

(3) Economic Developments since 1986

12. Cameroon's economic growth came to a sudden halt in 1986 when world petroleum prices fell by half. This not only cut Cameroon's export revenue by some 25 per cent but also sharply reduced government oil revenue and the Government's capacity to support economic growth. Since 1987, real GDP has fallen in each but one year, reducing GDP per capita in 1994 to its lowest in over 25 years (Chart 1.2).

13. The fall in the Government's financial capacity in 1986 exposed several problems, including a number of ill-advised investment projects, an inefficient public enterprise sector, high and wasteful public expenditure, an uncompetitive domestic production base with a high wage cost structure, and an incentive structure distorted by an inward looking customs and tax régime. To address these problems, the Government initiated a market-oriented economic reform programme based on a range of internal corrective measures.

14. Cameroon's stabilization strategy in the period 1986 to early 1994 relied on fiscal policy as the main adjustment instrument: the use of monetary or foreign exchange policies was complicated by Cameroon's currency, the CFA franc, being common to the Central African Customs and Customs Union (CACEU), with its exchange rate pegged to the French franc (Annex I). Cameroon's adjustment to the terms of trade fall in 1986 was made particularly difficult by the untimely appreciation of the CFA franc in 1986, driven by a strengthening French franc. As the terms of trade and the real effective exchange rate (REER) moved in opposite directions (Chart 1.3), Cameroon's non-oil exports suffered a loss of competitiveness.

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5 The actual effect is difficult to quantify as details concerning the off-budget accounts have not been made public.


7 The CFA franc circulating in Cameroon is issued by the Bank of the Central African States (BEAC) and is also legal tender in the other CACEU members, viz, the Central African Republic, Chad, the Congo, Equatorial Guinea and Gabon.
15. Cameroon’s fiscal policy since 1986 has turned on keeping the overall budget deficit under control in the face of lower oil revenue. Efforts to reduce public expenditure started slowly, as petroleum export revenues tended to improve after 1986 as a result of strengthening world prices and expanding export volumes (Chapter V(3)(i)). Publicly-financed price support schemes for agricultural commodities were thus not significantly reduced until 1989 (Chapter V(2)); steps to reduce government involvement in industry through the privatisation of para-statals were not taken until 1990, and were of limited scope (Box IV.4). In fact, the initial brunt of public expenditures cuts fell on investment: according to official data, between 1986 and 1990 total investment fell by some 10 per cent, public investment falling by 3 per cent and private investment by 12 per cent.

16. Between 1990 and 1993, falling petroleum production volumes and weaker world prices reduced Cameroon’s petroleum export revenues by 40 per cent. As a result, the authorities intensified their programme of internal corrective measures: agricultural support schemes were eliminated or severely curtailed, public service salaries were cut (in nominal terms) and staff reductions took place. Although Cameroon’s austerity budgets reduced government expenditure in absolute terms, persistent revenue shortfalls kept the budget deficit in the order of 7 to 8 per cent of GDP in fiscal years 1992 to 1994. These deficits contributed to a significant shortfall in national savings relative to domestic investment, with resultant external current account deficits of about 10 per cent of GDP.

---

8Cameroon’s fiscal year runs from 1 July to 30 June.
17. Budgetary problems have led to a substantial increase in the internal public debt, estimated to be about one-third of GDP. The debt built up largely because the Government defaulted on payments to private contractors, who in turn defaulted on payments to banks. Doubtful credits to the public and private sectors have accumulated and seriously undermined the banking system, which remains fragile despite years of restructuring efforts. There has also been a marked increase in the external debt since 1986, with the ratio of external debt to GDP doubling between 1986 and 1992, when it reached some 60 per cent. There have been debt servicing difficulties, although some relief has occurred on long term interest payments since 1989 under Paris and London Club rescheduling.

18. Since 1986, the decline in exports and income have led a fall in imports. The persistent decline in imports is a negative development given Cameroon's high reliance on imported capital goods and semi-manufactures, thus further undermining the growth potential. The rate of inflation turned negative, partly reflecting a shrinking economy. Real GDP contracted by slightly more than 8 per cent in fiscal 1992, was down by almost 5 per cent in fiscal 1993 and is estimated to have fallen by about 6 per cent in fiscal 1994.

19. In January 1994, Cameroon implemented tariff and fiscal reforms, including a simplification of the tariff structure and a lowering of rates, the elimination of a series of internal taxes and the introduction of a new turnover tax. The reforms had been previously planned with Cameroon's fellow members of CACEU, who apply a common external tariff (Chapter IV(3)(i)).

20. As the internally-based strategy ran its course, Cameroon in concert with the other CACEU countries sought to restore competitiveness by devaluing the CFA franc by 50 per cent against the French franc in January 1994, moving the rate from CFAF 50 to CFAF 100 per French franc. The objective was to relaunch economic growth through increased exports, a strategy supported by the revamped customs and tax régimes. Cameroon's post-devaluation economic strategy hinges to a large degree on containing inflation so as to preserve the gains in competitiveness derived from the devaluation; Cameroon is therefore committed to a programme of fiscal stringency supported by monetary discipline. In this context, the recent liberalization of Cameroon's trade régime should help over time to keep the rate of inflation in line with international levels, thus helping to maintain competitiveness.

21. Nevertheless, in the first months of 1994 inflation rose substantially, to an annualized rate of 30 per cent; this was largely caused by the one-shot effects of the devaluation on prices and by the introduction of the new fiscal and tariff régimes, although rates were adjusted downward following the devaluation (Chapter IV(2)(i)). In addition, fiscal revenues in mid-1994 were running behind projections, with tax administration still relatively weak, and lead the authorities to introduce temporary export charges on some products (Chapter IV(3)(ii)). Also, although exports of some products, including aluminium and wood, picked-up after the devaluation, investment demand appears to have remained low and economic growth slow to recover. In consequence, the authorities have lowered the discount rate to stimulate demand. Recently, too, inflation appeared to be moderating.

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10This devaluation was concurrent with, and of the same magnitude as, the devaluation of the CFA franc issued by the Central Bank of West African States that issues the common currency of Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo.
(4) Trade Performance

22. The emergence of petroleum as a major export underlay a steady rise in Cameroon’s merchandise trade surplus during the first half of the 1980s (Tables AI.1 to AI.4). However, the sharp fall in world petroleum prices in 1986 caused export earnings to drop substantially in that year. Export revenue has not significantly recovered, with the authorities attributing this performance to the general fall in commodity prices, the depreciation of the U.S. dollar (the currency in which most of Cameroon’s export products are priced) against the CFA franc, and the introduction of restrictive measures by some countries (for example, affecting the sale of Cameroon bananas in Tunisia). However, it would seem that since the January 1994 devaluation there has been some improvement in exports, particularly of aluminium and wood.

23. Imports appear from official statistics to have been in the order of US$1.5 billion a year in the period 1980 to 1986 (Tables AI.2 and AI.4). A clear downward trend in imports then emerged as the recession set in, with fluctuations about this trend arising from variations in the value of imports of agricultural inputs, machinery, tools and spare parts. More recently the CFA franc devaluation has contributed to a sharp fall in import volumes during the first part of 1994; this volume fall is reflected by the CFA franc value of imports having risen 38 per cent during the first half of 1994 relative to the same period in 1993, well below the increase in the CFA franc unit price of imports.12

(i) Regional pattern of trade

24. The European Union (EU) is Cameroon’s main export market, having absorbed some 83 per cent of Cameroon’s exports during 1992 according to UNSTAT, Comtrade data (Chart I.4). The authorities explained this high share on the basis of the preferential trade agreements between Cameroon and the EU: under the Lomé Convention, Cameroon is granted (non-reciprocal) duty-free access to the EU market for industrial products and for agricultural commodities not covered by the Common Agricultural Policy, with these latter products receiving more favourable than m.f.n. treatment (Chapter II(5)). France is Cameroon’s largest single export market, accounting for around 30 per cent of total exports in 1992, much of it in the form of wood and agricultural products. In 1992, Spain, Italy, the Netherlands and, to a lesser extent, Germany were also important markets for Cameroon’s exports, taking mostly petroleum, but also food and wood.

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11The data in the tables is only indicative of general patterns because of special problems associated with Cameroon’s trade statistics including gaps in the United Nations data used by the Secretariat, uncertainty surrounding the value of petroleum exports in years prior to 1986 and substantial amounts of goods brought informally into Cameroon.

12Based on the customs value of Import Certificates as reported by the Société Générale de Surveillance.

13The European Economic Community signed the Lomé Convention; the term "European Union" is used in this Chapter to maintain the usage in the rest of this report.
Chart I.4
Direction of Cameroon's trade by destination and source, 1980-93

a. Merchandise exports by principal destination

b. Merchandise imports by major source

Note: Figures for 1993 are preliminary.

Source: UNSTAT, Comtrade database. Compiled on the basis of trade reported by Cameroon's trading partners.
25. Outside the EU, the United States is the largest market for Cameroon’s exports, mostly in the form of petroleum. The importance of the United States as a destination for Cameroon’s exports has fallen markedly, from just over 40 per cent in 1982 to 5 per cent in 1992, mainly as a result of decreased exports of petroleum, coffee and cocoa. UNSTAT, Comtrade data show that the share of Africa in Cameroon’s exports was 4.6 per cent in 1992, Morocco alone accounting for 4 per cent. Other data provided by the authorities for the fiscal year 1991/92 show the share of Africa in Cameroon’s total exports at some 10 per cent, with the largest markets being, in decreasing order of importance, Congo, Gabon, Morocco, Nigeria and the Central Africa Republic.

26. France is Cameroon’s leading supplier, accounting for 45 per cent of imports by Cameroon in 1992, mostly in the form of chemicals and other semi-manufactures, food, automotive products and a broad range of other machinery items. France’s share appears to have remained stable since 1980 while the overall EU share shows a slight upward trend, having reached some 75 per cent in recent years. Besides France, the main EU suppliers to Cameroon include Germany and Belgium (each selling mostly food and automotive products), Italy (semi-manufactures and machinery), the Netherlands (food and semi-manufactures) and Spain (a wide assortment of manufactures).

27. Cameroon’s largest non-European supplier is the United States, with a variable share of some 5 per cent in recent years, mostly in the form of manufactured goods and food. Japan is the other significant non-EU supplier to Cameroon, mostly of automotive products. According to UNSTAT, Comtrade data, Africa accounted for less than 2 per cent of Cameroon’s imports in 1992, although the actual share may be higher due to smuggling. Guinea, which supplies alumina to Cameroon’s aluminium smelter, was responsible for much of Cameroon’s recorded imports from Africa. Most observers agree that Nigeria and, to a lesser degree, the CACEU members are also important suppliers to the Cameroonian market, but many of those imports go unrecorded.

28. Data from the Société Générale de Surveillance for the first half of 1994 show a regional pattern of imports comparable to that noted above. During that period, France accounted for about one-third of Cameroon’s total imports followed by Equatorial Guinea, Belgium, the United States, Japan, Pakistan and other EU countries.

(ii) Commodity pattern of trade

29. Fuels, almost exclusively in the form of crude petroleum, have accounted for about half of Cameroon’s total exports since 1990, down from two-thirds in 1985 (Chart I.5). Cameroon’s non-petroleum exports are spread over a relatively broad range of agricultural products. According to Cameroon’s official data for the fiscal year 1991/92, the main agricultural export products were, in order of decreasing importance, wood logs, cocoa, coffee, cotton, bananas and natural rubber. According to UNSTAT, Comtrade data, cocoa and coffee exports have declined in both volume and value in recent years, while those of bananas and wood have grown since 1991. According to the authorities, wood exports have experienced particularly strong growth since the CFA franc devaluation. Cameroon’s processed export is aluminium although many assorted manufactured products (beverages, cigarettes, matches, cement) are exported to other CACEU countries.

---

14Based on the CFA franc f.o.b. value of the Verification Certificates issued during the period.
Chart I.5  
Composition of Cameroon's trade, 1980-93

a. Merchandise exports by product category

b. Merchandise imports by product category

Note: Figures for 1993 are preliminary.

Source: UNSTAT, Comtrade database. Compiled on the basis of trade reported by Cameroon's trading partners.
30. Manufactures have accounted for some three-fourths of Cameroon's imports over the last years, a proportion that has been steady since independence. The major import categories are chemicals (including medicines), alumina and automotive products, but manufactured imports range over a broad assortment of products. According to UNSTAT, Comtrade data, food imports account for slightly under 20 per cent of the total. Official Cameroon data for 1991/92 show that the main food imports were, in decreasing order of importance, frozen fish, flour and rice. Other important imports were malt and tobacco. Data supplied by Cameroon's state oil company show sizable imports of crude petroleum, amounting to some US$90 million a year between 1991 and 1993. Imports of equipment goods are reported to have fallen with investment between 1986 and 1994, volumes apparently decreasing by a factor of three; however this trend was not observable in the series used in this report.

31. Data from the Société Générale de Surveillance for the first six months of 1993 and 1994 show a different commodity pattern of imports. For those two periods, the three largest product groups were: agricultural products, some 30 per cent of total imports, chemical products, about 25 per cent, and industrial goods, some 20 per cent. This pattern appears to reflect a fall in the value of non-food imports, rather than a reduction in Cameroon's food self-sufficiency.

(5) Outlook

32. The authorities describe their main current economic objective as completing the transition from a state to a market economy, reducing the cost of the public service, promoting import substitution through a policy of industrialization, expanding exports, and improving the trade balance and the balance of payments. The authorities consider that the current outlook for the economy is encouraging. They highlight Cameroon's geographical location, which opens central Africa to Cameroon products, and the signs of improvements in the economy, for example, the recent strong export performance of the banana and wood industries. This view is based on Cameroon's present adjustment programme which forecasts an early resumption of economic growth, moderating inflation and a narrowing of both the budget and current account deficits (Box 1.2).

<table>
<thead>
<tr>
<th>Box 1.2: Economic outlook, 1994/1997*</th>
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<tbody>
<tr>
<td>Real economic growth</td>
</tr>
<tr>
<td>Average consumer price index</td>
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<tr>
<td>External current account deficit</td>
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<tr>
<td>Overall budget deficitb</td>
</tr>
</tbody>
</table>

a Fiscal years.
b Commitment basis.

Source: International Monetary Fund, IMF Survey, 4 April 1994, p.105.

Marchés Tropicaux, 15 April 1994

Based on the CFA franc customs value of products inspected during the period.
Annex I
Foreign Exchange Régime

(1) Foreign exchange arrangements

33. The currency of Cameroon is the CFA franc, which is issued by the Bank of Central African States (BEAC), and is also legal tender in Cameroon’s fellow CACEU members, namely the Central African Republic, Chad, the Congo, Equatorial Guinea, and Gabon. The CFA franc is pegged to the French franc: the parity was CFAF 50 per French franc from 1960 until January 1994 when it was altered to CFAF 100 per French franc.

34. A commission of 0.25 per cent is levied on transfers to countries that are not members of Central African Customs and Economic Union (CACEU), except for certain transfers such as payments for importers covered by a duly issued license domiciled with a bank (Chapter IV(2)(i)). There are no taxes or subsidies on purchases or sales of foreign exchange. All payments to France and its overseas departments and territories, Monaco and all countries whose bank of issue is linked with the French Treasury by an Operations Account may be made freely. However, all financial transfers in excess of CFAF 500,000 must be declared to the authorities for statistical purposes. Forward exchange cover requires the prior authorization of the exchange control authorities.

35. The authorities note that there are no special regulations concerning foreign exchange earned by exporters. However, transactions valued at CFAF 500,000 or more must be domiciled with an authorized bank. Proceeds from exports to all countries must be repatriated within 30 days of the payment date stipulated in the sales contract, and proceeds received in currencies other than those of France or an Operations Account country must be surrendered within a month of collection.

36. Importers are allocated foreign currency or authorized to make transfers by obtaining an import declaration (or, until recently, an import licence), completing the authorization forms, and attaching supporting documents. All import transactions valued at more than CFAF 500,000 must be domiciled with an authorized bank if the goods are not considered in transit. Transactions involving goods in transit must be domiciled with a foreign bank. Advance import payments are permitted if underlying contracts stipulate them. Payments for invisibles related to trade follow the same régime as basic trade transactions, as do transfers of income accruing to nonresidents in the form of profits, dividends and royalties.

37. Cameroon and other member countries of the BEAC suspended in 1993 the repurchase of CFA franc bank notes of the BEAC in circulation outside the territories of the Operations Account countries of the franc zone. Non-residents are allowed to maintain bank accounts in convertible francs but may not maintain accounts in CFA francs abroad or accounts in foreign currency in Cameroon. Residents are not permitted to maintain accounts abroad or accounts in foreign currency in Cameroon.

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\(^{17}\)This section based on International Monetary Fund, Exchange Arrangements and Exchange Restrictions, Annual Report 1994.

\(^{18}\)Benin, Burkina Faso, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Mali, Niger, Senegal and Togo.
38. Capital transactions between Cameroon and France, Monaco, and the Operations Account countries are free of exchange control. Outward capital transfers to all other countries require exchange control approval and are restricted. Inward capital transfers are free of restrictions, except for foreign borrowing and direct investments which are subject to registration and authorization. With some exceptions, direct investments abroad and foreign direct investments in Cameroon require the prior approval of the Ministry of Finance (Chapter III(2)). In general, lending or borrowing abroad as well as the issuing, advertising, or offering for sale of foreign securities in Cameroon require prior authorization from, and reporting to the Minister of Finance.

(2) The Bank of Central African States

39. The BEAC is a multinational public institution charged with ensuring exchange rate stability for all members of the CACEU and the harmonization of monetary policies between them. The BEAC has also been given the exclusive right to issue currency in the member countries, and it serves as a lender of last resort, monitors the supply of credit and plays a regulatory role in monetary affairs. France provides a foreign exchange guarantee in Special Drawing Rights (SDRs) and extends overdraft facilities to an operations account held by the BEAC with the French Treasury. In return, the BEAC is committed to deposit at least 65 per cent of its foreign exchange holdings in this account, with sub-accounts maintained for each CACEU State.

40. The BEAC board consists of 13 directors, four from Cameroon, two from Gabon, one each from the other member countries, and three from France. Most decisions of the BEAC Board are taken on the basis of a simple majority, which gives Cameroon considerably more weight than its regional partners. However, decisions regarding such issues as the rediscount rates and refinancing ceiling require a three-fourths majority.

41. In practice, the functioning of the BEAC has been highly decentralized, with the National Monetary Committees comprised of the director(s) for the various countries, their respective alternates, along with three government-appointed persons, defining and implementing in large measure the monetary and credit policies in each country. Each country has also been able to maintain fairly diverse interest rate structures and barriers to the inter-country flow of funds. Limited supervision of banking activities in member countries appears to have contributed to the severe liquidity crisis faced by the financial sectors of most of the zone’s member countries, including Cameroon.
II. TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES

(1) General Framework

1. The Republic of Cameroon became independent on January 1960. The southern part of British Cameroon voted in 1961 for federation with the Republic of Cameroon, which took place on 1 October 1961.

2. Cameroon's legal structure is grounded in its 1972 Constitution, as amended. Under the Constitution, Cameroon is a bilingual, unitary state with the President at its head. The legislative is a unicameral body, the National Assembly. Local administration is based on 10 provinces, each with a Governor appointed by the President. Local administrations are not empowered to change measures adopted by the central government and do not have competence on foreign trade issues.

3. A new draft Constitution is under discussion by a technical committee selected by the President. The committee is expected to make its recommendations soon. Among the matters under consideration by the committee are the establishment of an upper chamber in the National Assembly, a strengthening of the powers of the judiciary, and the creation of both a Revenue Court and a State Council. The President is to decide whether the new constitution will be adopted by referendum or by vote of the National Assembly.

(2) Structure of Trade Policy Formulation

(i) Executive and legislative branches of Government

4. The President of Cameroon is Head of State with executive responsibility for the conduct of the Republic’s affairs, the negotiation and ratification of treaties, and the promulgation and enforcement of laws. The President, elected by universal suffrage for a renewable five year period, defines the policy of Cameroon and may delegate some presidential powers to the Prime Minister, as Head of Government, or other members of the Government or the state administration. The President appoints the Prime Minister and, on the recommendation of the latter, the ministers and secretaries of state; he may terminate their appointments. The President is also responsible for appointments to the Supreme Court and the legal service.

5. The President presides the Council of Ministers, which also comprises the Prime Minister, two Vice-Prime Ministers, an advisor to the Presidency and heads of ministries. Among the latter, those involved in the formulation and administration of trade or trade-related policies include the Ministry of Industrial and Commercial Development, of Finance, of Foreign Affairs, of Agriculture, and of Town Planning and Housing. Draft laws on trade, as on other matters, are typically submitted to the legislative by the President, after preparation by the relevant branch of Government and discussion in Cabinet, which is headed by the Prime Minister. However, members of legislative may also submit bills.

6. Cameroon's legislature, the National Assembly, is a unicameral body of 180 elected members serving five-year terms. At the instance of the President, the Assembly may extend or shorten its term. Areas reserved to the Assembly, and in which the President requires its approval before negotiating and ratifying treaties, include fundamental rights, property, currency, budget, and the imposition, assessment and rate of all dues and taxes. The Assembly meets for two sessions of 30 days each year, approving the budget in one such session. It passes bills by a simple majority of those present unless, at the express request of the President, a bill is read a second time, in which case a bill requires a
majority of the Assembly membership for passage into law. The President promulgates laws within 15 days after receiving them from the Assembly: however, the President may request, as noted, a second reading, refer the matter to the Supreme Court, whose judgement is final, or in exceptional cases, and if it is in an area reserved to the Assembly, submit the issue to a referendum. The Assembly may empower the President to legislate by order for a limited period and for given purposes. Matters not reserved to the legislature come under the jurisdiction of the authority empowered to issue statutory rules and orders.

(ii) Advisory bodies

7. In the formulation of trade policy, the Government receives advice from the Economic and Social Council and from the Chamber of Commerce, Industry and Mines. The Economic and Social Council was established under the Constitution to advise the Government on social and economic problems including those related to foreign trade. The Council comprises 85 members appointed by the President, who has sole responsibility for determining the work programme of the Council. Thought is being given to granting the Council greater autonomy by allowing it to undertake studies on its own initiative.

8. The Chamber of Commerce, Industry and Mines, which falls under the authority of the Ministry of Industrial and Commercial Development, is consulted by the Government on questions concerning commercial regulations, domestic taxes and import licenses (now abolished). It also participates in meetings, economic inquiries and statistical studies and manages stores located within ports and airports. The Chamber undertakes export promotion activities and is supported by a share of certain fiscal charges collected by the Government; however, such funding has been low and irregular. The Chamber also has other income sources, such as charges for training services, but in general a lack of funding has substantially reduced many of its activities. The authorities note that the Government is examining ways to strengthen the Chamber and to provide it with its own resources.

9. According to the authorities, the Government does not receive, or systematically seek, advice from Universities or research institutions in the formulation of trade policies. The private sector is consulted on trade policy issues in an ad hoc manner, as for example, during the preparatory work leading to the adoption of new customs and tariff régimes in 1994 (Chapter IV(2)(ii)), or in the drafting of the 1994 General Trade Schedule.

(iii) Review bodies

10. Cameroon does not have an independent statutory body to review trade and industrial policies. Neither courts nor special tribunals have a rôle in reviewing trade laws after such laws have been adopted. Only the President may submit to the Supreme Court laws that he considers contrary to the Constitution.
(3) Trade Policy Objectives

(i) General trade policy objectives

11. According to the authorities, Cameroon’s trade policy can be described as liberal and as having three fundamental objectives:

- the regular supply of the local market through a judicious blend of local production and imports;
- the development of Cameroon’s export potential with respect to both traditional and industrial products; and
- the encouragement of local production by promoting the consumption of local products.

12. Cameroon’s trade policy is based on the guidelines laid down in the General Trade Schedule prepared by the Ministry of Industrial and Commercial Development. The 1989 Schedule aimed at a measured trade liberalization to increase Cameroon’s competitiveness. It was replaced in June 1994 by a more ambitious Schedule which, recognising that “the stabilization, structural and reform programmes implemented in the last five years have not brought about economic growth”, seeks:

- for imports, to consolidate the liberalization measures already taken and to “provide the country with a transparent legal framework which will guarantee the terms of fighting against illicit trade practices and unfair competition, and at the same time ensure that the legitimate interest of firms and consumers are protected”; and
- for exports, to continue the process of streamlining procedures and reducing export duties so as to take advantage of the CFA franc devaluation and structural reforms, and “enable a gradual revival of economic activity especially through recapturing of the international export market for cash crops and the diversification of exports”.

(ii) Cameroon in the Uruguay Round

13. The authorities note that Cameroon’s main objectives concerning tariff and non-tariff measures during the Uruguay Round were to:

- enhance the market access for its exports;
- improve the security of access; and
- strengthen the trading rules observed by GATT contracting parties.

14. The authorities were satisfied that Cameroon’s objectives for the Round had been attained to the extent that market access was improved and quantitative restrictions eliminated. Concerns remain in relation to subsidized agricultural exports and the erosion of the preference margins enjoyed by Cameroon under the Lomé Convention. The authorities feel that to fully benefit from the Round, Cameroon would need to make significant gains in productivity and to attract large amounts of new investment. The authorities also think that no major regulatory changes are required to implement the Round’s results, particularly given Cameroon’s recent liberalization of its trade régime.

15. The authorities suggest that Cameroon’s objectives during the Round did not differ fundamentally from those of its fellow members of the Central Africa Customs and Economic Union (Central African Republic, Chad, Congo, Gabon and, non-GATT member, Equatorial Guinea). Particularly close co-ordination occurred among the members regarding agriculture and natural resource-based products,
and, in the area of tropical products, on efforts to lower tariff escalation in importing countries and improve access opportunities for exporters. A co-ordinated approach was also used in members offers concerning tariff measures and bindings.

16. Cameroon had no tariff bindings in the pre-Uruguay Round GATT. In the context of the Round, Cameroon undertook the following bindings:

- for agricultural products, all tariffs bound at a ceiling rate of 80 per cent, and the maximum level for "other duties and charges" set at 230 per cent; and
- for industrial products, the tariff on raw jute, bound at a ceiling rate of 50 per cent, and that on single and multiple yarn of jute both at ceiling rates of 60 per cent; the maximum level for "other duties and charges" was set at 80 per cent for raw jute and 150 per cent for the other two products.

The authorities intend to review Cameroon's bindings, with a view to increasing their number and lowering the ceiling rates.

17. Cameroon's non-tariff concessions in the Uruguay Round were:

- abolishing all the quantitative restrictions in selected products, including certain iron, steel, plastic or paper items, and some textiles; and
- eliminating taxes on the marketing of coffee and cocoa utilized to support the Office national de commercialisation des produits de base, which was recently closed.

18. Concerning subsidies to agricultural products, Cameroon's Uruguay Round Schedule noted that the use of subsidies was already limited to only those measures taken as part of ongoing structural adjustment programmes efforts; Cameroon requested that such measures be exempt from all reduction commitments. It was also noted that Cameroon grants no export subsidies to agricultural products.

19. In the Uruguay Round negotiations on services, Cameroon's final list of Article II (most favoured nation) exemptions concerned maritime transport. The list covered measures based on bilateral and multilateral agreements granting cabotage rights to trading partners on a reciprocal basis or establishing provisions for national companies to share shipping routes. The need to exempt those measures related to the promotion of, inter alia, regional integration and international trade, the national fleet, and infant industries. Cameroon's list specified that the measures would be strengthened if trading partners continued the practice of dumping and to block access to cargoes.

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1Uruguay Round of Multilateral Trade Negotiations, Schedule CIII - Cameroon, Part I.

2The 6-digit HS numbers involved are: 5303.10, 5307.10 and 5307.20.

3Uruguay Round of Multilateral Trade Negotiations, op. cit., p20211.

4HS numbers 1902.19, 1902.30 Ex, 2309.90, 2715.00 Ex, 3923.30 Ex, 3923.30 Ex, 4013.90 Ex, 4816.10 Ex, 4818.10, 4820.10 Ex, 5306.10, 5306.20, 5601.29, 7214.20 Ex, 7214.20 Ex, 7323.94 Ex, 7323.94 Ex, 7615.10 Ex, and 8418.21 Ex.

(4) **Trade Laws and Regulations**

20. Cameroon does not have a foreign trade law. Most trade policy instruments have been introduced by Presidential decrees or ordinances, Orders of the minister responsible for the matter in question or Circulars by the administration. The ranking of Cameroon's legal instruments is:

- the Constitution;
- international treaties and accords ratified by Cameroon;
- laws;
- ordinances;
- decrees;
- orders; and
- circulars.

21. International treaties and laws are subject to approval by the National Assembly. Among the texts issued by the executive, only those Ordinances by the President issued under Article 21 of the Constitution have to be approved by the legislature. Once the Assembly authorizes the President to ratify an agreement or convention, its promulgation by the President has the force of law.

22. International accords ratified by Cameroon, including GATT, take precedence over internal laws, but not over the Constitution. As of mid-November 1994, the National Assembly had received for its approval the required instrument for Cameroon’s ratification of the World Trade Organization (WTO).

23. Trade related international accords are in effect from the time they are ratified; no implementing texts are required. Responsibility for negotiating, concluding and signing trade-related treaties and agreements is vested in the Ministry of Industrial and Commercial Development or the Ministry of Foreign Affairs.

24. GATT rules and obligations can be invoked in relevant matters before Cameroon’s courts; but, according to the authorities, such should not be necessary as GATT obligations are taken fully into account in the elaboration of trade-related domestic legislation. No case has yet arisen in Cameroon that would have permitted a test of the possibility for individuals to sue the Government for violation of the GATT.

25. The General Trade Schedule, laying out Cameroon’s trade policy guidelines, has the status of a circular, as does the Industrialization Master Plan containing Cameroon’s industrialization policy. Other major trade-related regulations include:

(a) For imports

- Order No. 00145 of 22 November 1988, establishing the modalities for the application of a tax for the inspection and control of imports;
- Service Note No. 33/MINFI/DD3 of 29 August 1989, concerning the tax on veterinary sanitary inspection;
- Ordinance No. 94/001 of 24 January 1994, implementing the Turnover Tax, Excise Tax, the Common Exterior Tariff and the Generalized Preferential Tariff;
Ordinance No. 94/004 of 16 February 1994, concerning fiscal imposts on petroleum products; and
Ordinance No. 94/007 of 16 February 1994, concerning the suspension of customs duties and taxes on certain imports.

(b) For exports

Ordinance No. 90/001 of 29 January 1990, creating the Free Zone régime; and
Law No. 94/002 of 1 July 1994, concerning the public finances for the year 1994-95 which introduced export charges on certain products.

(c) For production and commerce

Law No. 88/007 of 15 June 1988, relating to standardization and quality control;
Ordinance No. 72/18 of 17 October 1972, establishing the general price régime;
Order No. 100/MINDIC/DPPM of 13 December 1988, fixing the elements of resale prices and profit margins applicable to imports, local products and services;
Law No. 90/031 of 10 August 1990, governing commercial activities;
Order No. 008/MINDIC/DPPM of 7 March 1991, defining anti-competitive commercial practices;
Circular No. 35/MINDIC/CAB of 8 June 1994, on the organisation of the bodies charged with price control and consumer protection; and
Order No. 65/MINDIC/DPPC of 8 June 1994, listing the products and services subject to prior price authorization.

(d) For internal taxes

Ordinance No. 94/002 of 24 January 1994, fixing the modalities for the application of the Turnover Tax; and
Finance Law, Law No. 94/002 of 1 July 1994.

(e) For investment

Ordinance No. 90/007 of 8 November 1990, the Investment Code; and
Ordinance No. 94/003 of 24 January 1994, modifying the Investment Code.

(f) For economic restructuring

Decree No. 86/656 of 3 June 1986, concerning the establishment of a rehabilitation unit for enterprises in the public and para-public sector;
Instruction No. 7/CAB/PR of 4 November 1988, relating to the rehabilitation of enterprises in the public and para-public sector;
Order No. 659/CAB/PR of 24 November 1989, concerning the establishment of a Secrétariat de gestion du projet d'appui à la gestion économique;

The modalities for the application of this law were established by Decree No. 93/720/PM of 22 November 1993.
Decree No. 90/981 of 4 June 1990, concerning the establishment of a technical committee for the preparation and monitoring of the economic and financial adjustment programmes;

Ordinance No. 90/004 of 22 June 1990, relating to the privatisation of public and para-public enterprises;

Decree No. 90/1423 of 3 October 1990, concerning the privatisation of certain public and para-public enterprises; and

Decree No. 94/023/PM of February 1994, concerning the creation of a technical committee to monitor the economic programmes.

(g) For foreign relations/treaties

Treaty establishing the Central African Customs and Economic Union (CACEU).

(5) Trade Agreements and Arrangements

(i) Multilateral agreements

26. Originally, the GATT was applied to Cameroon as a French overseas territory. After independence in 1960, Cameroon applied the GATT de facto until Cameroon was deemed a contracting party under the provisions of Article XXVI:5 (c), and became so on 3 May 1963, with rights and obligations applying retroactively to 1 January 1960.

27. Cameroon has observer status in the Tokyo Round Agreements on Government Procurement, Customs Valuation and Civil Aircraft, but has not acceded to any of the Tokyo Round Agreements and Arrangements. The authorities indicated that there were no particular obstacles to Cameroon’s signing any of the Agreements and that a technical group was being set up to study them.

28. Cameroon is a member of the United Nations, the International Monetary Fund, the United Nations Conference for Trade and Development (UNCTAD), the World Bank and the other major international economic and development organizations. Cameroon is also party to several commodity agreements established within UNCTAD, including the cocoa, coffee, natural rubber and tropical timber agreements and the Common Fund for Commodities.

(ii) Regional agreements

29. Cameroon is a member of the Central Africa Customs and Economic Union (CACEU) and of the Economic Community of Central African States. According to the authorities CACEU’s main objective is to establish a market that benefits from the protection of a common external tariff and promotes regional integration through a preferential duty for the sub-region. With a common external tariff and a common central bank and currency, CACEU has set up the basis for relatively advanced institutional structures for regional integration (Box II.I). But actual performance of the CACEU has fallen short of initial expectations. Progress in terms of labour mobility appears to have been poor and restrictions still apply to the inter-bank transfers within the zone. Official intra-Union trade flows in CACEU also remain low (Chapter I(4)).
Box II.1: Central Africa Customs and Economic Union

Chad, the Central African Republic, Congo and Gabon created the Equatorial Customs Union in 1959. In 1961 Cameroon and the Union signed a convention covering exchange controls and providing for a commission to set up a framework of regional co-operation. In December 1964, the Treaty of Brazzaville was signed creating the Central Africa Customs and Economic Union (CACEU), which became effective on 1 January 1966. Equatorial Guinea joined in 1984 (and is the only Union member not also a GATT contracting party).

The main objective of the Treaty of Brazzaville was an eventual economic union between member states and the creation of a regionally balanced industrial structure. To this end, the Treaty provided for a common external tariff and no intra-union trade barriers. A Single Tax system was established to specifically promote the creation of a regional manufacturing base and trade in manufactures. The Treaty provided for the co-ordination of national industrial development plans and a common investment code, co-ordination of transport sector issues, the progressive harmonization of fiscal systems, and the free intra-CACEU movement of labour, services and capital.

Several administrative structures were created. Authority over common activities was vested in the Council of Heads of State. A Management Committee, comprised of the ministers of finance and economic development, was charged with making decisions on the rates of the common tariff, on fiscal harmonization, and co-ordination of industrial plans. All decisions made by the Management Committee and the Council of Heads of State required unanimity. The CACEU Secretariat was charged with managing daily operations, but was given little decision-making authority. In parallel, a common central bank was created to ensure exchange rate stability (Chapter I, Annex).

The Treaty of Brazzaville was broadly applied in accordance with its original spirit until the late 1960s, when serious problems concerning the distribution of Union customs revenues arose. Those problems led in the early 1970s to the abandonment in practice of the system of common customs duty collections and of free movement of goods within the Union. At that time, CACEU members also embarked on country-specific programmes of import substitution. To accommodate these changes, the Treaty was modified in 1974, retaining the original instruments of Union policy but making the provisions for intra-Union trade more restrictive. Thus, free intra-Union trade was limited to raw materials and unprocessed agricultural produce; and the Single Tax became an instrument for preferential treatment on intra-Union trade to only certain products manufactured by a select number of firms. As member countries continued to pursue their particular import-substitution strategies, they each turned to the use of ad hoc instruments outside the Treaty. Over the years, the CACEU’s fiscal and customs régimes became highly distorted.

Against a background of a persistent economic crisis affecting the region, CACEU introduced in 1994 new customs and fiscal régimes (Chapter IV(2)(ii)) to effect broad structural economic changes. Those new régimes will require a further modification of the Treaty of Brazzaville, in particular the articles pertaining to the Single Tax, intra-CACEU trade, the Common External Tariff and provisions for fiscal harmonization. These modifications have yet to be ratified by the members.

The Cameroon authorities are generally satisfied with the new customs and tax régimes, except for the treatment of manufactured goods, particularly packaging products, where reductions in protection implied large concession by Cameroon given its relatively important manufacturing sector.
30. According to the Cameroon authorities, CACEU has fallen short of its original objectives mainly because the region's economies are not complementary. CACEU member countries are markedly different, Cameroon having the largest population and GDP as well as the most diversified and industrialized economy in the Union. In the past, such differences have led the members to take unilateral measures to address domestic issues. The Cameroon authorities note that membership in the CACEU does not restrain their ability to undertake unilateral trade reforms.

31. The main objective of the Economic Community of Central African States is to gradually establish an African common market and promote co-operation and balanced development. The Cameroon authorities believe that these objectives have not been attained because of financial, institutional and organisational problems, particularly those related to the non-application by member states of Community resolutions; they note that the devaluation of the CFA franc is likely to aggravate these difficulties by widening the economic differences among member countries.

32. Cameroon is a member of the Organization of African Unity and has joined the recent initiative to create the Economic and Monetary Community of Central Africa. The latter aims at promoting development within the framework of economic union and monetary unions, which would be expected to assume responsibilities now within CACEU's control; a timetable for implementation of such unions has not been defined.

(iii) Bilateral agreements

33. Cameroon has a bilateral agreement with Senegal (Chapter IV(2)(ii)(e)); within the Global System of Trade Preferences, Cameroon also has an agreement with Romania (Chapter II(5)(iv)).

(iv) Other agreements or arrangements

34. Cameroon is a signatory to the Lomé Convention between the European Economic Community and 69 developing countries in sub-Saharan Africa, the Caribbean and the Pacific (ACP). Under the Lomé Convention, Cameroon is granted (non-reciprocal) duty-free access to the European Union (EU) market for industrial products and for agricultural commodities not covered by the EU's Common Agricultural Policy. For other agricultural products, the ACP countries receive more favourable treatment than that accorded by the EU to m.f.n. suppliers. The Lomé Convention also provides for technical co-operation and EU financial assistance. National and regional development is supported through grants and loans. The Cameroonian authorities indicated that the EU had provided Cameroon with almost CFAF 3 billion under the Stabex programme in 1981 and that EU intervention in 1993 had enabled Cameroon to meet a shortfall in export revenue.

35. The EU provides ACP (and Mediterranean) countries with more generous benefits than to other suppliers in the Generalized System of Preferences (GSP) scheme. This applies with regard to product coverage, access opportunities (including rules of origin and regional cumulation), special policy régimes (such as sugar and bananas) and legal status (contractual obligations). Cameroon is granted trade preferences in accordance with existing GSP schemes by all other developed countries.

36. Cameroon is a contracting party to the Global System of Trade Preferences (GSTP) among developing countries. Under this system, Cameroon's has an agreement with Romania not to raise customs duties on certain products; Cameroon's imports of fertilizer from Romania bear a tariff of 7.5 per cent and Romania's cocoa imports from Cameroon are under a tariff of 2 per cent. The value of trade involved appears to be minimal. The authorities indicated that they were setting up in mid-1994 a unit to manage GSP and GSTP matters that would allow them to estimate the value of trade affected or the effects on production or exports of GSP and GSTP schemes.
III. INVESTMENT POLICIES AND TRADE

(1) Foreign Investment Policy

1. Private investment in Cameroon is regulated by the Investment Code of 1990, as amended in 1994. The Code establishes a relatively attractive environment for both foreign and domestic investors and avoids many of the distortions associated with Cameroon's previous investment régimes. Administrative procedures have been streamlined and investors are given guarantees against sovereign risk and a number of fiscal incentives. Special encouragement is given to export activities, job creation and adding value to natural resources. Although these incentives might still distort resource allocation in the long run, a question now is whether the recent modifications to the 1990 Investment Code have remedied Cameroon's past weakness in identifying the incentives to attract private investment, especially foreign.

2. Cameroon has traditionally maintained a policy of promoting investment, but not often with encouraging results. Following independence in 1960, domestic capital flowed into intermediate activities, particularly trade and commerce. Private investment in primary and secondary activities was low and the Government tried in the 1960s to fill the gap by attracting foreign capital with a range of incentives that often included "tailor-made" protection. The results were generally disappointing.\(^1\) Hence, from the mid-1970s the Government adopted a policy of direct state involvement in association with foreign firms. This usually took the form of a government enterprise in partnership with a minority foreign partner, whose contribution frequently consisted of know-how or technology. This approach was complemented by the introduction in 1984 of an investment code that granted incentives to new firms that were thought able to bolster economic growth; special tariff and other tax concessions were given to enterprises falling within certain priority régimes. However, new investment did not materialize at the desired pace and the proliferation of concessions undermined the fiscal balance. A new code was promulgated in 1990, more in line with Cameroon's greater orientation to a market-determined allocation of resources.

(2) Legal Framework and Procedures

3. The Investment Code of 1990 has as objectives the promotion of investment, creation of activities conducive to adding value to natural resources, and the generation of employment by:\(^2\):

- guaranteeing the same treatment to foreign and local investors;
- providing a "bill of rights", which includes the right to property ownership, free transfer of capital and income, full compensation in the event of expropriation, free movement of investors and their employees into and from Cameroon, and protection from non-commercial risks in compliance with Cameroon's membership of the Multilateral Investment Guarantee Agency;
- creating the Cellule de Gestion du Code des Investissements, a "one-stop shop" empowered to handle most investment-related administrative procedures; and
- exonerating exporters from export duties and reducing taxable income proportionally to the value of their exports.

\(^{1}\)Schamp (1991).

\(^{2}\)Ordinance No. 90/007 of 8 November 1990.
4. More substantial benefits are accorded to firms in certain categories, including those for small and medium-scale enterprises, strategic firms and companies in free zones. Incentives under these régimes are divided into two types:

- start-up benefits, which include exoneration from a variety of fees and taxes and a 50 per cent reduction in company tax; and
- benefits accorded during the operational phase, which include a 50 per cent reduction in certain operating taxes, deduction allowances on taxable income, a five-year tax carry-forward on deficits arising from depreciation, and an exoneration from the minimum charge payable as company tax.

5. The length of the start-up and operational phases is a function of the category of special régime under which the investment operates. Under the basic régime, the start-up phase is three years and the operational phase is five years. This régime requires that:

- the investment creates at least one job for a Cameroon national for every CFAF 10 million invested;
- the value of exports amounts to at least 25 per cent of turnover before taxes, or sales outside the franc zone in convertible foreign currency be at least 10 per cent of turnover before taxes; and
- Cameroon products make up at least 25 per cent of the value of inputs.³

6. Under the small and medium-scale enterprise régime the start-up phase is three years and the operational phase is seven years, during which taxable income is reduced in proportion to the percentage of the firm’s wage bill paid to Cameroonians. This régime requires that:

- the investment creates at least one job for a Cameroonian for every CFAF 5 million invested;
- the investment be no more than CFAF 1 billion; and
- at least 35 per cent of the investment be owned by Cameroonians.

7. Under the strategic enterprise régime the start-up phase is five years and the operational phase is twelve years, during which taxable income is reduced proportionally to salaries paid to Cameroonians. This régime requires:

- determination by the Government that the sector is strategic according to the Industrialization Master Plan;
- that the investment creates at least one job for a Cameroonian for every CFAF 20 million invested;
- the value of exports to amount to at least 50 per cent of turnover before taxes or that sales outside the franc zone in convertible foreign currency be at least 25 per cent of turnover before taxes; and
- Cameroon inputs make up at least 50 per cent of the value of inputs.

8. The reinvestment régime grants benefits similar to those under the basic régime to firms already operating provided that, inter alia, additional investment leads to at least a 20 per cent increase in productivity, output, or the permanent employment of Cameroonians.

³Cameroon inputs are defined as incorporating at least 25 per cent domestic value added.
9. The free zone régime grants benefits to export oriented investment within the free zone system (Chapter IV(3)(xiv)).

10. According to the authorities, the Investment Code has helped prevent fraudulent practices, reduced administrative burdens and inconveniences, and sped up procedures by establishing a maximum period for processing investment applications.

11. The Investment Code was amended in 1994 to take account of customs and fiscal reform.\(^4\) The amendments are further streamlining administrative procedures and eliminating provisions inconsistent with, or made redundant by, the new customs and fiscal régimes. This includes removing the concessional flat 15 per cent duty on imports of capital goods and the exoneration from certain internal taxes. Certain of the provisions in the 1990 Code that were aimed at promoting local materials were also eliminated, including exemptions from taxes on domestic raw materials, intermediate goods and electricity. Special fiscal régimes granted under the 1990 Investment Code will be maintained until 31 December 1995.

12. Foreign investment approval is still required but the approval process has been considerably simplified by the Cellule de Gestion du Code des Investissements (CGCI). The CGCI is a single window clearance government agency with an autonomous budget. It is managed by a Management Committee with a majority of members from the private sector and representatives from most government agencies involved in the administration of the Investment Code. The CGCI is responsible for all documentary requirement on behalf of investing firms, in particular:

- authorizations to carry out industrial activities;
- import and warehousing documents;
- visas for expatriate personnel;
- waivers provided by law; and
- access to public services required to carry out the investment programme.

13. The CGCI has final authority over the approval or refusal of investment projects falling under the Investment Code, using as criteria for approval proposals those applying to the various investment régimes. Upon receipt of an application, the CGCI has 30 days to consider the application and notify the applicant of its decision. It is still early to say how well the CGCI functions since it became operational only in 1992. The sectoral scope of the CGCI activities is not completely defined either, but it does not seem to include mining and forestry.

14. According to the authorities, no restrictions apply to foreign portfolio investment in Cameroon nor to the repatriation of dividends by foreign companies (see, however, Annex I(1)).

15. Cameroon and the United States ratified a Bilateral Investment Treaty in 1989, which guarantees all foreign companies the same treatment as local firms, protects against expropriation and provides for binding third party arbitration.

\(^4\)Ordinance No. 94/003 of 24 January 1994.
(3) Trends and Patterns of Foreign Investment

16. Net foreign direct investment (FDI) into Cameroon increased rapidly from the commencement of oil production in 1977 until early 1986 (Chart III.1). New capital formation during that period tended to occur in the building industry, with Yaoundé as the preferred location, particularly since the Government was the most important customer for construction services. Capital formation in manufacturing firms took place predominately in Douala. According to official statistics, during the 1976-1980 period public investment increased by about 30 per cent, private investment by 19 per cent and total investment by 21 per cent; the rates of growth for the 1981-85 period were, respectively, 37, 25 and 28 per cent. Although the investment boom led to the establishment of numerous foreign enterprises in Cameroon, new FDI did not match the strong expansion in public investment. Moreover, foreign investors appear to have conditioned their participation on the availability of Cameroon credit, thus keeping FDI relatively low by comparison to the eventual stock of foreign owned capital.

Chart III.1
Net foreign direct investment, 1976-91

![Chart III.1](chart.png)

- Data for 1989 are not available.

17. Investment generally collapsed in 1986 and has not recovered; net FDI was negative in 1990 and 1991. Official Cameroon statistics show that during the 1986-1990 period, public investment fell by about 3 per cent, private investment by 12 per cent and total investment by 10 per cent. More recent data on investment are not available.

18. No disaggregated statistics on investment by sector have been collected recently. Data from the 1986 industrial census indicate that the number of foreign enterprises established in Cameroon was 201, including 103 from France, 7 each from Germany and Italy, 6 from England, 4 from Belgium, 3 each from the Netherlands and the United States, and 62 others. There appears to have been an increase in foreign company closures following the onset of the recession in 1986; however, there is little reason to expect that the countrywise ownership of foreign enterprises has changed significantly since 1986.

19. Estimates in Schamp (1991) indicate that of a total investment in Cameroon’s industry of some CFAF 170 billion in 1982, just under 40 per cent was foreign and slightly less than 25 per cent was French. Equivalent estimates in Riddell (1990) show a total investment of some CFAF 180 billion in 1984-85, with a distribution between domestic and foreign investment, and between French and other foreign investment similar to that in Schamp (Chart III.2).

**Chart III.2**

Capital and ownership structure of manufacturing enterprises, 1984/85
(CFAF billion)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Share of Total Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agro-food</td>
<td>20%</td>
</tr>
<tr>
<td>Wood/paper</td>
<td>15%</td>
</tr>
<tr>
<td>Metals</td>
<td>10%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>12%</td>
</tr>
<tr>
<td>Plastics</td>
<td>5%</td>
</tr>
<tr>
<td>Textiles</td>
<td>8%</td>
</tr>
<tr>
<td>Leather</td>
<td>4%</td>
</tr>
<tr>
<td>Other industries</td>
<td>10%</td>
</tr>
</tbody>
</table>


20. The high proportion of FDI from France, some 68 per cent of total foreign investment in Cameroon’s industrial sector, is probably explained by the historical links between the two countries and by the (exchange rate) peg of the CFA franc to the French franc. A particularly high proportion of French investment in the metals sub-group is explained by France’s Pechiney participation in Cameroon’s aluminium smelter. A large non-French foreign participation in the wood/paper sub-sector was due to substantial Austrian participation in a large pulp and paper plant; the plant has since been

closed and purchased from the liquidator in 1992 by Indonesian investors. A high share of non-French FDI participation in textiles and leather sectors arises from the preponderance in the early 1980’s of Lebanese and Syrian capital in those areas.

21. Data on FDI in the primary sectors are not available, but such investment is likely to have been important. For example, French private investors control three banana plantation companies accounting for some 70 per cent of Cameroon’s banana production and exports. The forest sector is also dominated by foreign enterprises, accounting for more than 90 per cent of log exports (Chapter V(2)(iv)).

22. Although FDI appears to play no major rôle in non-fuel mining, it has had a central rôle in the development of petroleum extraction. Key participants include Société Nationale Elf-Aquitaine and Kelt of France, and the Pecten Oil Company of the United States (Chapter V(3)(i)). These investments are probably substantial, as suggested by a stock of U.S. capital in Cameroon estimated at US$1 billion, mostly in the oil sector and services.  

23. According to the authorities, FDI has been negatively affected by economic uncertainties. The authorities note that problems mentioned by foreign investors include an ailing banking system and the high level of the Government’s domestic debt; concerns also appears to exits about changes to special arrangement granted under previous investment régimes and now being phased out as a result of the 1994 customs and fiscal reform, both because those changes are likely to lead to higher production costs and because they might seem to undermine the value of government commitments.

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IV. TRADE POLICIES AND PRACTICES BY MEASURE

(1) Overview

1. Before 1994, Cameroon’s trade régime was complicated and inward looking. The régime provided industries with "tailor-made" protection, which not only led to an inefficient use of resources but also lent itself to fraud and abuse. To address these problems, Cameroon embarked on a trade liberalization programme in 1990, including a co-ordinated plan with the other CACEU members to reform their common external tariff. Thus, by early 1994 a substantially liberalized and simplified trade régime was in operation.

2. Cameroon’s import tariffs are all ad valorem and applied at rates of 10, 20 or 30 per cent, for an unweighted average of 18.8 per cent. Tariff exemptions have been dramatically reduced and no quantitative restrictions are in force; most imports are now subject only to a declaration for statistical purposes with only certain products subject to technical endorsements. All special customs and fiscal régimes accorded to public and para-public enterprises have been eliminated and others special régimes should be phased out in the near future.

3. Exports are by and large uncontrolled. Export authorizations have been removed with only selected products subject to quality and health controls. With the notable exception of charges on wood, bananas, coffee and cocoa, most export charges appear to be minor. There are no subsidies to, or quotas on exports although palm oil exports were recently banned and Cameroon’s participation in international commodity agreements does carry certain restrictions. Free zone legislation has been introduced to promote export-oriented investment.

4. A new Turnover Tax has been introduced incorporating many elements of a value added tax. The previous extensive system of price controls and guaranteed producer prices have been largely dismantled. The high level of state involvement in the economy has been progressively reduced although state monopolies still include public services, petroleum, telecommunications and international shipping. Progress continues towards establishing a comprehensive legal framework for anti-dumping, competition policy and government procurement. Improvements are also being attempted in the area of standards and other technical requirements, which currently have the potential to be used as protectionist tools.

5. The major outstanding question now relates to the predictability and stability of Cameroon’s trade régime. There appear to be few institutional constraints to prevent protectionist measures creeping back into the system, even in the context of Cameroon’s participation in the CACEU. Indeed, the recent liberalization experience demonstrated the relative procedural ease with which the trade régime underwent a complete metamorphosis. Within the framework of the Uruguay Round, Cameroon set its tariff bindings at higher levels than the applied rates with the stated objective of leaving itself room for manoeuvre on taxation matters. Moreover, limited commitments were made in other areas. As a result, Cameroon has forgone making use of GATT commitments to reassure national and foreign investors of the permanence of its tariff reform programme: the authorities are adamant, however, that the Government has no intention of back-tracking on trade reform.

(2) Measures Directly Affecting Imports

6. The CACEU Treaty provides for a Common External Tariff (CET) as the main instrument for regional trade policy. Before 1994, the tariff not only led to an inefficient use of resources throughout the Cameroon economy but also fell short of its objectives of raising fiscal revenue and promoting integration within the region (Box IV.1). That the tariff yielded relatively low revenue
was mainly the result of the widespread use of exemptions, made necessary to offset, in part, the strong anti-export bias inherent in the real effective appreciation of the CFA franc after 1985 (Chapter I(3)). This appreciation tacitly taxed both export production and import-substitutes, and led the authorities to implement a number of ad hoc offsetting measures. The end result was an extremely complex import régime which tended to provide industries with "tailor-made" protection, to the detriment of the efficient use of resources and at a high cost to taxpayers. It also lent itself to fraud and abuse (Box IV.2). Properly implemented, the reforms started in 1990, culminating with the introduction of new customs and fiscal régimes in 1994, can go a long way to address many of the administrative and enforcement problems associated with the previous régime.

Box IV.1: The Pre-1994 Common External Tariff

The Common External Tariff (CET) in use before January 1994 was formally the sum of three different import taxes: a customs duty, an entry duty, and a turnover tax on imports. In addition there was a country-specific complementary tax, initially intended as a temporary measure but which in fact acted as a permanent element of the CET. For intra-regional trade, the members of CACEU were to apply a uniform, single tax in order to promote regional integration; however, in practice members applied different rates to the same products.

Among the CET components, the entry duty was the most important in terms of fiscal revenue, typically accounting for some 40 per cent of total collected import taxes. The turnover tax on imports accounted for slightly more than 20 per cent of total import taxes, and the complementary tax for just under 20 per cent. The customs duty amounted to slightly less than 20 per cent of all import taxes, with this share tending to fall over time. Indeed, the revenue raised by all four charges decreased over time, producing a clear downward trend in overall import tax collections. In turn, this was a major factor in the deterioration of Cameroon's fiscal position.

In practice the CET was not a common tariff, for it was not applied uniformly across member countries, and its objectives were often undermined by individual countries to meet specific fiscal and other objectives. In principle only the customs duty was supposed to have a protective function but in practice both the entry duty and the complementary tax served a similar function. Even the turnover tax on imports, intended to serve as a purely revenue-generating tax and applied at a flat rate on all imports, played a protection function as there was no harmonization between it and the turnover tax levied on domestic production.

As a result of the 1994 tariff and fiscal reform, the turnover tax on imports has been separated from the CET, and the CET remaining components have been merged into a single import tariff. This has resulted in a higher consolidated import duty for certain products, especially essential consumer goods most of which had a zero import duty.


Box IV.2: Administrative and enforcement problems before 1994

Cameroon’s trade system was made complex by a multiplicity of tariff rates and exemptions, making the Customs Code difficult to enforce. In 1990-91, some 64 per cent of all officially recorded imports were wholly or partly exempt from import duties: 14 per cent under the investment code, 22 per cent under the single tax or the internal production tax régimes, and 28 per cent under other miscellaneous exemptions (provided under government procurement contracts, military imports, imports by petroleum companies and other exemptions for specific users). Moreover, the extent of tax exemptions had been increasing over time. Local firms sought such exemptions in an attempt to offset the high nominal import duty rates of over 58 per cent for raw materials and capital goods. As most exemptions were granted for these goods, the gap between nominal and implicit rates was the largest for this group.

In addition to collecting import taxes, the Customs Office was also responsible for the Single Tax régime and other special tax régimes covering over one hundred firms. As a result, there was insufficient oversight over the extent of the use of duty-free inputs into production. Shortcomings also existed in the co-ordination between the customs and tax offices.

The high level and complexity of the pre-1994 tax structure lent themselves to fraud and abuse. The average nominal import duty on consumer goods subject to excise taxes was 160 per cent. For certain textiles, the average nominal rate exceeded 350 per cent. This provided incentives for all economic agents, formal or informal, to engage in illicit trade, greatly facilitated by the long and porous Cameroon-Nigeria border.

Although no precise quantification can be made, the authorities are of the view that illicit trade and the resulting tax evasion was a significant factor in the deterioration of government revenue. According to Marchés Tropicaux, 11 December 1992, the informal sector included not only small operators but also well organized, large-scale operators trafficking in consumer goods, which was allegedly made possible by corruption at entry points. For gasoline, the informal market was estimated at between 40 and 60 per cent of Cameroon’s total consumption. In the textile industry, smuggled goods were estimated to represent as much as 80 per cent of the market. According to more recent reports, large illicit gasoline imports have at times closed most service stations in North Cameroon (Marchés Tropicaux, 15 April 1994).

(i) Registration and documentation

7. The 1994 General Trade Schedule divides imported products into three groups:
   - uncontrolled products not subject to any special import restriction;
   - products which for special reasons, particularly considerations of safety, health and environmental protection, are subject to the technical control and approval of, and the granting of a certificate of conformity by a competent ministry; and
   - products whose admission and distribution is prohibited throughout Cameroon because they constitute a health or environmental hazard.

8. The import of uncontrolled products is neither subject to prior authorization nor import licensing. The only formality is a prior import declaration for "statistical purposes, inspection and control"\(^3\) (Chapter IV(2)(vii)).

\(^3\)General Trade Schedule, Section 2.2.1, June 1994.
9. The same import declaration form applies to all imports and should contain the business name and address of the importer and supplier, the country of origin of the merchandise, the f.o.b. or c.i.f. value in both CFA francs and the original currency, the customs point where the goods are to be cleared, and the good's customs tariff. Declarations may apply either to an invoice or a group of invoices held by a single applicant. Declarations may be rejected if a discrepancy is found between the declaration and the invoice or if the declaration relates to a prohibited good. In practice, some 5 to 7 per cent of all declarations are returned for additional information.

10. The import declaration is personal and non-transferable; it should be made out in seven copies and domiciliated at a bank with two copies of all relevant documents. Only goods with an import declaration endorsed by the bank of domiciliation may be cleared through customs.4

11. Import declarations are deposited directly with the bank of domiciliation which, after endorsement in accordance with currency exchange regulations, distributes them to the administrative services and bodies involved in the import procedures.5 The importer pays, where applicable, the Imports Inspection and Control Tax to the bank of domiciliation. An import declaration is valid for nine months. An extension of three months may be granted by applying to the bank of domiciliation or to the Ministry of Industrial and Commercial Development; the bank or Ministry have eight days to act on the application, otherwise the extension is deemed granted.

12. The following items are required to become an importer: (i) a stamped application, (ii) an information sheet, bearing the fiscal stamp of the dues in force, from the Ministry of Industrial and Commercial Development; (iii) an A8 import/export licence; (iv) presentation of a registration number in the trade registry and an identification certificate in the Central Company Index and (v) an annual payment of CFAF 10,000 to the Cameroon National Shippers Council. Established importers should comply with conditions (i) and (v) and present a valid importer’s licence, unless they have a waiver, and produce a tax receipt for the previous year.

13. New and established importers must also have "professional trader" status. This is obtained by complying with conditions on registration, declaration of establishment and professional licensing. Foreigners are required in addition to obtain prior authorization to engage in importing/exporting from the Ministry of Industrial and Commercial Development.6

14. Exempted from the approval requirements to become an importer/exporter are government services and para-statal bodies and, for specific purpose products, non-profit organisations and individuals.

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4 Bank domiciliation is a legal requirement to execute foreign exchange transfers.

5 Prior to 1994, declarations were subject to prior endorsement by the Ministry of Industrial and Commercial Development.

6 Decree No. 93/720 /PM of 22 November 1993.
15. For customs clearance, importers must lodge the following documents:

- original of bill of lading or air waybill containing the gross weight, the volume measurement, marks of identification, and the name and address of the consignee;
- commercial invoice containing the information necessary for the assessment of customs duties and for compilation of commercial statistics;
- pre-shipment inspection certificate;
- insurance certificate;
- transport invoice;
- order giving entitlement to duty-free entry if applicable; and
- certificate of origin certified by a recognized chamber of commerce if applicable (Chapter IV(2)(xiv)).

16. The customs service records the required information and issues copies of a declaration enabling customs inspectors to compare the declaration with the physical goods. If there are no discrepancies, the importer is given a receipt and the procedure is complete. Three days are required on average to clear goods through customs.

17. There are procedures for appeals against customs decisions and with that purpose the Customs Code provides for a technical committee administered by CACEU Secretariat. Recourse to existing tribunals is also available for judiciary matters.

18. Special customs and consular formalities, in addition to the regular requirements, apply to strategic products, such as arms and ammunition and medicaments. Special formalities are also specified for products subject to stamping and marking or equalization (to ensure price equality between imports and the domestic product), although none such formalities are now in use.

(ii) Tariffs

(a) Form of tariffs

19. Cameroon changed its tariff nomenclature to the Harmonized System (HS) in January 1989 without affecting the tariff structure. Discussion on reforming the tariff structure started in 1990 with other CACEU members, culminating with the introduction of an entirely new tariff in January 1994 (Box IV.3). This tariff restructuring has been accompanied by the elimination of specific duties, government-decreed market prices, tariff quotas, variable levies, compound tariffs and temporary tariffs.

20. Under the tariff applied as of early 1994, all duties are ad valorem, assessed on the wholesale market value of the goods in the country of origin plus all costs and expenses incurred up to the time of their arrival in a Cameroonian port (c.i.f.). Tariff suspensions applied to a number of imported products until July 1994 and were then eliminated. Cameroon accords at least m.f.n. treatment to imports from all countries.
Box IV.3: Reform of the tariff structure

As a result of the economic difficulties faced by the CACEU region since the mid-1980s, the Heads of State of the six members endorsed in 1990 a call for a regional reform programme, to correct deficiencies in regional trade instruments. One year later, a Protocol of Understanding on reform was signed and an Ad Hoc Commission was created to finalize the regional legislation necessary for launching the reforms. The CACEU Management Committee adopted legislation applying the reform in 1992. The reforms were launched in early 1993, with the new fiscal and trade régimes to begin entering in force from January 1994, starting in Cameroon. Other CACEU members were scheduled to implement those régimes within one year.

During the period leading to 1994, practical issues were examined and discussed both among CACEU members and between Governments and industry representatives. Particularly important were those concerning the classification of products in four tariff categories. Agreeing on a classification was complex not only because large differences existed in the economic structure of the various CACEU countries but also due to the divergent interest of producers and consumers. Moreover, the same product could fall in different categories depending on its final use. This was the case for sugar and, an example of particular importance in Cameroon, scaferlati (tobacco-mix ready for use). One of Cameroon’s two tobacco firms, Sitabac, imported scaferlati while the other, BAT, prepared scaferlati from imported tobacco. Sitabac had thus an interest in having imported scaferlati classified as a raw material while BAT, highlighting its large investment in scaferlati producing equipment, considered that only imports of raw tobacco should be classified as raw materials. Also difficult was the treatment of capital equipment, often imported at concessional rates or duty free under the previous customs régime and to be subject to a non-zero tariff from 1994. It was also argued that the application of the lowest tariff rate to basic food products like wheat, flour and rice would discourage the production of local substitutes like manioc, bananas and maize.

Months of planning were thrown into disarray by the devaluation of the CFA franc on 11 January 1994. The devaluation required makeshift modifications to the planned tariff rates, in the event adopted with only limited knowledge of the combined impact that the new trade régime and the devaluation would have on particular industries. Cameroon, with the largest manufacturing plant in the CACEU, was particularly concerned by last minute decisions, some unilaterally taken by other CACEU members, to lower the rate applied to final consumption goods from 50 per cent, to 35 per cent and then to 30 per cent. The need to accelerate the adoption of the new régime throughout the CACEU created administrative problems, which in late-1994 were still being dealt with.

(b) Level and range of tariffs

21. The CACEU customs tariff subjects imports from outside the CACEU region to one of four tariff rates:

   (i) basic necessities (5 per cent);
   (ii) raw materials and capital goods (10 per cent);
   (iii) intermediate goods (20 per cent); and
   (iv) final consumption goods (30 per cent).
22. The current CACEU tariff has 5,531 lines at the 8 digit HS level. The simple average is 18.8 per cent. This average is slightly less than half the average rate in the pre-1994 tariff, although direct comparisons between the two régimes are difficult given the widespread use of tariff exemptions under the previous system. Outside the framework of the CACEU tariff, Cameroon levies a special customs duty of 15 per cent on imports of petrol (super) and diesel.

23. Almost half of all manufactured imports, by tariff line, are subject to the 10 per cent rate and 36 per cent to the highest 30 per cent rate (Chart IV.1). The highest tariff rate applies to 57 per cent of all primary imports; this reflects, on the one hand, the application of the highest rate to 70 per cent of agricultural imports and, on the other hand, the lower rate of 10 per cent applying to 90 per cent of mining products, which represent only a small number of tariff lines.

Chart IV.1
Distribution of tariff lines by m.f.n. tariff rate, 1994

<table>
<thead>
<tr>
<th>Rates (per cent)</th>
<th>Percentage of all lines</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>30</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: GATT estimates.

24. The spread of tariffs, as measured by the standard deviation, is wide relatively to the tariff average. This feature became more noticeable after the 1994 tariff overhaul, which lowered the average tariff level more than the tariff dispersion. The standard deviation for the new tariff is 9.5 per cent, while the standard deviation for the pre-1994 tariff was 15.8 per cent. In absolute terms, tariff dispersion is now the lowest for mining products, although relative to their (high) average tariff, agricultural products have the lowest dispersion.
(c) Tariff escalation

25. Escalation in Cameroon’s import taxes is unusual in that the average rate on semi-manufactured goods is significantly lower (15 per cent) than on raw materials (20 per cent) or finished goods (21 per cent). Producers of intermediate goods would seem to be strongly disadvantaged by this tariff structure while domestic producers of finished goods appear to enjoy considerable protection. This represents a departure from the more typical escalation pattern observed in the pre-1994 tariff structure which, not taking into account exemptions, provided for increasing average tariff rates from raw materials through intermediates to finished goods.

26. An analysis by ISIC industry reveals the usual tariff escalation by stage of processing in several industries, particularly textiles and apparel and basic metal products (Chart IV.2). Important exceptions to this pattern occur in wood products, where the production of intermediates appears slightly favoured over that of finished goods, and in non-metallic mineral products, fabricated metal products, and other manufacturing, where the production of intermediate goods seems markedly disadvantaged by a negative tariff escalation.

![Chart IV.2](source: GATT estimates)

**Chart IV.2**

**Tariff escalation, 1994**

Simple average, per cent

<table>
<thead>
<tr>
<th>Raw materials</th>
<th>Intermediates</th>
<th>Finished goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>28</td>
<td>24</td>
</tr>
<tr>
<td>24</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>16</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: GATT estimates.
27. The apparent bias against producers of intermediate goods does not take account of tariff exemptions to particular producers, for example operating under establishment conventions. Moreover, the high average tariff applied to agricultural products, some of which are in fact final consumption items, inflates the average tariff rate for raw materials as a group.

(d) Tariff bindings

28. Cameroon did not have a schedule of tariff bindings prior to the conclusion of the Uruguay Round. Within the framework of the Round, Cameroon undertook bindings for products in Annex I of the Agricultural Agreement, at a ceiling rate of 80 per cent, with the maximum level for other impositions (such as internal taxes) set at 230 per cent (Chapter II(3)(iii)). For industrial products, the customs duties on raw jute, single yarn of jute, and multiple yarn of jute were bound at a ceiling rate of 50 per cent; the maximum level for other impositions was set at 80 per cent for raw jute and 150 per cent for the other two products.

29. According to the authorities, the ceilings were made high enough to leave room for manoeuvre concerning direct taxation, given Cameroon’s membership of the CACEU. Those ceilings, being so much higher than applied rates, are of limited value in assuring the permanence of Cameroon’s tariff reform programme. According to the authorities, the situation with respect to bindings is to be reviewed.

(e) Tariff preferences

30. Under the pre-1994 tariff schedule, goods originating in other CACEU countries were subject to a preferential tax, the Single Tax, substituting for all border taxes. A new preferential tax for intra-CACEU trade, the Generalized Preferential Tariff, was to come into force on 1 January 1994, but its application was delayed to July 1994. Until 31 December 1995 the rate is to be 20 per cent of the tariff applying to m.f.n. trade; a rate of 10 per cent is then to apply until 31 December 1997 and afterwards intra-CACEU trade is scheduled to be duty free.

31. The preferential trade agreement signed with Senegal in 1974 is Cameroon’s single bilateral trade agreement. Article 1 of this agreement provides for exemption from customs duties and taxes having equivalent effects for all products. Within the framework of the first series of negotiations on the Global System of Trade Preferences (GSTP), Cameroon has entered into tariff-binding commitments with Romania (Chapter II(5)(iv)).

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7 These, however, are to be phased out by end 1995.

8 Ordinance No. 94/001 of 24 January 1994.
(f) Tariff concessions

32. Duty-free status was transitorily granted to certain basic products until 30 June 1994; thereafter, the customs duty and the turnover tax were each to apply to those products at a rate of 5 per cent.9 During the same transition period, a global tax of 5 per cent was to apply to other selected food products.10 Duty free status was granted to pharmaceuticals by the 1994-95 Law of Finances.11

33. Products intended for use by non-governmental organisations, such as charitable and religions groups, enter duty-free; this concession extends to all products, including capital equipment. Projects financed by international organizations may also be exempt from customs duties.12

34. All imports of raw materials and equipment used by export industries located in a free port or industrial free zone are tax exempt. Products destined for domestic consumption, fertilizers and their derivatives may also enter duty-free, for example, in the case of a national disaster. This provision is part of Cameroon’s Agricultural Policy, to combat shortages of certain essential goods.

35. All special customs and fiscal régimes accorded to public and para-public enterprises were eliminated in mid-1994.13

(iii) Variable import levies

36. Equalization taxes were applied to rice, cooking oils and sugar until mid-1994.14 No such taxes are now in use.

(iv) Levies and other charges

(a) Border taxes

37. A special fee of 1 per cent of customs value is imposed on imports to finance the computer services provided by the customs department. Imports with a f.o.b. value of CFAF 2 million or more are also subject to the Imports Inspection and Control Tax used to pay for the pre-shipment inspection programme (Chapter IV(2)(v)). A charge of 14 per cent is also collected to fund the Ports of Cameroon National Office. These three charges are applied uniformly to imports from all sources.

9Ordinance No. 94/007 of 16 February 1994. The products involved were (HS codes between parenthesis): wheat (1001-1000), various rice products (1006-3010, 1006-3090 and 1006-4000), and school books (4901-1010 and 4901-1090).

10Flour (1101-0010) and sugar (1701-9910 and 1701-9990).

11Law No. 94/002 of 1 July 1994.

12Non-governmental organizations and international organizations declare on a D18 (temporary admission) form.

13Law No. 94/002 of 1 July 1994.

38. Maritime and fluvial freight is subject to the Cameroon National Shippers Council Charge, collected at a rate of 0.3 per cent of the c.i.f. value of freight. Three types of cargo are exempted from this charge: products from CACEU countries; products not subject to all customs duties and taxes; and transactions undertaken by occasional importers. The authorities note that the charge does not apply to petroleum, which represents more than half of the Cameroon’s total traffic. The charge supports the National Shippers Council, which apportions maritime traffic between Cameroon and other transport companies, negotiates freight rates with maritime conferences and other companies and promotes the maritime sector.  

39. A charge for veterinary inspection is applied at rates of up to CFAF 5,000 per animal imported. Other animal products are charged ad valorem rates of 2 and 3 per cent. Warehousing and surveillance charges, and a phytosanitary control charge, are also applied to imports.

40. Cameroon’s legislation contains provisions for the imposition of non-automatic temporary surcharges. These surcharges have not been used, having been initially planned as a means to provide protection to selected enterprises.

(b) Internal taxes

41. A new Turnover Tax and a new Excise Tax came into force on 1 January 1994, replacing the Single Tax, Internal Tax on Production, the Turnover Tax on Imports, the Internal Turnover Tax, and the Proportional Stamp Duty, although the Single Tax and the Internal Tax on Production were not in fact phased out until 1 July 1994. Firms enjoying guarantees of a stable fiscal régime under the Investment Code were to continue paying the Internal Turnover Tax, the Single Tax, the Internal Tax on Production or the Proportional Stamp Duty until their agreements were renegotiated. The authorities expect to eventually transform the turnover tax into a value added tax.

42. The Turnover Tax applies to the production and distribution of goods and services, including the importation of goods. The tax is implemented at the place where the service is provided, the production takes place or the good is first marketed. In the case of imports, the Turnover Tax is collected, at the point of entry into Cameroon, on the product’s f.o.b. value plus customs and excise duties. For local goods, the relevant tax base is the ex-factory price.

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15 Decree no 75/118 of 21 January 1975.
16 Service Note No. 033/MINFI/DD3.
17 Ordinance No. 94/001 of 24 January 1994.
19 Law No. 94/002 of 1 July 1994.
43. Both imports and local products are subject to a general tax rate of 15 per cent. A reduced rate of 5 per cent applies to certain food products, books and other items. Petrol (super) and diesel are subject to turnover tax at a rate of 12.5 per cent.

44. Selected capital goods, such as generators, engines, pumps and compressors are exempt from the Turnover Tax; also exempted are goods considered "basic necessities", including health-related items, school books and insecticides as well as bottling, packaging and civil engineering equipment. In addition, other items not subject to the tax are, inter alia, certain agricultural activities and activities subject to specific tax régimes, such as mineral extraction (including petroleum).

45. Taxpayers with an annual business turnover of at least CFAF 20 million may deduct the turnover tax paid on certain inputs from their taxable base. Those inputs include raw materials and services integrated during the production process and certain capital goods.

46. An excise duty, levied equally on domestic and imported goods, at an ad valorem rate of 25 per cent applies to products described as "luxuries". These include liquors, wines, perfumes, cosmetics, jewellery, and precious metals as well as mineral water, soft drinks, beer, and tobacco. General provisions for the application of the excise duty are the same as for the Turnover Tax. A special excise tax on the consumption of petrol (super) and diesel is also applied, at rates of CFAF 80 and 30 per litre, respectively.

21Law No. 94/002 of 1 July 1994.

22Ordinance No. 94/002 of 24 January 1994. The HS items involved are 0201-1000-0 to 0210-9000, 0401-1000 to 0402-9900, 1006-2000, 1006-3090, 1901-1012, 1901-1022, 1905-1000 to 1905-9090, 3005-1010, 3005-9000, 3401-1990 and 4901-9100.

23Ordinance No. 94/004 of 16 February 1994.

24Ordinance No. 94/002 of 24 January 1994. The items involve are all in HS Chapter 84, namely, 8402-11 to 8402-1000, 8403-1000, 8405-1000, 8407-1000, 8407-2910 to 8408-2920, 8408-1091 to 8408-1092, 8409-1000, 8410-1000 to 8410-1300, 8411-1100 to 8411-8200, 8412-1000 to 8412-8000, 8413-1100 to 8413-8200, 8414-1000, 8414-3033 to 8414-4000, 8416-1000 to 8416-3000, and 8417-1100 to 8417-8000.


26Ordinance 94/002 of 24 January 1994. The HS items included are 2201, 2202, 2203-0000, 2204, 2205, 2206-0000, 2208-2000 to 2208-9092, 2402, 2403-9990, 3303-0000, 3304, 3305, 3307, 7101-1000 to 7105-9000, 7106-1000 to 712-9000, 7113-1100 to 7117-9000.

27Ordinance No. 94/004 of 16 February 1994.
47. In addition, a community "centime" tax is imposed at a rate of 10 per cent on the value of turnover (inclusive of the turnover tax).\(^{28}\) Revenues from the "centime" tax go to municipalities. The rates for both the turnover tax and the "centime" were set on the basis of simulations using the pre-devaluation exchange rate and, unlike custom taxes, were not changed after the CFA franc was devalued. As a result, some industrialists consider that the devaluation has made the rates too high. Concerns have also been expressed about certain enterprises subject to special investment régimes being excluded from the turnover tax deduction chain.

48. Additional taxes and fees include a:

- landing tax, a specific charge which varies according to the port;
- tax on a vessel's length of stay in port;
- tax on meat distribution, which applies to imported and domestic meat; and
- consumption tax on the local sales of alcohol.

(v) Customs valuation and pre-shipment inspection

49. Cameroon is an observer to the Agreement on Implementation of Article VII of the General Agreement (the Customs Valuation Code). By accepting the Uruguay Round Final Act, Cameroon has undertaken to apply the customs valuation methods laid down in the Agreement on Customs Valuation (within a period not exceeding five years from the date of entry into force of the World Trade Organization).

50. The Société Générale de Surveillance (SGS) was engaged in 1989 to establish an import pre-shipment verification programme. This programme's objective is to verify that the quality and quantity of imports corresponded to contractual specifications, confirm that the price is appropriate, evaluate freight and other taxable expenses, provide an opinion on the custom numbers and applicable custom duties, and issue a verification certificate.\(^{29}\) According to the authorities, the SGS programme has probably also helped check the volume of illegal imports going through the port of Douala.

51. With some exceptions, imports valued at CFAF 1 million and over are subject to the SGS procedures. SGS inspections are carried out prior to shipment and on arrival of the goods in Cameroon. The SGS Certificate is accepted as proof of the c.i.f. value of goods for the purpose of customs duties.

52. Exports from some 90 countries are subject to SGS inspections, including all those from Cameroon's major trading partners. Countries not covered by the programme include the republics of the former Soviet Union, as well as Cameroon's fellow members of CACEU. Excluded from SGS inspections are also certain goods and transactions, including imports by the Army and Security Services, newspapers and precious stones. The Minister of Industrial and Commercial Development may exempt from SGS inspection any import not granted a Verification Certificate.\(^{30}\)

\(^{28}\text{Ordinance No. 94/002 of 24 January 1994.}\)

\(^{29}\text{Société Générale de Surveillance, Guide pratique pour les importateurs: Programme de Vérification des importations en République du Cameroun, Genève.}\)

\(^{30}\text{Order No. 00145 of 22 November 1988.}\)
53. Importers are responsible for paying the Imports Inspection and Control Tax. This tax is collected at a rate of 0.95 per cent of the f.o.b. value of the merchandise, with a minimum impost of CFAF 110,000 per shipment.\(^{31}\)

(vi) **Minimum import prices**

54. According to the authorities, Cameroon does not in practice apply minimum import prices or reference prices for customs valuation purposes. However, legislation is in place that requires import taxes on certain products, including food and textiles, to be calculated on the basis of minimum values fixed by law.

(vii) **Import controls and prohibitions**

55. Prohibited imports are those listed in Appendix II of the General Trade Schedule (Table IV.1).

56. Cameroon applies the prohibitions enacted under the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES), notably the clauses concerning the sale of species in Annexes I, II and III.

57. There are no items whose importation is normally prohibited or restricted but is allowed under bilateral or regional agreements. Cameroon has no agreements with foreign governments to limit the value or quantity of any goods being exported from foreign countries to Cameroon. The authorities are not aware of any such agreements between companies operating in Cameroon and overseas companies.

58. Products related to national defence or internal security may only be imported by designated organisations.

\(^{31}\)Decree No. 94/505/PM of 5 October 1994.
### Table IV.1
Goods subject to import prohibition

<table>
<thead>
<tr>
<th>Description of products</th>
<th>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;IBERO&quot; refined cooking oil</td>
<td>Nitropone</td>
</tr>
<tr>
<td>Whisky &quot;CN&quot; - &quot;RAY&quot;</td>
<td>Sinox General</td>
</tr>
<tr>
<td>MIPIPO skin care products</td>
<td>Unicrop</td>
</tr>
<tr>
<td>Medicated cream-1.KB medicated cream</td>
<td>Caldon</td>
</tr>
<tr>
<td>Cream - crusader - skin toning cream - Elegance</td>
<td>Dinitro</td>
</tr>
<tr>
<td>Skin toning cream - Symbi cream 6 Skin pear</td>
<td>DN 289</td>
</tr>
<tr>
<td>Cream renue super bleading - Cream amba Cream - Nice</td>
<td>Gebutox</td>
</tr>
<tr>
<td>Super Cream - Desire complexion cream</td>
<td>Premerge</td>
</tr>
<tr>
<td>Tura medicated cream - MIPIPO hydroquinone lotion</td>
<td>Subitex</td>
</tr>
<tr>
<td>Jariju Antiseptic soap, Germidal - H.G. 12</td>
<td>Vertac</td>
</tr>
<tr>
<td>Germinal Soap - MIPIPO Germidal soap</td>
<td>Dinitro Week killer</td>
</tr>
<tr>
<td>Robert medicated soap - Tura, Germidal soap</td>
<td>(Morocide) Binafacryl-based</td>
</tr>
<tr>
<td>Sukissa Banqo - Antiseptic Baap-Skingard</td>
<td>Acracid</td>
</tr>
<tr>
<td>Medicated soap - Bexo Antiseptic - Bico Soap</td>
<td>Ambox</td>
</tr>
<tr>
<td>Capatalot</td>
<td>Dapacryl</td>
</tr>
<tr>
<td>(Aretil) Dinoseb acetate</td>
<td>Dinosebe</td>
</tr>
<tr>
<td>Dinoseb</td>
<td>Endosan</td>
</tr>
<tr>
<td>Binapacryl (Mirocide)</td>
<td>Morocide</td>
</tr>
<tr>
<td>Cyhexatin</td>
<td>HOE 2 784</td>
</tr>
<tr>
<td>Dieldrin</td>
<td>NIA 9 044</td>
</tr>
<tr>
<td>Heptachlor</td>
<td>Dieldrine based</td>
</tr>
<tr>
<td>2-4-5 TCP</td>
<td>Alvit</td>
</tr>
<tr>
<td>Captalot-based fungicides</td>
<td>Dieldrex</td>
</tr>
<tr>
<td>Difolatan</td>
<td>Dieldrite</td>
</tr>
<tr>
<td>Folcide</td>
<td>Octalox</td>
</tr>
<tr>
<td>Merpafol</td>
<td>Panoram D-31</td>
</tr>
<tr>
<td>Crisfolatan</td>
<td>Aldrine-based</td>
</tr>
<tr>
<td>Foltal</td>
<td>Aldrex</td>
</tr>
<tr>
<td>Haipen</td>
<td>Aldrex 30</td>
</tr>
<tr>
<td>Myocodifol</td>
<td>Aldrite</td>
</tr>
<tr>
<td>ortofolatan 80</td>
<td>Aldrosol</td>
</tr>
<tr>
<td>Captalatan 80</td>
<td>Drinox</td>
</tr>
<tr>
<td>Herbicides with a dinoseb base (ARETT)</td>
<td>Octalene</td>
</tr>
<tr>
<td>HOE 002904</td>
<td>Seedrin liquid</td>
</tr>
<tr>
<td>Evosit</td>
<td>Heptachlore-based</td>
</tr>
<tr>
<td>Phenotan</td>
<td>Drinox</td>
</tr>
<tr>
<td>Dinoseb based</td>
<td>H-34</td>
</tr>
<tr>
<td>Basanite</td>
<td>Heptamul</td>
</tr>
<tr>
<td>Chemox General</td>
<td>Toxic and other industrial wastes</td>
</tr>
<tr>
<td>Chemox</td>
<td>&quot;Cock Brand&quot; mosquito Killer</td>
</tr>
<tr>
<td>Chemsect</td>
<td>&quot;Turkey Brand&quot; vegetable oil</td>
</tr>
<tr>
<td>Dynamyte</td>
<td>Non-iodized salt</td>
</tr>
<tr>
<td>Elgetol</td>
<td></td>
</tr>
<tr>
<td>Hel-Fire</td>
<td></td>
</tr>
<tr>
<td>Kiloseb</td>
<td></td>
</tr>
</tbody>
</table>

Source: General Trade Schedule, Appendix II.
(viii) Import licensing

59. No import licensing requirements have been applied in Cameroon since mid-1994, following the progressive elimination of import licensing undertaken as part of Cameroon's trade liberalization programme. Previously, licensing requirements affected textiles, goods for which there were quotas, transactions over CFA 500,000, and gold. All imports remain subject to an import declaration, a formality for statistical purposes (Chapter IV(2)(i)).

60. Certain products are subject to technical endorsements (Table IV.2). Importers of such products are required, in addition to meeting the formalities applying to uncontrolled products, to acquire a technical endorsement or a certificate of conformity signed by the competent ministry, and to present it at the time of payment of customs duties. It should be issued by the competent ministry within eight days from the day documents are filed, otherwise the technical endorsement is deemed granted. If the endorsement is refused, the ministry should inform the importer and forward a copy to the customs service within the eight days. Products subject to technical endorsements also require special approval from the competent ministry before they can be marketed in the internal market.

Table IV.2
Products requiring technical endorsement

<table>
<thead>
<tr>
<th>Tariff Heading</th>
<th>Description of product</th>
<th>Visa of</th>
</tr>
</thead>
<tbody>
<tr>
<td>0220-1100-0 to 0210-9000</td>
<td>Edible meat</td>
<td>MINEPIA</td>
</tr>
<tr>
<td>0301-1000 to 1307-9900</td>
<td>Fishery and livestock products</td>
<td>MINEPIA</td>
</tr>
<tr>
<td>2309-9000</td>
<td>Feed for other animals</td>
<td>MINSANTE</td>
</tr>
<tr>
<td>3003-1000 to 3004-9000</td>
<td>Medicaments for cattle, pharmaceuticals</td>
<td>MINSANTE</td>
</tr>
<tr>
<td>3401-1100</td>
<td>Medicated soap</td>
<td>MINSANTE</td>
</tr>
<tr>
<td>3602-0000</td>
<td>Prepared explosives, other than propellant powders</td>
<td>MINMEE</td>
</tr>
<tr>
<td>3604-1000</td>
<td>Fireworks</td>
<td>MINAT</td>
</tr>
<tr>
<td>3604-9000</td>
<td>Signalling flares and other pyrotechnic articles</td>
<td>MINAT</td>
</tr>
<tr>
<td>8525-1011</td>
<td>Transceivers</td>
<td>MINPT</td>
</tr>
<tr>
<td>8525-2000</td>
<td>Transceivers</td>
<td>MINPT</td>
</tr>
<tr>
<td>8527-9000</td>
<td>Other receivers</td>
<td>MINPT</td>
</tr>
<tr>
<td>9303-1000</td>
<td>Muzzle-loading firearms</td>
<td>MINAT</td>
</tr>
<tr>
<td>9303-2000</td>
<td>Other sporting, hunting or target-shooting shotguns, including combination shotgun rifles</td>
<td>MINAT</td>
</tr>
<tr>
<td>9303-3000</td>
<td>Other sporting, hunting or target-shooting rifles</td>
<td>MINAT</td>
</tr>
<tr>
<td>9303-9000</td>
<td>Other firearms under Heading N° 9303</td>
<td>MINAT</td>
</tr>
<tr>
<td>9306-1000</td>
<td>Cartridges for pistols</td>
<td>MINAT</td>
</tr>
<tr>
<td>9306-2100</td>
<td>Shotgun cartridges</td>
<td>MINAT</td>
</tr>
<tr>
<td>9306-3000</td>
<td>Other cartridges</td>
<td>MINAT</td>
</tr>
<tr>
<td>9306-9000</td>
<td>Other ammunition</td>
<td>MINAT</td>
</tr>
<tr>
<td></td>
<td>Precious substances (gold, platinum, sapphire...)</td>
<td>MINMEE</td>
</tr>
<tr>
<td></td>
<td>Radioactive substances (uranium, thorium, deuterium)</td>
<td>MINMEE</td>
</tr>
<tr>
<td></td>
<td>Appliances containing radioelements</td>
<td>MINMEE</td>
</tr>
</tbody>
</table>

a MINEPIA: Ministry of Livestock, Fisheries, and Animal Industries
MINSAITE: Ministry of Health
MINMEE: Ministry of Mines, Water and Energy
MINAT: Ministry of Territorial Administration
MINPT: Ministry of Posts and Telecommunications.

Source: General Trade Schedule, Appendix I.
(ix) Import quotas

61. Cameroon has followed a programme of elimination of quantitative restrictions and, according to the authorities, no such restrictions were in force after mid-1994.

(x) Import cartels

62. Imports of medicine are reserved to hospitals and pharmacies complying with certain conditions established by law. The importation and marketing of veterinary medicines are reserved to approved veterinaries and subject to prior authorization by the Minister of Livestock, Fisheries and Animal Industries.

63. The oil storage company (SCDP), a semi-public company, has a monopoly over oil storage and transportation. This arrangement appears to give the SCDP a de facto monopoly on the import of petroleum products; there appear to be little or no such imports by the government-controlled refinery.

(xi) Countertrade

64. As a member of the CFA franc zone, with a convertible currency (Chapter I, Annex), Cameroon has no strong incentive to use countertrade for foreign exchange reasons. As a result, the level of countertrade transactions has typically been nil. Nevertheless, the authorities note that they are considering the use of countertrade on a selective basis, as an instrument to increase exports (for employment and income purposes).

65. Under the 1994 General Trade Schedule all imports carried out without a financial settlement must be declared to the Ministry of Industrial and Commercial Development. Import declarations bearing the indication "no financial settlement" are used to enable importers to clear goods that do not involve a transfer of funds or currency; the domiciliation of import declarations at a bank is still required.

(xii) Standards and other technical requirements

66. Cameroon is neither a member nor an observer to the Tokyo Round Agreement on Technical Barriers to Trade (Standards Code). The authorities, however, do not foresee any difficulties in applying the Code, as part of implementing the results of the Uruguay Round as a single undertaking.

67. Standardisation in Cameroon has been described by the authorities as being at an early stage and only partially regulated. Certification is almost non-existent, given the absence of a body charged with certifying compliance with national norms. Imports are, in practice, admitted into the country with little reference to standards or norms. Exceptions may occur on an ad hoc basis for products suspected of being dangerous, in which case steps are taken to regulate their importation.

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32 Law No. 80/10 of 14 July 1980.

33 Inter-ministerial Circular 14/MI-NEP/MINEL.

34 Except for the convertibility of banknotes and coins outside the region.
68. Elements of a general framework for setting technical standards and regulations do exist. They are aimed at ensuring consumer protection, promoting international trade within Africa, making the industrial sector more competitive, and controlling the quality of products and services. The latter is a particularly important aim, as reflected by the emphasis given in the 1989 General Trade Schedule on strict controls on after-sales service. By law, importers of technical goods should have available the parts, equipment and personnel to undertake repairs of the products they sell. Although the application of national norms is optional, it may be rendered obligatory if required by the public order, security, or health, environmental or economic reasons. A National Normalization and Quality Control Commission plays a consultative role in matters related to norms, quality control and the environment.

69. Cameroon does not recognize testing procedures performed in exporting countries. The Société Générale de Surveillance undertakes the task of testing when required, until testing bodies and laboratories in the exporting countries are recognized and approved. There have been no instances where international standards have been found to be inappropriate by Cameroon. Cameroon is a member of the African Regional Standardization Organization and it adopts the standards published by that organization.

70. According to the authorities, when reference is made to ISO or other international standards they are adapted to the Cameroon national context by taking into account such factors as climate, consumer habits, political orientation and industrialization level. While acknowledging that this approach could be used as a protectionist tool, the authorities note that this would run contrary to Cameroon's current liberalization policy; standards are thus not likely to be used to protect domestic producers, with the possible exception of those in infant industries.

71. A sanitary certificate is required under CACEU quarantine regulations for the importation of various plant products, including banana plants, cacao plants, coffee plants, sugar cane, and raw cotton, cottonseeds, and cotton plants, and of containers holding earth or composts. Cameroon is a member of the Inter-African Phytosanitary Commission, which in 1988 established the Inter-African Coordinated Phytosanitary Legislation, identifying plants and plant products having special entry requirements. The quarantine regulations applied in Cameroon's ports are those established by the International Maritime Organisation.

72. In relation to marking, labelling and packaging regulations, the authorities note that the following apply in certain cases, normally related to food and pharmaceutical products: expiry date, manufacturer's name, date of manufacture, and national mark of conformity. All cartons, cases, crates, and packages must bear marking identifying the country of origin. The marking must be legibly and indelibly written in French. Marks of origin also are required on the labels of products exported to Cameroon. These can be either in English or French. The same indication of origin should appear on cases and packages. Except for beers and wine containing less than 13 per cent alcoholic content by volume, all bottles and other container of alcoholic beverages must be labelled with the degree of alcohol.

(xiii) Local content requirement

73. Local content restrictions apply to the processing of wood logs (Chapter V(2)(iv)). Certain fiscal provisions, in particular the export tax on wood and those under the Investment Code, are intended in part to promote the local processing of raw materials.

35 Decree No. 87/002 of 2 January 1987.
(xiv) **Rules of origin**

74. A certificate of origin is not usually required for general imports.

75. No uniform certificate of circulation for "CACEU Products" was in use following the introduction of the new CACEU tariff and fiscal régimes in early 1994. However, the CACEU Secretariat is giving priority to the introduction of such a certificate, which would cover all raw materials and products subject to the Generalized Preferential Tariff (Chapter II(2)(ii)(e)). As of mid-1994, plans called for manufactured products to be recognized as of CACEU origin if made in a CACEU factory directed by a CACEU legal resident.

(xv) **Government procurement**

76. Cameroon is an observer in the Tokyo Round Agreement on Government Procurement. According to the authorities, they intend soon to give consideration to possible membership of the Agreement.

77. The main legislation regulating government procurement in Cameroon dates from 1986. That legislation brought about considerable improvement in areas such as decentralization, transparency and contract enforcement. Work on new procurement legislation started in 1990 and commitments with international financial institutions require such work to be finalized before the end of 1994. The legislation in preparation has as its main objectives more transparent and speedier procedures for government procurement.

78. Under current legislation no registration requirements are in place for foreign suppliers to qualify for bidding on public contracts. All bidders are required to provide, inter alia, a solvency certificate, a certificate of bank domiciliation, and a tender security related to the project size. Foreign suppliers are not required to submit tenders through a local agent, although in practice it is desirable to engage the services of a local representative.

79. There is a degree of local preference for Cameroon materials in government procurement, provided that the local product conforms to the stated technical standards and that its price is competitive. The authorities are entitled to favour nationals by reserving for them certain projects financed locally or certain sub-contracts, by replacing the required bonds or securities by a mortgage or guarantee from the Small Enterprise Guarantee Fund, or by reviewing in their favour all transactions with an initial minimum value of CFAF 100 million (the minimum value for foreigners is CFAF 500 million).

80. As funding constraints have arisen, the availability and terms of credit to finance purchases has become increasingly important. The authorities note that a large number of investment projects has been financed in recent years by international organisations, which has led to increased participation of foreign suppliers in the tendering process. The authorities also note that although no preferential treatment is given to firms from particular countries or regions, financing agreements may limit bids to certain regions, for example, the franc zone or the European Union.

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36Decree No. 86/903 of 18 July 1986.

37The Direction générale des grands travaux du Cameroun oversaw contracts worth CFAF 18.9 billion during 1993-94. Of that amount, some 52 per cent was funded by foreign sources, including international financial institutions.
81. According to the authorities, open, competitive tendering is the norm for letting government procurement contracts: awards go to the best global offer, not necessarily the lowest bidder. Single tendering is permitted in certain specified situations, for example, if supplies are covered by a patent or are available only from a single source, if no bids were received on the competitive contract or if the project is such that for technical reasons the work can only be trusted to a specific contractor or supplier. In the period 1990-94, some 33 per cent of major government procurement contracts were let by single tender. The same procedures apply to purchases by state enterprises and local and regional authorities.

82. Several agencies are involved in government procurement:
   - the Direction générale des grands travaux du Cameroun, a body especially set up to administer major government procurement contracts;
   - individual ministries when contracts do not exceed CFAF 50 million;
   - the Delegate Minister to the Presidency in Charge of Defense who may approve defense contracts of up to CFAF 200 million;
   - public or para-public organisations, on the approval of the ministry concerned, may generally close contracts of up to CFAF 100 million, or for certain organisations of up to CFAF 200 million; and
   - governors may approve certain contracts valued at up to CFAF 200 million.

83. Cameroon does not have a central registry for government procurement operations and no data are available on the overall value and main categories of goods purchased or on the share of imports in government procurement.

(xvi) Anti-dumping and countervailing measures

84. Cameroon is neither a signatory nor an observer to the Tokyo Round Agreements on the Implementation of GATT Article VI (the Anti-Dumping Code) and on Interpretation and Application of GATT Articles VI, XVI and XXIII (the Subsidies Code). World Trade Organization members are required to abide by the Uruguay Round Anti-Dumping and Subsidies Agreements as of the date of entry into force of the WTO and must ensure conformity of their legislation and regulations with these Agreements.

85. Cameroon has no anti-dumping or countervailing procedures along GATT lines, although references to dumping practices are made in legislation concerning anti-competitive commercial practices (Chapter IV(4)(i)). Such legislation defines dumping as (i) all re-sale of products at a price below the purchase price net of all discounts or (ii) all sales in the domestic market of products acquired duty free and initially destined for export and for which the local sales tax has not been paid. The authorities are of the view that Cameroon's recent trade and price liberalization have made it necessary to consider new measures to fight anti-competitive practices, including dumping, to protect consumers. As a result, new measures have recently been introduced or are being studied affecting, inter alia, advertising, accounting practices, quality control and after-sales service.

86. Complaints by domestic producers for relief against offending imports appear to be handled informally. Such complaints tend to be related to food items for which substitutes are, or could be, locally produced such as cereals, meat or poultry. Indirect measures seem to be used as a de facto
anti-dumping measure. For example, Cameroon’s final list of m.f.n. exemptions in the Uruguay Round
services agreement indicates that measures concerning sharing agreements on shipping routes would
be strengthened if trading partners continued to practice dumping (Chapter II(3)(ii)).

(xvii) Safeguard actions

87. Cameroon has no domestic procedures for safeguard action nor have there been requests for
import relief under such procedures. According to the authorities, the Government has never taken
selective measures against a product from any country and they are not aware of any petitions to the
Government for import relief under bilateral or regional agreements.

(xviii) Measures implemented in exporting countries

88. The Secretariat has no evidence of measures by other countries regulating their exports to
Cameroon.

(xix) Other measures

89. Cameroon Shipping Lines has the exclusive right to transport all imports for the government,
public collectives, and state-owned companies. The shipping line also takes part in a shipping
arrangement with the European Union.

(3) Measures Directly Affecting Exports

(i) Registration and documentation

90. The General Trade Schedule divides export products into three groups:

- uncontrolled products;
- products requiring an administrative formality; and
- prohibited products.

91. The export of uncontrolled products requires a declaration to customs, accompanied by a
certificate of origin in case one is required by the importing country. Exporters are not required to
obtain prior authorization but a bank domiciliation is needed for the repatriation of the proceeds.
Exporters must also be registered traders and listed in the exporters registry maintained by the Ministry
of Industrial and Commercial Development.

92. Products requiring an administrative formality include foodstuffs, products of animal origin,
cattle, fishery products and certain wild life and plant products. For these products, the exporter must
obtain a certificate or attestation from the competent local authorities in the country of destination or
from another competent authority: this certificate is to be shown to the relevant Ministry in Cameroon.
Prohibited exports include certain strategic items and those considered hazardous (Chapter IV(3)(iv)).

93. The export of cocoa and coffee was liberalized in early 1994, subject to compliance with
international quality standards as certified, on shipment, by the National Cocoa and Coffee Board.
Cocoa and coffee exporters must also present to the authorities, inter alia, the "operational infrastructure"
list required by the Cacao and Coffee Interprofessional Council and a bank certificate of financial
solvency. Cocoa and coffee exports are also affected by Cameroon’s participation in international
commodity agreements (Chapter IV(3)(viii)).
94. Re-exporting is subject to special conditions "to put an end to fraudulent practices which can affect the balancing of the State budget." These conditions:

- forbid re-exporting to neighbouring countries goods imported into Cameroon without previous payment of duties and taxes;
- allow re-exports of goods imported to and paid for in Cameroon only after the payment of customs duties;
- require the importation to be domiciled in the country of final destination and payment to be made to the foreign supplier by the ultimate importer in case the Cameroon importer is not willing to pay customs duties; and
- require all goods in transit through Cameroon to be the subject of clearance procedures handled by approved customs brokers, who are responsible for ensuring that all goods in transit are forwarded to their declared destination.

95. Countertrade operations require a declaration to the authorities and that the trader be registered; as for other exports, a bank domiciliation is also required.

(ii) Export taxes and charges

96. Each CACEU member is free to set its own export charges. In Cameroon, export charges apply to six products: wood, in the form of logs, medicinal plants, cotton, bananas, coffee and cocoa.

97. For the 1994-95 fiscal year, a charge on the export of cocoa, coffee, banana, cotton and medicinal plants is collected at a rate of 15 per cent of their f.o.b. value, the charge being deductible from the exporter's taxable income. In effect, this export charge is a compulsory interest-free loan to the State from the producers of the commodities affected. Its economic justification is unclear at a time when many of those producers are urgently in need of capital for investment (Chapter V(l)).

98. Wood in logs (raw and semi-processed) is subject to an exit duty of 25 per cent of an official reference value. The imposition of charges on wood exports has been a sensitive issue in Cameroon, touching on the problem of ensuring a fair return from the exploitation of natural resources while promoting the development of a sector controlled by foreign interests (Chapter V(l)(iv)). Taxing wood exports thus appears to play the dual role of collecting resource rents in an administratively practical manner while encouraging the local processing of wood and, thus, value added. Whether these goals are consistent with the objective of promoting the best possible allocation of Cameroon's resources is an open question, especially given that a tax on wood production is also in place.

99. Exporters of wood in logs, medicinal plants, cotton, bananas, coffee and cocoa pay an Exports Inspection and Control Tax. This tax is computed at a rate of 0.95 per cent of the f.o.b. value of the product.

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40 Article 6, Law No. 94/002 of 1 July 1994.
41 Article 8 Law No. 94/002 of 1 July 1994.
100. Exports are also subject to the Cameroon National Shippers Council Charge, collected at a rate of 0.3 per cent of the f.o.b. value of freight. Exempted from this charge are exports to CACEU countries and transactions undertaken by occasional exporters. The authorities note that the charge does not apply to petroleum, which represents more than half of the Cameroon’s total maritime traffic (Chapter IV(2)(iv)(a)).

101. A tax for veterinary inspection is applied at rates of up to CFAF 10,000 per head for exports of live animals.

(iii) Minimum export prices

102. Cameroon has eliminated minimum prices for all its exports except those of live animals. Official reference values are used to compute the exit duty on wood (Chapter IV(3)(ii)).

(iv) Export controls and prohibitions

103. The authorities note that although the liberalization of all exports is envisaged in the long run, the export of certain products needs to be regulated to:

- stabilize and guarantee prices to commodity producers, pending improvements in producer organizations to allow liberalizing the marketing of those commodities;
- maintain a minimum of food security with respect to products of animal origin, fishery products and cattle; and
- protect the fauna, flora and, more generally, the environment.

104. Sanitary controls apply to exports of animal products, fishery products and cattle. Quality controls have also been imposed on certain agricultural exports. The authorities believe such controls are necessary to counteract the significant fall in product quality, and in the image of the Cameroon brand, following the dissolution in 1991 of the Office national de commercialisation des produits de base (Chapter V(2)(ii)).

105. Palm oil exports were prohibited in late 1994, following sharp price increases in the domestic market (Chapter V(2)(iii)). Export prohibitions also apply to certain products recognized as hazardous to life or that may contribute to pollution or environmental degradation; these include products whose domestic sale is forbidden, products that have been withdrawn from sale, and toxic, industrial or other waste products whose shipment abroad is controlled.42

106. The following strategic products may only be exported by designated organisations: water, electricity, petroleum and telecommunications equipment.

(v) Export licensing

107. Cameroon eliminated export licences in early 1994, and exports are now almost entirely uncontrolled, in particular as regards foodstuffs and products manufactured in Cameroon. Products still subject to some control include hides (to protect the local industry) and scrap metal; exports of such items require a technical authorization from the relevant Ministry. Exports of livestock may be controlled in the event of a domestic shortage. Petroleum exports require authorization from the Ministry of Mines, Water and Energy.

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(vi) Export quotas

108. Cameroon does not maintain export quotas per se, but see Chapter IV(3)(vii) and (viii), below.

(vii) Export cartels

109. In relation to Cameroon cartels directly affecting exports, the authorities note the existence of the Ports of Cameroon National Office, the state monopoly charged with the planning, construction and administration of ports in Cameroon. In addition, there is the National Shippers Council, which manages all maritime traffic, and the Banana Producers Association, which controls the allocation of Cameroon banana exports to the European Union (EU) under the Lomé Convention.

(viii) Voluntary restraints, surveillance and similar measures

110. Cameroon participates in the coffee "export retention plan" agreed in 1993 within the framework of the Association of Coffee Producing Countries. The plan calls for withholding an increasing percentage of export sales as a world "price indicator" falls below defined thresholds (Chapter V(2)(ii)(b)).

111. Cameroon has joined the plan adopted in 1993 by the International Cocoa Organisation that, according to the authorities, aims to manage the structural over-production responsible for the continuous fall in world cocoa prices (Chapter IV(2)(ii)(c)). Cameroon’s banana exports to the EU are constrained to 80,000 tonnes a year under the terms of the Lomé Convention (Chapter IV(2)(ii)(a)).

112. Cameroon does not participate in the Multifibre Arrangement (MFA) for textiles and clothing.

(ix) Export subsidies

113. According to the authorities, Cameroon does not subsidize its exports or export-related activities. This does not mean that some exports are not favoured with special incentives; for example, "non-traditional" products benefit through exemptions from the export charges collected on such traditional commodities as wood, cotton, bananas, coffee, and cocoa, and petroleum exports benefit from not paying the Cameroon National Shippers Council charge.

(x) Duty and tax concessions

114. Exports, related transport and handling costs included, are exempt from the Turnover Tax introduced in 1994. Producers of industrial products for export may claim deductions or credit for the turnover tax they pay on inputs (Chapter IV(2)(iv)(b)).

115. Cameroon maintains no general schemes conferring tax benefits on the basis of export performance. However, according to the authorities, certain enterprises, such as those in free-trade zones, may enjoy such benefits under their individual establishment agreements.

(xi) Export finance and export insurance and guarantees

116. Cameroon has no export finance mechanisms for industrial products. The Central Bank offers advances at preferential rates to commodity exporters at the beginning of each season to aid exports. Within the context of export diversification, it is foreseen that funds will be made available through banks to pre-finance exports of agricultural products at concessional rates. However, the difficult state of Cameroon’s public finances makes it likely, according to the authorities, that any export finance programme will have only a limited scope in the near future.
Export promotion, marketing assistance

In Cameroon, export promotion and marketing assistance activities are undertaken by:
- the Chamber of Commerce, Industry and Mines, charged with promoting and following up commercial contacts;
- the Hydrocarbon Stabilization Office, charged with stabilizing petroleum prices; and
- the Office national du café et du cacao, charged with monitoring the marketing of coffee and cocoa.

According to the authorities, Cameroon's export promotion policies aim to gaining access for Cameroon's products to foreign markets through aggressive promotion, trade fairs, tasting sessions and salons, and missions by businessmen to facilitate partnership and joint venture agreements: export promotion also involves diversification of exports to avoid sudden deteriorations of the trade balance. All such programmes are constrained by public finance shortages.

Export performance requirements

The Secretariat is not aware of any general export performance requirements in Cameroon, although firm specific requirements exist as part of individual establishment agreement under the Investment Code.

Free-trade zones, export-processing zones

In 1990 the Government assembled a package of regulatory, fiscal and customs incentives for export-oriented investment in conjunction with the establishment of a new Investment Code (Chapter III(2)). The free zone legislation aims at promoting new investment, facilitating exports and creating jobs. The régime allows for the establishment of Industrial Free Zones (free zone parks) and Industrial Free Points (single-factory industrial free zones).

Either Industrial Free Zones or Industrial Free Points may be established through a government initiative or under a proposal by the National Office of Industrial Free Zones. This Office has a nine members board, of which three members represent public companies and are designated by the President, and six represent private organisations. Charged with receiving the dossiers is the Ministry of Industrial and Commercial Development, which is given 30 days to decide on permits granting the right to promote or operate. The free zone status is permanent and irrevocable in the case of Industrial Free Zones, and for the operation of the enterprise in the case of Industrial Free Points.

Free zone firms agree to produce goods and services exclusively for export. However, through derogations, firms may "export" up to 20 per cent of their total production to Cameroon; and a higher proportion may be allowed when free zone firms make goods or services not produced in Cameroon, to meet domestic shortages, to eliminate domestic monopolies or when such firms transform mostly local raw materials.

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43 Ordinance No. 90/001 of 29 January 1990, drafted with the assistance of the Overseas Private Investment Corporation and the U.S. Agency for International Development.

44 Order No. 51/MINDIC/IGI of 28 December 1990.
123. The free zone régime carries the following advantages:

- **Customs**: Firms in Industrial Free Zones are not subject to the requirements of the General Trade Schedule, although imports and exports are still subject to declarations for statistical purposes. Except for passenger motor vehicles and gasoline, imports by firms in Industrial Free Zones are exempt from all current and future customs duties and other taxes; exports are also exempt from all taxes. The Société Générale de Surveillance import verification programme does not apply to firms in Industrial Free Zones;

- **Fiscal**: After their establishment, firms in Industrial Free Zones enjoy a 10 year tax holiday on the corporate profits tax, followed by a flat 15 per cent corporate tax rate. Losses can be indefinitely carried forward for tax purposes. Firms are exempt from certain investment obligations and imposts on property and foreign exchange transactions. Sales by domestic companies to free zone firms are exempt of imposts, notably the turnover tax;

- **Labour**: Free zone firms are entitled to a liberalized labour code. Automatic work permits are granted to foreign workers, which however should not account, after five years of establishment, for more than 20 per cent of the firm’s labour force;

- **Services**: Free zone firms may install their own electricity generation or water treatment equipment. Alternatively, they are entitled to obtain electricity or water at rates no higher than the concessional rates granted to major users. Firms may also operate their own telecommunications equipment, but such equipment becomes state property; and

- **Other**: Free zone firms are exempt from all state monopolies or restrictions on the transport of exports and imports. The firms are also exempt from any controls on prices, foreign exchange or repatriation of funds.

124. The "Industrial Free Point" status is granted in preference to firms which, inter alia, make use of domestic raw materials, locate close to the source of such materials or, in the case of existing firms, guarantee exporting all their production within one year of being granted the special status.45

125. Four free zones had been established by mid-1994: Douala port, Edéa, Yaoundé-Nsimalen and Limbé (Cap-Limboh) but only two firms were located in those zones. According to the authorities, it is still too early to evaluate the full impact of the free zone régime on exports; it is clear, though, that progress has been discouragingly slow, with firms in free trade zones yet to make a significant contribution to Cameroon’s economy.

(4) Measures Affecting Production and Trade

(i) Competition policy

126. Anti-competitive trading practices considered by the existing legislation include discriminatory pricing or sales practices, sales at a loss or dumping, sale refusals, misleading advertising and collusive or concerted actions (Chapter IV(2)(xvi)).46 Legislation regulating prices also prohibits actions having

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45Order No. 51/MINDIC/IGI of 28 December 1990.

the effect of restraining competition. Forbidden in particular are actions hindering price reductions or favouring price rises as well as activities by monopolies or oligopolies hindering the normal functioning of the market.  

127. A Competition Council was created in 1990 to help implement the legislation on anti-competitive and dumping practices. The Council’s objective is to examine from an economics perspective whether certain practices fall within the scope of anti-competitive and dumping legislation. The Council’s recognition of the matter is a pre-requisite for the Government to take measures against an enterprise under anti-competitive and dumping legislation.

128. The 1994 General Trade Schedule noted that one of the problems facing domestic trade was the lack of an efficient distribution network and that measures were being taken to address this problem, such as encouraging national firms to open distribution centres throughout the country. Special emphasis was also to be placed on consumer information, encouraging the consumption of Cameroon goods and combatting unfair competition and illegal trade practices.

(ii) Price policy

129. Cameroon’s previously extensive system of price controls is being progressively dismantled. Controls, in the form of prior authorization to alter prices or the administrative setting of profit margins, are now maintained only on services provided by monopolies or on basic products. The latter include water, electricity, collective transport, maritime auxiliary services, services by the Ports of Cameroon National Office, pharmaceuticals, and school books.

130. Petroleum products except lubricants are also subject to price controls (Chapter V(4)(v)(a)). Sales of petroleum by the national oil company (SNH) to Cameroon’s single oil refinery (SONARA) take place at an official price set by the Government: the price is below world prices. Ex-refinery prices of petroleum products are administratively set on a cost-plus basis. It is thus likely that price controls distort not only the refinery’s economics but also the downstream distribution and consumption of petroleum products. Recent efforts to address these problems include the abolition of the previously near uniform nation-wide system of fuel prices.

131. Before effecting a price increase, suppliers of products subject to price controls are required to submit documentation justifying such an increase to the Direction of Prices and Consumer Protection. The authorities are required to reach a decision within 45 day, otherwise the requested changes are deemed approved. According to the authorities, price controls will be further liberalized as monopolistic structures disappear. These efforts suffered a temporary set back when, after the CFA franc devaluation, the authorities reintroduced price controls in an attempt to limit inflation.

132. The authorities note that as part of their current price liberalization programme, mechanisms are being established to ensure that in the price setting process equal treatment is given to local and imported products, and domestic producers and importers. Administrative procedures in the Direction of Prices and Consumer Protection are being streamlined and staff selection improved to require both high technical and ethical employee standards.
133. Although domestic pricing is clearly evolving towards a more transparent market-based system, its legal framework is still largely that which has been in place since the early 1970s. Within that framework, the Government may control prices by either directly fixing them, ordering a certain rise or decrease, or fixing profit margins. Price differentials between imported and locally produced goods and services may also be regulated.\(^{49}\) The sale of domestic or imported products may be prohibited unless their maximum price has been previously fixed; such a prohibition has not been used.\(^{50}\) Regulations also exist to define the elements of resale prices and profit margins for imports and local products.\(^{51}\)

(iii) **Marketing and pricing arrangements**

134. According to the authorities, by in mid-1994 there were only two measures in place in Cameroon to support the price of agricultural products: fertilizers and pesticides subsidies, and customs duty exemptions to agricultural machinery and equipment for treating crops and orchards. Fertilizer subsidies are scheduled to be eliminated by the end of 1994. No restraints are imposed on imports of agricultural commodities to support domestic prices.

135. Coffee and cocoa exports are subject to marketing controls requiring exporters and private purchasing agents to be licensed by the Government or para-statals. Domestic purchases from producers involve both para-statals and private traders. State-guaranteed minimum producer prices for cocoa and robusta coffee are to be removed at the start of the 1995-96 season, at the latest.

(iv) **State trading**

136. The past, high level of state involvement in the Cameroon economy has been progressively reduced in recent years. By mid-1994, the areas reserved to the public sector included water, electricity and petroleum. Related to those concessions, the following enterprises enjoyed exclusive or special production privileges: SNEC for water, SONEL for electricity, and SNH for petroleum.

137. SODECOTON has acquired a de facto monopoly on cotton purchases by pre-financing cotton production; SODECOTON's privatisation was under consideration. State monopolies are also still maintained for petroleum imports and wholesale supply, cement production, telecommunications, international shipping, and urban transportation. ALUCAM has a de facto monopoly on aluminium production.

138. In addition to the above, state intervention before reform included public monopolies for petroleum and fertilizer distribution, crop exports, wheat flour milling, and imports of fertilizers, rice, sugar and vegetable oil. The Government's disengagement from those activities has involved the privatisation, rehabilitation or liquidation of state-owned enterprises. The process has been slow: although legislation was adopted in 1990 concerning the privatisation of 15 enterprises, about four had been privatized by early 1994 (Box IV.4). The Government has also signed some 30 performance contracts

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\(^{49}\)Ordinance No. 72/18 of 17 October 1972.

\(^{50}\)Law No. 79/11 of 30 June 1979 and Law No. 89/011 of 28 July 1989.

\(^{51}\)Order No. 100/MINDIC/DPPM of 13 December 1988.
with state enterprises in an effort to improve their financial performance, but improvements have been uneven (Box IV.5). The generally limited results of these restructuring efforts are attributed to the poor financial and management records of many of the companies on offer, economic and other uncertainties, and a general domestic scarcity of credit.

**Box IV.4: Privatization efforts**

The amount of state subventions to the public sector amounted in 1984 to about half of Cameroon’s income from petroleum (Riddell, 1990). This burden became too heavy after oil revenue fell in 1986, both for the public finances and the banking system, where the public sector’s debt had accumulated. In 1986, a Public Enterprise Rehabilitation Mission was created, followed by a technical commission that requested a series of studies on the privatization or rehabilitation of public enterprises with the financial and technical support of various international organisations. The privatization programme moved forward with the signature of the decree of 3 October 1990 defining an initial list of 15 enterprises. The corresponding schedules of conditions were drawn up: four enterprises had been privatized by early 1994.

At a recent seminar on privatization in Cameroon, it was argued that the companies on sale were characterized by large debts, obsolete equipment and poor performance records. In effect, privatization was a form of liquidation, demanding from buyers large capital injections without reasonable profit prospects. Compounding these problems were the uncertain socio-political environment and an absence of investment culture. Cameroon businessmen were said to prefer to engage in trading activities, import/export, or real estate rather than in industry. Moreover the BEAC’s monetary policy was perceived as too restrictive. Criticism was also directed to the list of companies non-privatizable, which included public services and those considered as strategic like the state petroleum company.

A second official privatization list was released in July 1994. The list includes 14 enterprises, mostly in the transport and agro-industrial sectors. The World Bank’s representative in Cameroon was reported as noting that, given the high level of government support to public enterprises (some CFA 460 billion annually), the release of a second privatization list was required for the approval of a US$75 million economic relaunching credit (*Jeune Afrique*, 4 to 10 August, 1994). Cameroon’s Prime Minister explained that the by publishing the list the Government did not acquire precise engagements on privatization, the level of opening of the companies’ social capital or the date to conclude their privatization.
Box IV.5: Enterprise rehabilitation

The financial performance of Cameroon's state enterprises has generally been disappointing. The reasons for this are widely considered to include excessive state interference in administration, poor management, vague objectives and lack of financing. To try to improve this situation, the Government has identified enterprises fit for rehabilitation and required them to sign performance contracts establishing restructuring objectives and defining the engagements of the enterprise and the Government. A fundamental objective is to clarify the roles of both the enterprise and the Government within an explicitly defined strategy. Some 30 enterprises have signed such contracts, which according to 1992 government estimates would lead to budgetary savings of some CFAF 300 billion over four years.

When the appropriate internal and financial conditions have existed, performance contracts are reported to have produced encouraging results (Marchés Tropicaux, 11 December 1992). The example most often cited is that of the national electricity company (SONATEL). Some enterprises, especially in the agricultural sector, have benefited from external financial and technical support and have been able to set up their programmes and obtain positive results within relatively short periods.

However, more often performance contracts appear to have fallen short of their objectives. The implementation of such contracts appears to have faced two major problems: (i) enterprises lacking the capacity to implement the steps envisaged in the contracts and (ii) the Government not complying with its commitments. Indeed, performance contracts appear to have often implied an expenditure level beyond the capacity of the public finances: it has been estimated that the total cost of the financial commitments by the Government concerning these contracts added up to CFAF 327 billion for the period 1989-90 to 1992-93 (Marchés Tropicaux, 11 December 1992). Moreover, with some exceptions, the signature of performance contracts has not been accompanied by changes in management teams or management approaches.

(vi) Adjustment and regional assistance

139. The Employment National Fund was set up in fiscal year 1990/91 to promote structural adjustment in industries experiencing long term imbalances. The project, with a planned duration of four years and an estimated total cost of CFAF 7 billion, includes programmes for on-the-job training, employment self-generation and micro-enterprise creation. These programmes aim at reintegrating into the labour force workers laid off as a result of the economic downturn as well as assisting first-time job seekers. The latter is considered particularly important given the high levels of youth unemployment, which is officially estimated at between 15 to 25 per cent.

140. The labour code was revised in 1992, with the aim of promoting structural adjustment. This has been followed by a series of new labour regulations that have sought to streamline bargaining procedures, introduce more flexible practices to facilitate labour mobility and help increase enterprises productivity. These changes, while potentially establishing the basis for improved working conditions, appear to be doing little in the short run to improve labour mobility. Indeed, according to the authorities, the changes have led to serious incoherences and discrepancies between the current legislation, work contracts still in place and national salary structures (Box IV.6).

[^52]: Law No. 92/007 of 14 August 1992.
Box IV.6: Labour code reform

In a note prepared for this report, the authorities pointed out that the new labour code is now completely disconnected from collective labour contracts, which date back to the early 1980s. Not only do the implementing texts of the new code overlap those collective contracts, but they sometimes contradict them. The situation was described as in a state of flux.

For example, the new law has abolished the deductibility of fringe benefits while adding requirements for enterprises to house relocated workers. The end result has been to increase labour costs to firms and restrict the geographic mobility of labour. While some measures, for example those concerning prior-notification or probationary employment, provide firms with greater flexibility, others, such as the project of compensation for technical unemployment, will increase manyfold the cost of certain allowances. The authorities believe these changes to be untimely, given the current pressures for firms to reduce costs. It was also noted that the CFA franc devaluation was not accompanied by labour-related measures, even though it would have been desirable to take steps to reduce ancillary labour cost to producers.

The authorities note that there have been delays in the presentation of new social security legislation. Currently, the State administers the social security system, which is in financial and organizational difficulties, leading to the demoralization of beneficiaries. The slow pace at which the State has disengaged from this area has had repercussions on the economic activity of firms: benefits come late or not at all, certain risks are not covered and must be borne by firms, and other risks may only be covered by the State, thus precluding competition by private insurers from lowering costs or improving services.

141. In relation to assistance provided to facilitate industry modernisation, the authorities note the assistance granted through the Investment Code (Chapter III(2)).

(vii) Research and development (R&D) and credit assistance

142. Cameroon has a number of institutes for the advancement of agricultural technology. At the national level there is the National Institute for Rural Development, at the University Centre of Dschang, whose activities include research, training of agronomists, support for extension services, and an operational production unit. There are also several centres at the regional level to train agricultural specialists.

143. A national credit guarantee fund has existed for small and medium enterprises (FOGAPE) since 1975. Banks have been compelled to reserve part of their total lending to support small and medium enterprises with loans granted at preferential interest rates. In 1984, the credit guarantee fund was changed into a direct investor for small and medium enterprises. Plans were under way in mid-1994 to provide loans at concessional rates to the farm sector; to finance the scheme, a special tax of 2 to 3 per cent on loans to farmers was planned, equivalent to the tax, for public revenue, imposed on other bank loans.

144. Considerable aid has been provided by various foreign donors in support of structural adjustment programmes. The main sectors to benefit from such funding have been agriculture and agro-industries.
(viii) Other measures

145. Despite Cameroon’s favourable geographic position to markets in Europe and America, maritime transport and handling costs appear high and may hinder trade. This appears to be related to the operation of the National Shippers Council and of international agreements to share shipping routes between Cameroonian and foreign carriers (Chapter IV(2)(iv)(a)). In this regard, Cameroon’s final list of m.f.n. exemptions in the Uruguay Round services agreement explicitly refers to maritime transport, noting the need to promote the national fleet, infant industries and take measures against dumping. These measures appear at odds with Cameroon’s liberalization efforts in other areas.
V. TRADE POLICIES AND PRACTICES BY SECTOR

(1) Overview

1. Prior to 1985, Cameroon's economic policies were inward looking, with import-substitution seen as an important element of the development process. Following the start of oil production in 1977, growing revenue from petroleum exports helped finance both agricultural support programmes and ambitious industrialization plans. The basic policy objective, supported by widespread state intervention, was self-sufficiency in both food and a range of basic manufactures. The economy was protected by high tariffs and various restrictive barriers to trade; domestic production was largely insulated from foreign competition and international prices were without a major rôle in Cameroon's resource allocation. Cameroon's policies in effect fostered industries whose growth, and indeed survival, depended on continuous government assistance and protection.

2. Since 1985, lower oil revenue has reduced the Government's capacity to support activities that are not competitive at world prices. In addition, Cameroon's terms of trade deteriorated and the exchange rate of the CFA franc appreciated in real effective terms. These factors prompted a real GDP decline of some 40 per cent in the period 1986 to 1993. Hence, with growing momentum in the 1990's, Cameroon has implemented a series of economic reform and structural adjustment programmes, aimed at greater market orientation and a stronger rôle for the private sector; the most recent major measures were the devaluation of the CFA franc and the introduction of new fiscal and customs régimes in early 1994. Over the period, quantitative restrictions have been eliminated, tariffs have been reduced and simplified, export taxes lowered, internal price controls largely eliminated and foreign investment encouraged.

3. Petroleum is likely to continue playing a key rôle in Cameroon's economy for years to come; there is simply no short term substitute for its ability to generate both foreign income and profits. However, the diversity and abundance of Cameroon's mineral resources gives other mining activities the potential to eventually play a significant rôle. The farm sector already is a key domestic and external economic factor in Cameroon, accounting for nearly one half of merchandise exports and a larger share of employment. With the reorientation of agriculture toward the market and the potentially competitiveness-boosting effects of the CFA franc devaluation, Cameroon is in principle well positioned to exploit the opportunities that may result from the Uruguay Round. Cameroon's manufacturing sector is the largest and most diverse in the region, with particular strengths in downstream, agro-based industries; however, its performance since 1986 has suffered from low investment and poor project planning and management.

4. Cameroon's ongoing financial stabilization and structural reform effort offers the opportunity to revive the economy, and achieve sustainable growth. However, Cameroon's new industrial policies still have the potential to distort resource allocation. This is particularly true of the current thrust to increase value added on an industry by industry basis and of the sector specific investment régimes now emerging. These strategies may succeed in boosting the targeted activities, but at the expense of lower value added in other industries. More importantly, the piecemeal pursuit of investment and of higher value added risks creating ventures with uncertain long-term prospects while preventing the economy from attaining, given its wealth of natural resources, its high real income potential.
(2) Agriculture, Fisheries, Forestry and Derived Products

5. Agriculture remains critical to Cameroon's economy. In 1992, it accounted for 22 per cent of GDP and some 42 per cent of export earnings. The sector employs about three-quarters of the workforce.

6. Cameroon's staple food crops include plantains, cassava, maize, sorghum and rice, which account for most of the volume of agricultural output; however, much of that production is not distributed through formal markets. Most farming remains in the traditional sector, where farmers cultivate small areas with relatively low yields per hectare. Small-scale farmers also dominate agricultural export production, with the exception of rubber and palm oil. The main export crops are bananas, cocoa, coffee, cotton, rubber, and palm oil. Given the relatively low world prices for many of those products in the early 1990s, the Government continues with a policy of diversification, promoting the cultivation of other crops, including exotic fruits, green beans, sugar peas, flowers, for the export market. Forestry is an important and rapidly growing activity, with its output sold both in domestic and foreign markets. Livestock and fisheries are minor compared with other agricultural activities.

7. For much of the 1980s the Government encouraged agricultural development, using petroleum revenue for this purpose when necessary. For most cash crops, the Government set producer prices prior to each crop season, regulated marketing, and fixed distribution and profit margins. Export taxes were levied on agricultural products, and tariffs were applied on most competing imports. Other support measures included subsidies on fertilizers and pesticides, and bonuses for replanting coffee and cocoa. The rôle of public or semi-public enterprises expanded and came to dominate the modern part of agriculture.

8. Government policies were implemented through several channels, including ministries, parastatal organisations and co-operatives. The Ministry of Agriculture and the Ministry of Livestock, Fishery and Animal Industries were responsible for crop and livestock development and for the supervision of parastatals' project planning and implementation. The Ministry of Industrial Development and Commerce was responsible for agricultural pricing and marketing policies.

9. The Government had moderate success in maintaining agricultural output, but at a high budgetary cost. This cost increased with the fall in the world price of agricultural commodities in the mid-1980s and the burden on public finances again rose with the lower petroleum revenue after 1985. When adjustments became inevitable in 1989, they took the form of drastic changes in producer prices, marketing systems and administrative bodies. These put the agricultural sector into a certain disarray from which it had not fully recovered by mid-1994.

10. The authorities note that a present focus of agricultural policy is the promotion of further domestic processing of products, particularly by providing processors with raw materials at preferential prices and granting them special tax régimes. The authorities also pursue a policy of agricultural diversification, especially, as noted, for export products. They consider that output is currently restricted by obsolete equipment and methods of cultivation, small land holdings, an ageing rural population and, above all, a lack of adequate financing. They are of the view that addressing the latter requires a reliable system of agricultural credit including, at least initially, government subsidies and reduced interest rates; the credit system should also promote a co-operative movement, which is seen as the best option to improve conditions in the agricultural sector.
(i) Staple crops

11. Although available statistical data on staple food crops are not comprehensive, it would appear that Cameroon food production remained steady or increased slightly during the 1980s and early 1990s. Given rapid population growth, however, food production on a per capita seems to have fallen over the period. Nevertheless, a small food surplus appears to exist. The Government considers it important to maintain this food self-sufficiency and efforts are made to keep a balance between food crops and export cash crops; cuts in producer prices of cash crops seem to have led farmers to switch to production of food crops.

12. The marketing of food crops was heavily regulated until recently, and especially prior to 1989. Inter-regional food movements required permits, controls applied to retail food prices, and a number of parastatals were responsible for the stabilization of food prices and for food supply to selected target groups. To protect those parastatals, the Government fixed ex-factory prices, imposed quantitative import restrictions and levied high import duties, notably for rice, edible oil, and meat. These restrictions were abolished with the introduction of the new tariff and customs régimes and the new General Trade Schedule in 1994.

13. The two most important staple food crops in volume terms are plantain and cassava, each with an annual production in the order of about 1 million tonnes. Production of these two crops had trended down until the late 1980s, reflecting a growing preference for cereals as urbanisation progressed. This trend may have changed during the 1990s as deteriorating economic conditions have again made traditional crops attractive. Only a relatively low proportion of plantain and cassava output is distributed through formal markets; most output is consumed in the same zone where production takes place. An import tariff of 30 per cent applies to both products.

14. Cameroon’s main grain crops are rice, maize, millet and sorghum. Maize production rose from 380,000 to some 430,000 tonnes between the early 1990s and 1993. Millet and sorghum are produced exclusively in the northern provinces, where they are the most important food crop. Annual production of millet and sorghum fluctuated about an average of some 480,000 tonnes during the 1987-93 period but appears to be under some pressure from increasing maize output.

15. The annual harvest of paddy rice, increased considerably during the early 1980s, reflecting the Government’s priority of rice self-sufficiency. Annual rice production reached some 100,000 tonnes in 1992-93. Domestic consumption is estimated at some 200,000 tonnes a year. A state-owned company, SEMRY, is responsible for much of the rice production, from three large farms in northern Cameroon. The latter region is the most suitable area for growing but its demand for rice is not high and output is often exported to Nigeria.

16. The rice industry faced financial problems during the late 1980s and a restructuring programme has been in place since 1988. The success of the programme is considered essential to maintaining nutrition levels and rural employment. An equalization system was set up in 1988 to protect the market and provide resources to the industry. A performance contract was signed in 1989 between the Government and SEMRY, which led to lower producer prices, staff reductions and the narrowing of SEMRY’s activities. The rice price was liberalized at the end of the 1992-93 crop year.

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1Based on FAO’s indices of absolute and per capita food production.

2FAO, 1993 Production Year Book.
17. Cameroon imported some US$91 million worth of cereals and cereal preparations in 1992, according to the UNSTAT Comtrade database. About two-thirds of those imports were in the form of cereal preparations, mostly flour or meal. In 1992, imports of wheat amounted to some US$14 million, rice to about US$13 million and maize to just over US$2 million. Usually, most of these products are subject to an import tariff of 30 per cent; rice imports are subject to a 20 per cent tariff. Duty-free status was transitorily granted to wheat and various rice products until 30 June 1994; thereafter, the tariff and turnover tax each applied at a rate of 5 per cent.

18. Cameroon is an important sugar producer, mainly for the domestic market (Chapter V(4)(i)). It also produces a sizable avocado crop, almost entirely for domestic consumption although some export potential is believed to exist.

(ii) Export crops

19. Cameroon’s most important export crops, in descending order of importance by tonnage, are cotton, banana, cacao and palm oil, each with an annual production of between 90,000 and 115,000 tonnes in 1991-92. Two other important agricultural exports are coffee and rubber. During 1991-92, coffee production amounted to some 70,000 tonnes and rubber to about 45,000 tonnes. Based on producer prices for the year, the production of export crops had a domestic value in 1991-92 of slightly more than CFAF 22 billion each for banana and cacao, some CFAF 18 billion for palm oil, and between CFAF 12 and CFAF 10 billion each for coffee, cotton, and rubber.

20. Banana was the most important commodity in terms of exported volume in 1991-92, at about 110,000 tonnes. Cacao and coffee exports that year amounted to some 75,000 tonnes; cotton and palm oil exports were much smaller at some 47,000 and 36,000 tonnes, respectively. Banana was also the most important agricultural export in value terms, reaching almost US$110 million in 1993, an increase from US$23 million in 1988. After a considerable decline during the second half of the 1980s, the export value of cocoa beans recovered to some US$115 million in 1992. On the other hand, the downward trend in coffee exports has apparently persisted, with the value of such exports falling to US$115 million in 1992, compared to US$352 million in 1986. In 1992, cotton exports amounted to just over US$54 million, rubber exports to some US$40 million, and palm oil exports to about US$7 million.

21. The Government has played an important direct rôle in the production of export crops, notably through the Cameroon Development Corporation (CDC). The CDC is a statutory agro-industrial enterprise incorporated in 1947 to acquire, develop and operate extensive plantations of tropical crops. The CDC, which falls under the supervision of the Ministry of Agriculture, is involved mainly in the cultivation of banana, rubber, oil palms and tea. With some 15,000 permanent workers, it is after the Government the largest employer in Cameroon. The CDC has signed a performance contract with

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3 Wheat, HS 1001-1000; and rice products, HS 1006-3010.

4 Ordinance No 94/007 of 16 February 1994.

5 Data on Cameroon’s export crops is not readily available; the numbers provided in the following sections should be considered as broad indicators of relative levels and tendencies.

6 All value estimates based on the UNSTAT, Comtrade database.
the Government to address its deteriorating financial performance, which according to the Corporation, is the result of a continuous drop in commodity prices. Current plans include giving priority to the transformation of basic products into high value semi-finished or finished products for the local and export markets.

22. For the 1994-95 fiscal year, a charge on exports of banana, cocoa, coffee, cotton and medicinal plants is to be collected at a rate of 15 per cent of their f.o.b. value; the charge is deductible from the exporter's taxable income. The authorities indicated that the rationale for this charge was to help balance the public finances while minimising the effects on producers; the export charge should in principle temporarily divert income to the Government that would otherwise accrue to producers from any windfall profits that may have arisen from the CFA franc devaluation, or, for some commodities, any monopoly rents that might be implicit in the recent rise in world prices, with producers to recover such extra income in the form of reduced future taxes. However, the export charge, even if small, is being imposed at a time when the agricultural sector is in an unsettled situation: the production of some export crops, notably coffee and cocoa, suffers from falling productivity and years of inadequate investment. As credit availability is currently a problem in Cameroon, the extra revenue associated with the CFA franc devaluation might provide a partial answer to the sector's present investment needs, which could be undermined by the export charge.

(a) Banana

23. Cameroon's banana industry is of importance, producing about 520,000 tonnes annually, mostly for local consumption. Export-oriented plantations, covering some 3,600 hectares and concentrated in south-west Cameroon, went through a period of decline from the early 1960s to the mid-1980s due to the loss of British markets and the conversion to different banana varieties. A major restructuring of the sector began in 1987, including small reductions in producer prices. Marked improvement have since occurred: between 1988 and 1991 exports more than trebled, from about 36,000 tonnes to some 112,000. Exports increased again in 1992, to about 120,000 tonnes, and were expected to remain at that level in 1993.

24. The growth of the commercial banana industry has been based on large gains in both yields and quality. Underlying these gains were improvements in marketing, privatisation, and new investments in production infrastructure. Marketing was improved with the creation in the late 1980s of the Association de la banane camerounaise, which groups both private and state-owned producers. With a minimal administrative structure, the Association maintains an office in Douala and another in France to overlook the smooth functioning of maritime transport and customs-related matters for banana exports. Investment in infrastructure has improved irrigation, transport and storage at the port of Douala. A research centre was also established in 1989; recently the European Union (EU) provided funds to improve the centre, including hiring and training personnel, and purchasing equipment.

Wood in logs is subject to an exit duty of 25 per cent of an official reference value.

Annual average between 1990 and 1992 as shown in UNCTAD, 1994 Commodity Yearbook.

25. The Government liquidated in 1987 the Office camerounais de la banane; its assets were sold in 1991 to a group of private investors led by the group Compagnie fruitière. As a result, three new plantation companies were created\(^{10}\), legally separated but with the same shareholders and, for two, the same management. Together, the three companies manage some 60 per cent of the commercial banana area and account for about 70 per cent of the production and exports. The Government has also brought in an international company as a partner and technical adviser to the Cameroon Development Corporation. This partnership accounts for some 40 per cent of the cultivated banana area and some 30 per cent of production; Del Monte is responsible for marketing the product.

26. Almost the entire commercial banana output is exported to the EU. France used to take nearly all that production, but Italy became a major market in 1991 and 1992. In the latter year, France purchased some 72 per cent of Cameroon’s banana exports, Italy about 22 per cent and the United Kingdom most of the balance.\(^{11}\) The high concentration of Cameroon’s banana exports in the EU, in particular France, reflects the access terms of the Lomé Convention. Under the Convention, Cameroon is assured an export market of about 80,000 tonnes, a quota that varies according to demand and past export levels. This arrangement appears to be highly lucrative for banana producers in Cameroon: the difference between the price they obtain under the quota arrangement and that attainable under free market conditions is in the order of CFAF 100 per kilogram of bananas delivered in Europe.\(^{12}\) Given official export volumes in 1992, this was equivalent to a transfer (economic rent) of just under CFAF 11 billion from consumers in Europe to traders and Cameroon’s banana producers, comparable to the value of Cameroon’s banana exports in that year.\(^{13}\)

27. Cameroon has requested a sizable increase in its banana quota under the Lomé Convention, to some 215,000 tonnes. The increase would take into account productivity gains alone, as the area under cultivation has changed little. Cameroon producers argue that the quota increase is also justified by the large investments, of some CFAF 16 billion, much of it by European financial backers to relaunch the banana sector. The issue is of some urgency because the surge in Cameroon’s output since 1990 has already caused frictions with other Lomé Convention banana producers, who argue that Cameroon has repeatedly exceeded its quota, and with the EU, which authorized France in December 1992 to apply safeguard measures halting Cameroon’s excess imports (Chapter VI(2)).

28. The devaluation of the CFA franc could translate into lower production costs and may make Cameroon bananas competitive in markets outside the EU. The authorities have indicated that Cameroon aims at banana exports of between 200,000 and 250,000 tons a year. However, Cameroon is increasing its output at a time when, according to the Food and Agricultural Organization (FAO), the already competitive world banana market is heading into surplus. In addition, according to the authorities, even with the devaluation, Cameroon’s production costs are not significantly lower than in banana producing countries competing in free world markets; but Cameroon has the advantage that the quota rents earned in the EU market may allow it to finance its sales into other markets, and thus expand production even if unit costs are higher than world market prices.

\(^{10}\)The Société de plantations nouvelles du Penja; Plantations du Haut Penja; and, Société bananière du Moungo.

\(^{11}\)Marchés Tropicaux, 8 July 1994.

\(^{12}\)This was the difference between the import price in France in 1992 and the corresponding price in Germany, which was largely a free market at the time. The price data is from FAO’s Medium Term Outlook for World Trade in Bananas.

\(^{13}\)According to the authorities, in 1992 banana exports totalled CFAF 13 billion or 108 thousand tonnes.
29. Banana imports are subject to a tariff of 30 per cent, the highest in Cameroon's tariff schedule. Such protection to one of Cameroon's best export performing activities would appear unnecessary, except that before the CFA franc devaluation Cameroon's banana producers may not have been in the position to compete, even in their regional market, with bananas imported from low cost producers.

(b) Coffee

30. Coffee production covers an area of around 400,000 hectares, with the greatest concentration of coffee growers in the west and south of Cameroon. Although output has been decreasing since the mid 1980s, the authorities estimate that coffee production could reach about 70,000 tonnes in 1993-94, following a very poor harvest in 1992-93 when output was some 48,000 tonnes. Output in 1991-92 was about 115,000 tonnes, or some half the volumes produced in the mid 1980s. From 80 to 90 per cent of coffee grown is robusta, the balance being arabica. Almost 95 per cent of Cameroon's annual coffee crop is exported.

31. In the past, particularly through the mid-1980s, artificially high producer prices encouraged farmers to adopt input intensive techniques, which sustained yields exceeding the average for African producers. However, in recent years output has been seriously affected by climatic conditions, coffee's vegetative cycle and, more importantly, the lowering of producer prices. Falling prices have discouraged farmers from buying vital inputs, particularly fertilizers and insecticides, and yields and quality have decreased. Farmers have failed to carry through government programmes to replant coffee trees, abandoning the care of their trees or, especially in the more densely populated arabica growing areas, uprooting coffee plants to replace them with food crops.

32. The restructuring of the coffee sector has been under way since 1989, with in addition the EU partly financing a reduction in employee numbers and a payment of arrears to growers. The reform has led, inter alia, to the replacement of the Office national de commercialization des produits de base (ONCPB) by the Office national du café et du cacao (ONCC). This new Office performs representational and export promotion activities abroad, undertakes quality controls for export products, maintains export statistics and an information system on world and domestic prices, and carries out studies and monitors marketing campaigns. Its activities are financed by the export charge, service charges, and own resources.

33. Because of the downward trend in world prices and the Governments decreasing capacity to provide subsidies, domestic producer prices for coffee have been falling substantially since the late 1980s. Producer prices for robusta coffee were drastically cut between 1988-89 and 1989-90, from CFAF 420 to CFAF 250 per kilogram. Further cuts in producer prices followed, with robusta prices falling by a third at the start of the season 1993-94, to CFAF 100 per kilogram from CFAF 155 for 1992-93. Together with a complete liberalization of the domestic price of arabica coffee, a new pricing system was introduced in 1991-92 for robusta coffee (and cocoa), designed to better reflect world market prices (Box V.1). The system is to be replaced with a full liberalization of the robusta coffee (and cocoa) price, at latest, at the start of the 1995-96 growing season; the necessary legislation for this liberalization has been drawn and awaits enactment by the National Assembly to give it effect.

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14 October to September production year.
Box V.1: The coffee and cocoa pricing system

A new pricing system was introduced in 1991-92 for robusta coffee and cocoa; concurrently, the price of arabica coffee was liberalized. The system establishes a producer price, a reference price and the so-called "incompressible" unit costs. The reference price is set according to sales contracts already negotiated by Cameroon's private exporters; the "incompressible" unit costs comprise intermediate costs, traders' margins and taxes. Both the reference price and "incompressible" unit costs are set by the Government in consultation with the Office national du café et du cacao and the Conseil interprofessionnel du cacao et du café. The producer price is computed as the reference price minus the "incompressible" unit costs, it is published by the Government by decree, and is the minimum price paid to farmers. This system is to be eliminated, at latest, with the start of the 1995-96 growing season.

A price stabilization mechanism is also part of the pricing system, introduced in 1991-92. A coffee (robusta) or cocoa exporter is guaranteed the reference price. If the world price is lower than the reference price on the day of export, the exporter is entitled to the difference. If the world market price is higher than the reference price, the exporter pays the difference into a stabilization fund.

34. Implementation of the coffee restructuring programme has encountered problems, including lapses in quality control and the maintenance of prices above their equilibrium level. Moreover, the withdrawal of the ONCPB has apparently not always been beneficial, with problems allegedly arising in the awarding of licenses to middlemen on grounds other than technical expertise.16

35. Until late 1993, exports were adversely affected by falling world coffee prices. According to the authorities, the value of exports fell from some CFAF 200 billion in 1986 to CFAF 25 billion in 1991 and 1992, the result both of falling world prices and a 50 per cent decline in volume. Other estimates indicate that coffee exports fell to about CFAF 16 billion in 1992-93, in part as a result of problems with the implementation of the sector's reform program.17 Rising world prices and the CFA franc devaluation in early 1994 pointed to a partial recovery of exports for the 1994-95 season.

36. By value, about 90 per cent of coffee exports went to the EU in 1991 and 1992.18 The four largest national markets were France, Germany, Italy and Spain, which together took 75 per cent of Cameroon's total coffee exports. The most important destinations outside the EU were Algeria and the United States, each accounting for less than 3 per cent of total exports.

37. Cameroon liberalized the export of coffee in early 1994, subject to compliance with international quality standards and other administrative requirements (Chapter IV(3)(i)). Coffee growers are allowed to export their crop directly, rather than through approved dealers; growers simply have to submit a request to the Ministry of Industrial and Commercial Development. The ONCC is charged with monitoring and helping with the marketing of coffee abroad. As noted, state-guaranteed minimum producer prices for coffee farmers are to be removed at the start of the 1995-96 season, at latest.

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16Economic Intelligence Unit, Country Report: Cameroon, First quarter 1993.

17Marchés Tropicaux, 15 April 94.

18The latest years for which final Comtrade statistics were available.
38. Cameroon participates in the coffee "export retention plan" agreed in 1993 within the framework of the Association of Coffee Producing Countries. The plan aims at achieving market equilibrium by regulating supply through participant countries withholding a percentage of their export sales. This percentage is a function of the level of a world "price indicator": retention ranges from 20 per cent for prices below US$0.75 per pound to zero per cent at prices above US$0.85 per pound. Exports from countries participating in the plan are subject to a certificate of origin. According to the Cameroon authorities, the retention plan has encouraged a dual market in which non-members sell at considerable discounts and create shortages of certain grades of coffee; overall, however, the plan does appear to have helped increase, at least temporarily, world coffee prices.

39. Coffee production appears to receive significant effective protection from Cameroon's tariff structure: imports of coffee beans are subject to a tariff of 30 per cent while the tariff on fertilizer is 5 per cent and that on insecticides ranges from 5 to 20 per cent.

(c) Cocoa

40. Cameroon is among the ten largest cocoa producers in the world, although its share of world output has fallen with the expansion since the mid-1980s of cocoa production in south-east Asia. In Cameroon, cocoa is grown on about 350,000 hectares in the centre and south west. Most production takes place on small plantations. Output was erratic during the 1980s, with a downward trend emerging during the 1990s.

41. High producer prices encouraged costly production that was supported by considerable and constant government subsidies. Restructuring efforts have been underway since 1989, in line with similar efforts in the coffee sector, including the replacement of the Office national de commercialization des produits de base (ONCPB) by the Office national du café et du cacao (ONCC). Producer prices have also been reduced to bring them progressively into line with the world market. Between 1988-89 and 1989-90, cocoa producer prices were cut from CFAF 420 to CFAF 250 per kilogram, a fall of some 40 per cent; subsequently producer prices were further progressively reduced, to CFAF 150 per kilogram in 1993-94. A new pricing system was introduced in 1991-92 for cocoa (and robusta coffee) designed to reflect world market prices (Box V.1); the cocoa price is to be liberalized, at the latest, at the start of the 1995-96 growing season. A government agency, SIC Cacao, is involved in the purchase and transformation of cacao.

42. The successive cuts in producer prices and liberalization of the marketing and export circuits contributed to a decline in output. Cocoa yields have also diminished, a result of the failure of replanting programmes to keep pace with the ageing of plantations: according to the authorities, 45 per cent of cocoa bushes are more than 20 years old. Production of cocoa beans reached a peak of about 133,000 tonnes in 1987-88, followed by continuous falls until 1992-93; production was expected to recover slightly, to about 100,000 tonnes in 1993-94 and to hold at this level. Judging by this increased cocoa output, the restructuring programme has had positive results. However, there still appear to be problems with scaling down the regulatory system previously maintained by the ONCPB, which could undermine the premium quality status of Cameroon cacao; recent reports indicate a falling butter content.

43. Exports were adversely affected by output reductions in the period prior to 1992-93 and by weak world prices. Exports of cocoa beans fell from just under 100,000 tonnes in 1988-89 to slightly less than 90,000 tonnes in 1991-92 and 1992-93. The strengthening of world prices since mid-1993

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appears to have resulted in improved export revenues in 1993 and is likely to result in an upturn in revenue from cocoa bean exports in 1994-95.\textsuperscript{20} The EU takes virtually all of Cameroon’s cocoa exports, accounting for some 98 per cent in 1992; the Netherlands is the largest single market, with a share of 75 per cent of exports, followed by France, Germany and Spain.

44. Cocoa exports were formerly subject to marketing controls requiring exporters and private purchasing agents to be licensed by the Government. The export of cocoa was liberalized in early 1994, subject to compliance with international quality standards and other administrative requirements (Chapter (IV)(3)(i)). The ONCC is charged with monitoring the marketing of coffee and cocoa. Cocoa imports are subject to a tariff of 30 per cent; producers also benefit in relative terms from lower tariff rates for inputs such as insecticides.

45. Cameroon has joined the plan adopted in 1993 by the International Cocoa Organisation that, according to the authorities, aims to manage the structural over-production, which in their view was responsible for the fall in world cocoa prices up to mid-1993. The plan is initially to last five years; it requires producers to establish national programmes, which are submitted "for examination" to a production committee that is charged with the co-ordination of the programmes and recommends measures that may contribute to the stabilization of the market. The plan uses a buffer stock as its principal price-stabilizing mechanism; \textsuperscript{2} the stock is financed by a levy on commercial transactions. There is also a supplementary mechanism based on the withholding from the market of national stocks, which are not purchased by the buffer stock but placed under its control. The authorities note that this is the first commodity agreement in which the agreed prices are expressed Special Drawing Rights (SDRs), which they believe avoids distortions from excessive exchange rate fluctuations.

46. It is an open question whether the International Cocoa Organisation plan will stabilize world cocoa prices, even in the short run. In fact, prices could come under pressure from a combination of increased supplies and stagnant, or even falling, demand. Supply is likely to expand as a result of increasing production in south east Asia and the probable cost reducing effect of the CFA franc devaluation in franc-zone cocoa producers. Demand is threatened by the possibility of the EU allowing an increased use of vegetable oils other than cocoa butter in the manufacture of chocolate products: according to some estimates, this could reduce world consumption and prices by up to 20 per cent.\textsuperscript{21} The effect on Cameroon cocoa producers would probably be significant given their all but total reliance on the EU market.

(d) Cotton

47. In Cameroon, cotton is produced by small-scale farmers almost exclusively in the heavily populated north; productivity is high and the raw cotton is considered to be of good quality. Although cotton production has been irregular, an upward trend prevailed in the 1980s, with output reaching a record level of about 165,000 tonnes of cotton-grain in 1988-89. Production during the 1990s has been lower, averaging about 110,000 tonnes a year. Domestic producer prices started falling in 1986-87 and were considerably reduced between 1988-89 and 1989-90, from about CFAF 123 to CFAF 91 per kilogram.

\textsuperscript{20}Based on the UNSTAT Comtrade database.

\textsuperscript{21}Marchés Tropicaux, 8 July 1994.
Marketing, collection and supply of fertilizers and other inputs is the responsibility of the Société de développement de cotton (SODECOTON), whose capital is held by the Government (70 percent) and a foreign company. SODECOTON buys the cotton crop at producer prices set by the Government and is the sole authorized exporter. The producer price plus SODECOTON's operating costs generally exceed export prices and the company has incurred substantial losses in recent years. Financial assistance to the cotton sector amounts to some CFAF 50 billion a year. Unlike for coffee and cocoa, no substantial changes have been made in recent years in the arrangements governing the cotton sector, although a performance contract signed by SODECOTON with the Government in 1989 has led, according to the authorities, to some improvement in the company's cost structure.

Exports of cotton in 1992 amounted to some US$54 million, down from about US$70 million in 1991. Countries in Asia are the main market, absorbing some 60 per cent of exports in 1992, followed by the EU, with 27 per cent. Cotton imports are subject to a 10 per cent tariff.

Production of palm oil has remained reasonably steady since the mid-1980s at about 90,000 tonnes a year, about twice the level of the late 1970s. Five companies are engaged in the production of raw oil, with the parastatal Socapalm accounting for about half the output. The other major producer is also a parastatal, the Cameroon Development Corporation (CDC). The industry is an important employer; the production of raw oil supports some 160,000 farmers. Wholesale and producer prices were fixed by the Government until June 1994, since when prices have been liberalized.

Since the mid-1980s, domestic prices have been reduced, from CFAF 271 per kilogram in 1984-85 to CFAF 191 per kilogram in 1991-92; incentives to growers have decreased, import competition has strengthened, and plantations have aged. Restructuring measures are being implemented and performance contracts have been signed between the Government and Socapalm and CDC. A plantation rehabilitation programme is under consideration to address the anticipated shortfall in crude oil production by the turn of the century.

Cameroon's exports of palm oil were some US$10 million in 1990, US$5.5 million in 1991 and US$7 million in 1992. The EU and countries in Africa are the main export destinations. Cameroon placed a ban on palm oil exports in late 1994, following reported domestic price increases of some 400 per cent.22 A committee was set up to monitor production and distribution and ensure that the export ban was respected.

Production of natural rubber has been encouraged by the Cameroon Government and export prospects have for a long time been considered good, with yields comparable to those of the major Asian producers. Almost all the crop is exported. Output has increased in recent years, to about 45,000 tonnes in 1992-93. Producer prices reached CFAF 322 per kilogram in 1988-89 but had fallen to CFAF 225 per kilogram in 1991-92. Prices are free since the start of the 1994-95 season; previously they had been set by the Government. Again as for palm oil, according to the authorities, rubber producers do not currently receive direct government subsidies.

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54. The Cameroon Development Corporation (CDC) and Hevecam, both state controlled, produce about 90 per cent of rubber output. With world prices down and high transport costs to European and American markets, both enterprises encountered financial difficulties in the past; in 1992, Hevecam's unit production costs were in the order of CFAF 310 per kilogram, with resultant losses of about CFAF 115 per kilogram sold in the world market.23

55. Hevecam signed a performance contract with the Government in 1990, to reduce costs; the rescheduling of its long-term debt is under study, as is its investment plan. According to the authorities, for Hevecam and CDC the devaluation of the CFA franc, providing an immediate boost in receipts, was necessary for their survival.

56. Rubber exports have been on an upward trend since 1985, with their value about US$37 million in 1991, US$40 million in 1992, and an estimated US$48 million in 1993. The EU is the major market, taking some 90 per cent of Cameroon's rubber exports in 1992; France was the largest national market, with a share of some 40 per cent. Other than the EU, Cameroon's largest market is the United States with a share of 7 per cent. Cameroon participates in the rubber international commodity agreement, currently in the process of renegotiation. A relatively low tariff rate of 10 per cent is applied to imports of natural rubber.

(g) Other export crops

57. Tobacco production, primarily for export to the Netherlands, has been at somewhat less than 2,000 tonnes a year since 1987. Tea is produced throughout western Cameroon, with most output domestically consumed or exported to Chad, the Central African Republic, Gabon and Sudan; plans in progress aim at improving quality and increasing exports to other markets. Pineapples are produced both for local consumption and export, mostly to Europe; such exports, however, appear to have fallen considerably since the mid-1980s. Europe is thought to be a potentially important market for Cameroon vegetables that are grown during the European off-season; a venture to process, freeze and export green beans was recently launched and sales to the EU, though small, appear to be growing.

(iii) Livestock

58. Cameroon's ecology and climate are not ideal for large-scale animal husbandry except for areas in the north, where livestock makes a significant contribution to the food supply. Cattle and sheep are predominantly raised by traditional grazing methods although the Société de développement et d'exploitation des productions animales runs three cattle ranches. The livestock population has been affected in recent years by the tsetse fly and outbreaks of peripneumonia.

59. The herd has increased in recent years and in 1993 was assessed at almost 5 million cattle, some 3.8 million sheep, a similar number of goats, and about 1.4 million pigs.24 There are two modern slaughter houses (Chapter V(4)(i)). Poultry farming appears to be proving an attractive option for workers laid off from other activities; the chicken population was some 20 million in 1993, compared to 18 million in 1991.

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24Livestock members are from FAO, 1993 Production Yearbook.
(iv) Fish, shellfish and products

60. There are several constraints to an expansion of Cameroon's industrial fishery. Cameroon has only 400 kilometres of coast line and these are interrupted by the Equatorial Guinean island of Bioco and its territorial waters. Moreover, Cameroon's waters are not well stocked, primarily because they are bypassed by currents carrying plankton and other fish food. In addition, fishing in proximity of the border with Nigeria is not encouraged. Drought has repeatedly affected yields from inland fishing areas.

61. Small-scale fishing predominates, with an estimated total catch of just under 92,000 tonnes in 1991-92; the industrial catch was put at almost 10,000 tonnes in 1989-90 and the freshwater catch at about twice that volume. At its peak, Cameroon produced 24,000 tonnes of shrimp a year, but annual production had fallen to slightly more than 1,000 tonnes by the early 1990s, most of which was exported. The shrimp parastatal, Crevettes du Cameroun, is slated for privatization.

62. Cameroon has minimal secondary processing of fish or other sea products and import dependence in all fish products is significant. Annual imports of fresh fish are estimated at about 80,000 tonnes, and those of frozen, tinned, smoked and salted fish at some 50,000 tonnes. Cameroon applies tariffs ranging from 20 to 30 per cent to imports of fish and fish products.

(v) Forestry

63. Cameroon's forests cover some 22 million hectares, equivalent to about 43 per cent of land area. About one-half of the forest area is licensed for exploitation, of which a fraction is under active development. The forestry makes an important contribution to employment, providing between 35,000 and 40,000 jobs. Forestry operations play an important rôle in local economies, particularly given the legal requirement that operators undertake social infrastructure works such as roads and schools construction. Wood products are Cameroon's second largest export and make a crucial and growing contribution to foreign earnings.

64. The authorities note that some 200 forestry licences were registered, of which slightly over 100 were in operation. The industry includes 61 units at the level of primary transformation, including plants for the production of plywood and veneer sheets. Cameroon's annual forest production amounts to some 14 million cubic metres, much of which is used as fuel; some 3 million cubic metres of wood are for industrial purposes, mostly in the form of sawlogs and veneer logs, although sawnwood, and plywood and veneer sheeting (wood panels) are also of some importance (Chart V.1).

65. Production of industrial roundwood has shown a clear upward trend since 1981, while production of sawnwood and wood-based panels has fallen since 1986, after increasing during the first half of the 1980s (Table V.1). Export volumes for those three product groups have risen substantially since 1986; export values have risen more rapidly than volumes, driven by price increases.

66. About 25 per cent of the volume of industrial roundwood produced in 1991 was exported in the form of logs; 50 per cent of sawnwood and 30 per cent of wood-panels are exported (Chart V.2). In value terms, exports of logs are dominant; the wood-panels category is the smallest, but given their high specific value, the value share of these exports is more important than their volume share.

Table V.1
Production and export indicators for forest products
(In units as indicated)

<table>
<thead>
<tr>
<th></th>
<th>Production (thousand tonnes)</th>
<th>Export volume (thousand tonnes)</th>
<th>Export value (million US$)</th>
<th>Export unit value (US$ per ton)</th>
<th>Export volume as per cent of production</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial roundwood</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average 81-86</td>
<td>2525</td>
<td>489</td>
<td>45</td>
<td>93</td>
<td>19</td>
</tr>
<tr>
<td>Average 87-92</td>
<td>2955</td>
<td>574</td>
<td>120</td>
<td>201</td>
<td>19</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sawnwood</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average 81-86</td>
<td>479</td>
<td>96</td>
<td>15</td>
<td>158</td>
<td>20</td>
</tr>
<tr>
<td>Average 87-92</td>
<td>505</td>
<td>140</td>
<td>38</td>
<td>268</td>
<td>28</td>
</tr>
<tr>
<td>and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wood-based panels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average 81-86</td>
<td>86</td>
<td>33</td>
<td>14</td>
<td>448</td>
<td>40</td>
</tr>
<tr>
<td>Average 87-92</td>
<td>80</td>
<td>23</td>
<td>18</td>
<td>767</td>
<td>28</td>
</tr>
<tr>
<td><strong>Average annual per cent change</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial roundwood</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average 81-86</td>
<td>3.9</td>
<td>4.1</td>
<td>1.0</td>
<td>-4.6</td>
<td>-0.5</td>
</tr>
<tr>
<td>Average 86-92</td>
<td>2.0</td>
<td>8.9</td>
<td>40.2</td>
<td>28.1</td>
<td>7.0</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sawnwood</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average 81-86</td>
<td>-4.1</td>
<td>-1.8</td>
<td>-4.3</td>
<td>-2.2</td>
<td>-1.5</td>
</tr>
<tr>
<td>Average 86-92</td>
<td>-1.8</td>
<td>32.5</td>
<td>50.4</td>
<td>15.2</td>
<td>36.3</td>
</tr>
<tr>
<td>and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wood-based panels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average 81-86</td>
<td>8.6</td>
<td>-11.4</td>
<td>-7.8</td>
<td>11.4</td>
<td>-19.0</td>
</tr>
<tr>
<td>Average 86-92</td>
<td>-3.4</td>
<td>12.3</td>
<td>20.4</td>
<td>5.0</td>
<td>18.9</td>
</tr>
</tbody>
</table>

Chart V.1
Production of forest products, 1991
Thousand cubic metres

- Firewood and charcoal: 11,198
- Other: 799
- Sawlogs and veneer logs: 2,290
- Industrial roundwood: 3,089

Roundwood removals: 14,287

Sawnwood: 489

- Industrial roundwood is used to produce sawnwood and wood panels.


Chart V.2
Exports of forest products, 1991

A. Volume (thousand cubic metres)
- Logs: 771
- Sawnwood: 253
- Wood-based panels: 25

B. Value (million US$)
- Logs: 157
- Sawnwood: 58
- Wood-based panels: 20

67. The EU is the largest market for Cameroon's exports of wood products, taking slightly more than 90 per cent of such exports in 1991 and 1992. In 1991, Spain was Cameroon's single largest customer for sawnwood, while Italy was the largest market for logs and wood-based panels; France was a large market in all three product categories (Chart V.3).\(^{26}\) Besides the EU, Japan is Cameroon's most important market for forest products accounting for about 5 per cent of the total in 1992, following fairly rapid growth in recent years.

**Chart V.3**

*Exports of forest products to selected countries, 1991*

<table>
<thead>
<tr>
<th>Thousand cubic metres (logarithmic scale)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
</tr>
<tr>
<td>100</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>0.1</td>
</tr>
<tr>
<td>0.01</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Germany</th>
<th>Belgium</th>
<th>Spain</th>
<th>France</th>
<th>Italy</th>
<th>Netherlands</th>
<th>Greece</th>
</tr>
</thead>
</table>


68. Most registered forestry firms are foreign with the financial and technical capacity to overcome infrastructure difficulties and high internal transport costs. According to some estimates, less than 20 per cent of all exploitation permits have been granted to firms in Cameroon, which account for some 10 to 20 per cent of total production.\(^{27}\) Foreign firms, of which 80 per cent are French, account for at least 90 per cent of log exports.\(^{28}\) According to the authorities, foreign participation in forestry has played a positive rôle, although they are concerned at the relatively high proportion of log exports believing that there should be greater domestic value-added in exports.

\(^{26}\) Differences in data sources make Charts V.2 and V.3 not directly comparable, especially for the wood-panels category.


\(^{28}\) EIU (1993) and *Marchés Tropicaux*, op.cit..
69. Despite rapid growth in wood production in recent years, the Cameroon forest by and large has not been overexploited. Indeed, a study carried out by the Organisation africaine du bois concluded that Cameroon has the potential to exploit its forests further without undermining the rate of regeneration of trees, assuming that a well-thought-out forestry policy is implemented. This favourable situation has arisen from a relatively conservative policy of forest management and from natural impediments to exploitation. The forested areas include a large number of species without a dense population of a single type: around 300 different species are of commercial value, of which only 30 are exploited and three account for around 60 per cent of production. Terrain tends to be uneven and without the waterways suitable for inexpensive transport of timber to industrial centres and ports.

70. These are also other problems. According to a study completed earlier in 1993 by USAID, 25 to 30 per cent of each felled tree is lost at the logging site and total wastage from felling to sawn timber is as high as 65 to 75 per cent. The study concludes that the current economic crisis has had a particularly negative effect on forest management, as exploitation has been stepped up to try to offset the fall in earnings from other commodities. According to Riddell (1990), the forest industry has also suffered from the absence of a comprehensive timber strategy, low technical proficiency, obsolete machinery and an inadequate secondary road network in the timberland. To these, should be added the effect of the export tax on raw and semi-processed logs of 25 per cent of an official reference price (Chapter IV(3)(ii)) and scarce and expensive financing.

71. In an effort to permit the forest industry to achieve its real potential, a new forest code was adopted in January 1994 (Box V.2). The code improves environmental protection and the integral management of forest resources while seeking to enlarge the direct economic contribution of the sector: in particular, producers are required to transform in place at least 70 per cent of their production and there are provisions to ban exports of unprocessed wood by the year 2000.
Box V.2: Cameroon’s new forest legislation

Law No 94/01 of 20 January 1994 introduced a new forest code. The code recognizes four forms of forest ownership: state, communal, town-related and private. Under the new scheme, forest areas are divided into permanent and non-permanent forest. The first category must cover at least 30 per cent of Cameroon’s territory and includes national and communal forests. Non-permanent forests include private lands, granted after an environmental impact assessment is undertaken. The exploitation of all forests is subject to the previous approval of a management plan by the authorities.

Forest exploitation is subject to a prior inventory of resources in place. Exploitation licences are only granted to Cameroon residents, or firms with headquarters in Cameroon and whose capital composition is known by the forest administration. Production volumes are agreed in exploitation agreements, which have a duration of 15 years and are re-evaluated each three years. Forestry concessions, the territory over which an exploitation agreement applies, are subject to the approval of a competent commission. Certain forestry concession are reserved to nationals and in no case may exceed 200,00 hectares. The recipient of a forestry concession is required to conclude a provisional agreement before the signature of a definitive one. The temporary agreement has a maximum duration of three years and requires the concessionary to undertake certain works, in particular the establishment of industrial plants to transform wood. Such plants and the social address of the firms should be located in the region of exploitation.

Forestry concessions require the payment of a security bond. Several fiscal charges are applied to forestry exploitations: (i) a territorial levy, (ii) a felling fee, (iii) a progressive surtax on the exportation of non-transformed forest products, (iv) a contribution to social infrastructures, (v) a charge for the forest inventory, and (vi) a contribution to management operations. Most of these charges are fixed annually in the Law of Finances.

As a general rule, 70 per cent of wood logs are to be locally transformed during a transitory period ending in January 1999. Afterwards, exports of wood logs are to be prohibited. Exports of non-transformed special forest products is subject to an annual prior authorization and to the payment of the progressive surtax, fixed as a function of exported volumes. By January 1997, the authorities are to conduct an evaluation of forestry exploitations to verify compliance with regulations concerning the local transformation of all wood logs; serious breaches will lead to the suspension or annulment of concessions.

The Law is under review by the authorities, to streamline its administration and improve its transparency.

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72. Cameroon’s log export tax and the domestic transformations requirement are justified by the authorities as a mechanism to encourage local value added, job creation and secure supplies for local industries. It should be noted that the proportion of transformed products is already substantial: of total production of some 3 million cubic metres of industrial roundwood in 1991, logs exported accounted for just under 0.8 million cubic metres (Charts V.1 and V.2), with the remainder for sawnwood, wood-panels, construction and other activity. In other words, over 70 per cent of log production is already transformed in Cameroon. Export restrictions are likely to increase this rate of transformation, but probably at the expense of other activities.

73. Based on other countries’ experience, export restrictions on unprocessed logs provide effective protection to downstream wood-processing activities. They do this by lowering domestic log prices and thus providing wood-processing activities with subsidized inputs. Those subsidies are funded from transfers of resources from the community as a whole, in the form of forgone royalties due to lower

prices, in favour of wood-processing activities. Moreover, as some of the assisted activities are, by
definition, uncompetitive at world prices and have relatively low efficiency levels, part of the nation’s
natural wealth risks being wasted.

74. Imports of wood products, in raw, semi-processed and processed form, are subject to a tariff
of 30 per cent.

(3) Mining (including petroleum)

75. The mining law of 1964 is complex and provides for extensive state intervention. All mineral
resources are owned by the State, but private participation is allowed through four different mining
régimes: prospecting, exploration, extraction and concession. Mine operators pay a number of charges,
including area-related duties and ad valorem royalties.

76. The petroleum industry is of great importance to Cameroon, accounting for about half of
its total exports. However, investment in the sector has stagnated and both production and reserves
have declined since the mid 1980s: halting these trends has been one of the Government’s main priorities
in recent years. By contrast to petroleum, most non-fuel mining activity is on an artisanal scale, with
little domestic or foreign investment. To re-launch the sector, particularly by making private investment
more attractive, the Government is committed to reforming the mining legislation now in place.

(i) Petroleum and other fuels

77. Cameroon is a modest petroleum producer, with its oil fields located between the major oil
provinces of Nigeria and Gabon. Cameroon’s petroleum extraction first came on stream at the end
of 1977 in the Rio del Rey basin, near the frontier with Nigeria; several smaller fields came into
production in the first half of the 1980s. That period was also the most active for exploration: official
data shows a rapid expansion of seismic work and exploration and appraisal wells between 1978 and
1982. Exploration and development subsequently declined to very low levels, mainly as a result of
low oil prices and an unattractive hydrocarbons code. A range of amendments to that code were
introduced in 1990. New exploration permits were awarded in 1991 and exploratory seismic and drilling
work resumed, although not at levels comparable to those of the early 1980s.

78. At the end of 1992, Cameroon’s remaining identified oil reserves were about 56 million tonnes
(just over 400 million barrels), equivalent to some seven years of production. Cameroon’s petroleum
production is not, however, likely to halt by about the turn of the decade; rather it is expected to
stabilize at between 80,000 to 100,000 barrels per day, depending on the degree to which exploration
is successful.

79. Production of crude petroleum increased rapidly from 1980 and peaked in 1985, when the volume
and value of petroleum exports also reached record levels (Chart V.4).30 World petroleum prices fell
sharply between 1985 and 1986: the unit value of Cameroon’s oil exports falling from just under US$26
per barrel to US$12.75. Largely as a result of this price decline, the value of Cameroon’s oil exports
halved between 1985 and 1986.

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30Chart V.4 is based on Cameroon’s official data on oil production and exports, which until recently were
kept confidential.
Chart V.4
Production, exports and consumption of crude petroleum, 1980-94

<table>
<thead>
<tr>
<th>Production</th>
<th>Exports</th>
<th>Domestic consumption (DC)</th>
<th>DC from domestic oil</th>
<th>DC from imported oil</th>
</tr>
</thead>
</table>

### a. Volume (thousand barrels per day)

- **1980**
- **1981**
- **1982**
- **1983**
- **1984**
- **1985**
- **1986**
- **1987**
- **1988**
- **1989**
- **1990**
- **1991**
- **1992**
- **1993**
- **1994**

### b. Value (USS million)

- **1980**
- **1981**
- **1982**
- **1983**
- **1984**
- **1985**
- **1986**
- **1987**
- **1988**
- **1989**
- **1990**
- **1991**
- **1992**
- **1993**
- **1994**

**Source:** Official Cameroon data for the years from 1985 on (1994 extrapolated from first semester); GATT estimates for the years before 1985, based on data from OPEC and British Petroleum.
80. Lower prices sharply reduced exploration and, given Cameroon's modest oil reserves, production volumes started to trend down from 1986 onwards. Export volumes initially also fell, but as Cameroon's refinery increased its use of foreign crudes to supply the domestic market, they rose to peak again in 1990. By that year, petroleum prices had recovered somewhat, which resulted in the value of Cameroon's exports reaching its second highest level ever in 1990. Thereafter, however, falling production volumes resulted in reduced export volumes, which combined with weaker world petroleum prices to lower the value of Cameroon's petroleum exports by about 40 per cent between 1990 and 1993.

81. The fall in the value of petroleum exports between 1990 and 1993 would have been larger had Cameroon's refinery not increased its use of imported crude oil during that period, thus freeing petroleum for export while increasing petroleum imports. Official estimates indicate that domestic consumption of petroleum varied between about 15,000 and 22,000 barrels per day during the 1990-1993 period; imported crude petroleum supplied about 40 per cent of that consumption in 1990, and between 70 and 80 per cent afterwards. These high shares are largely explained by Cameroon's refinery being better suited for imported than local crudes (Chapter V(4)(v)).

82. Government participation in petroleum production is through the state hydrocarbons corporation, Société nationale des hydrocarbures (SNH). The SNH was created in 1980 with the main objectives of promoting hydrocarbon-related activities in Cameroon and managing the State's interest in the petroleum sector. The corporation operates under the direct supervision of the Presidency of the Republic. SNH's relationship with private petroleum companies is defined in the framework of association contracts for exploration, production and export activities (Box V.3). At the end of 1993-94, state participation in petroleum extraction consisted of SNH's 20 per cent share in joint ventures with four foreign firms.

**Box V.3: Contractual terms and conditions for petroleum exploration**

Société nationale des hydrocarbures (SNH) operates contractual instruments with international oil companies (IOCs) that combine elements of production sharing and concessional terms. Exploration permits are granted for four years and are renewable up to three times, each for a maximum of four years. Mining concessions are granted for twenty-five years, and renewable. Exploration permits and mining concessions are linked contractually. Exploration permits spell out minimum seismic commitments and a timetable for well development. The fiscal arrangements are:

- IOCs assume full financial risks in the exploration phase;
- SNH may choose to meet its share of production cash calls either in cash or in crude oil;
- after commerciability is declared and production is established, the revenue stream is split between IOCs and the Government in proportions stipulated in the negotiated contractual instruments;
- cost recovery by the IOCs takes place out of the Government's initial production share; and
- IOCs are guaranteed a negotiated level of "mineral rents".

The general framework for contractual agreements in Cameroon's petroleum industry appears to allow a large degree of discretionary action to SNH. This makes accountability an issue, contractual arrangements more complex, and may require repeated renegotiations as the economics of oil fields change. This system places a considerable share of the financial risk on the IOCs, leaves them with a degree of uncertainty on the stability of their contracts, and thus, decreases the available mineral rents to the Government. A system based on collecting directly a share of those mineral rents through a resource royalty might be more appropriate in Cameroon.
83. Until 1990, the petroleum industry was heavily "taxed". Conceived during the period of rapid growth, the earlier contractual agreements earmarked almost 87 per cent of profits to the Government, which reimbursed operators the exploration expenses leading to production only if (and from) oil that came on line, i.e. private operators were responsible for all exploration risks. As lower petroleum prices made exploration under those agreements unattractive, Agreements signed since 1990 have increased the share of profits reserved to the operators, required SNH to pay for some exploration work, and relaxed restrictions concerning the use of foreign currencies and the repatriation of earnings. Petroleum companies have also been granted fiscal advantages and greater autonomy to manage their operations.

84. A tariff of 10 per cent applies to imports of crude petroleum; a special import tariff of 15 per cent and other levies apply to refined petroleum products (Chapter V(4)(v)).

85. Cameroon has important reserves of natural gas. Development plans were drawn in 1982 but the required investment of several billion US dollars to build a liquified natural gas (LNG) plant and the depressed state of the world LNG market have led to their indefinite deferral. Feasibility studies have been conducted to use the natural gas as fuel in domestic industry or to make such products as fertilizers or methanol, but without result so far. The authorities consider such projects feasible provided a policy to encourage gas consumption by selected firms is adopted and foreign operators are found with the expertise and willingness to share in both the technical and economic risks of the projects.

86. There are plans to construct a 1,000 kilometres pipeline, of which some 850 kilometres would be in Cameroon, to carry oil from Chad across Cameroon. A new company is being set up, the Cameroon Oil Transportation Company, to build and manage the pipeline. In Cameroon, in addition to the pipeline itself, the project would involve pumping stations and storage and loading facilities. Deep water facilities are envisaged to handle large tankers. The cost of the pipeline regiment in Cameroon is in the order of US$1.8 billion, against possible receipts of US$1 a barrel for transit rights.

(ii) Non-fuel minerals

87. Cameroon's aluminium smelter depends on bauxite supplies from Guinea (Chapter V(4)(vii)). Cameroon has potentially commercial bauxite deposits in Adamaoua Province but their location, some 800 kilometres from the coast, is a major constraint. The Government is considering plans to exploit those reserves and a consortium has been formed to formulate a project. Cameroon also has important unexploited deposits of high-quality iron ore and of uranium reserves. There are several large limestone deposits in northern Cameroon, and these are mined to supply the cement plant (Chapter V(4)(vi)). Tin is mined on a artisan scale; studies were conducted to raise output but plans were abandoned after reserves proved lower than expected. Alluvial gold has been discovered in various regions in eastern Cameroon; reserves are being evaluated and, if viable, may be exploited on an industrial scale. Illegal gold mining appears to be considerable; the Minister for Mines is reported to have stated that some 42,000 miners are engaged in gold smuggling from the Eastern province at an annual cost to the Government of some US$13 million. Diamonds also appear to have been sporadically found and illegally exported.

[African Economic Digest, 29 August 1994.]
(4) Manufacturing

88. Manufacturing accounts for about 20 per cent of Cameroon’s GDP. Since 1986 the sector has been adversely affected by the contraction of the domestic economy and the loss of competitiveness in foreign markets. Although the sector’s evolution is difficult to quantify because of the paucity of up-to-date information, according to the authorities, between 1984 and 1992 industrial production fell by 14 per cent, accompanied by large drops in production, investment, employment and profit margins; they characterized the situation as disastrous and one of growing de-industrialization.

89. The Syndicat des industriels du Cameroun (Syndustricam), whose members include most of Cameroon’s large and medium-size industrial firms, paints a bleak picture of the manufacturing sector: turnover, exports, salaries and employment all fell between 1985 and 1993 (Chart V.5). Export performance was highly variable, especially exports to the CACEU region, probably due to the relatively small volumes of trade involved. The view that Cameroon’s manufactured exports suffered from a relatively high real effective exchange rate before 1994 is consistent with Syndustricam data for 1985-93 showing Cameroon’s exports to other CACEU members, conducted in the region’s common currency, experiencing a much smaller average fall than exports outside the region. The data also implies an upward trend in average salaries between 1985 and 1993, which may have further undermined the competitiveness of Cameroon’s manufacturing.

90. Over the years, the competitiveness of local manufacturing has been affected by distortions in the incentives régime, resulting in a strong anti-export bias. It would appear that until recently the greatest encouragement was being given to the most import-dependent manufacturing activities, which nevertheless failed to maintain or win market share abroad. Cameroon’s trade and fiscal régimes, including various export taxes, thus encouraged import substitution and the use of up-market, capital intensive technology in mainly inwardly-oriented activities, at a high cost to taxpayers.

91. In its first post-independence decades, Cameroon saw the private sector as an engine of development, but with the Government intervening to "mobilize, define and direct" private efforts within the framework of five-year industrial development plans. Public and parapublic enterprises came to dominate a broad range of manufacturing industries, such enterprises numbering over 140. State involvement is also believed to have provided an additional instrument of trade policy: enterprises with state participation, total or partial, allowed the Government to control foreign trade, thus seeking to improve the terms of trade through the use of its monopoly power.

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32 The latest industrial census was carried out in 1985-86.

33 The annual average drops during that period were, in per cent: turnover 3.5, total exports 6.7, exports to other CACEU members and salaries 1.9, and number of employees 5.4.

34 Riddell (1990).


92. A slightly different policy stance started to emerge in 1983 and led to the introduction of more attractive investment codes and the progressive liberalization of the trade régime, including the adoption of CACEU's new tariff schedule in 1994. As petroleum revenues have declined, and particularly since the late 1980s, plans have also been drawn to reduce Cameroon's dependence on oil earnings by making industry a more important force for economic growth. This is particularly evident in the latest Industrialization Master Plan (*Plan Directeur d'Industrialisation*, PDI) prepared by the Government in collaboration with the United Nations Organization for Industrial Development (UNIDO) and published in 1989. The PDI takes account of the following main objectives:

- maintaining and consolidating Cameroon's food self-sufficiency, which requires giving priority to agriculture-related industries;
- achieving self-reliance by establishing an independent and integrated industry controlled by Cameroonians and as impervious as possible to external factors; and
- domestically processing local strategic raw materials, for which Cameroon enjoys an obvious comparative advantage, with the aim to increasing local value added.

93. The authorities note that they are considering the establishment of an inter-ministerial committee, *Comité de gestion stratégique du PDI*, to implement the strategies laid down by the PDI (published on a five-yearly basis, in principle) and accelerate the decision-making process. According to the authorities, the committee will generate the basic data for Cameroon's rapid industrialization both through the identification of the industrial sectors in which Cameroon enjoys a comparative advantage and by the evaluation of possible development projects according to their economic and financial costs and

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benefits. They also note other measures to encourage industrialization, such as reductions in the turnover tax for industries using raw materials, the liberalization of exports and the creation of the Mission pour l'Aménagement et la Gestion des Zones Industrielles (MAGZI)\(^{38}\); priority is being given to small and medium enterprises through their preferential treatment in the Investment Code.

94. Cameroon's manufacturing sector is characterized by a large number of medium and small enterprises: census data in the latest PDI shows that out of 484 industrial establishments recorded, 276 employed less than 50 persons and 438 establishments less than 500 people. Most enterprises are located in two areas: the Littoral province, mainly around Douala, with 184 firms and the Central province, around Yaoundé, with 78 firms. Food related industries, including bakery and beverages, are the most important manufacturing activities, accounting for a large proportion of manufacturing establishments, employment, value of output and value added (Charts V.6 and V.7). Besides those activities, wood products as well as rubber and plastics are important in terms of employment; petroleum and petroleum products are the largest by value of production.

95. The preferred form of government participation has been through the national holding company, Société nationale d'investissements (SNI). The SNI, however, appears for many years to have experienced difficulties from its need to balance social, political and economic objectives. The economic crisis that started in 1985 made that balancing act more difficult and the financial position of many of the businesses with SNI participation deteriorated markedly. By 1991, the condition of SNI’s portfolio was critical: of 84 enterprises, only 54 were under normal operation, with the remaining in the process of being dissolved or liquidated. According to SNI’s latest report, of June 1992, of the 54 companies in operation, 20 were profitable and only 10 could had growing turnover. The Government is implementing a medium term plan to address the crisis in the SNI portfolio and other public and para-public enterprises; work is in progress to privatize (Box IV.4), rehabilitate (Box IV.5) or liquidate these enterprises.

\(^{38}\)Created by Decree No 71/DF/95 of 1 March 1971 as modified by Decrees No 73/483 of 25 August 1973, 76/26 of 19 January 1976 and 80/474 of 5 December 1980. MAGZI has signed a performance contract under which its activities are provisionally restricted to the management of already established Industrial Zones.
Chart V.6
Employment and establishment numbers
(1983-84 census)

Transformation of agricultural products  
Bakery and confectionery  
Other food products  
Beverages and tobacco  
Textiles and apparel  
Footwear and leather  
Wood products  
Paper and printing  
Chemicals  
Rubber and plastics  
Construction materials  
Basic metallurgy  
Mechanical and electrical machinery  
Transport equipment

Chart V.7
Value of production and value added, 1985-86
(sample of 51 firms)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value added</th>
<th>Value of production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food including bakery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beverages and tobacco</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Textiles and apparel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Footwear and leather</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wood products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petroleum products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rubber</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plastics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction materials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aluminium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mechanical and electrical machinery</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(i) **Food, beverages and tobacco** (Table AV.1, ISIC 31)

96. Cameroon’s diversified agricultural production provides food processing with a wide and relatively stable base. Taken together with beverages and tobacco, the food industry is Cameroon’s largest manufacturing activity. Syndustricam data show that in general the performance of food-related industries has deteriorated less markedly than in other activities. A slight recovery in the production of cacao products, sugar and flour in particular has helped turnover, and employment has held steady in a number of sub-sectors. After the devaluation of the CFA franc in January 1994, turnover has increased considerably with the rise in CFA franc denominated sales; activities engaged in the processing of local agricultural products have apparently registered real turnover gains and those based on imported materials appear to have declined.

97. The food processing sector enjoyed high protection under the trade régime in place before 1994, which did not encourage efficiency in the sector. According to Riddell (1990), food processing in Cameroon was hindered by inadequate transport and cool storage facilities; the irregular supply of domestic raw materials to industries and to marketing centres; the absence of industrial-scale primary producing units (except for palm oil, sugar and wheat); an unstructured internal marketing network; poor control over the quality of marketed products; a small pool of domestic consumers with adequate purchasing power; and relatively high transport costs to neighbouring markets. Many producers also had excess capacity.

98. The industry may become subject to fairly severe competition as a result of the 1994 tariff and fiscal reform, a sensitive issue given its relatively large share of formal sector employment. The average import tariff for the “food, beverages and tobacco” industry, as defined in the International Standard Industry Classification (ISIC), is 24.5 per cent, one of the highest averages in manufacturing. Imports of products produced by the industry are relatively minor, and mainly food items, accounting for just over 15 per cent of total manufactured imports.

99. Cameroon has two modern abattoirs, one in Yaoundé and the other in Douala. However, as they are far from the cattle areas, transport costs are high and downstream processing is limited. Although producers have at times suggested that imports created difficulties for them, frozen-meat imports appear to be relatively low. In the past, local producers were protected by high import tariffs on frozen meat; since the introduction of the 1994 tariff, such meat is subject to a 20 per cent tariff.

100. Imports of dairy products are relatively important, with imported milk in powder form being a major component in supplying domestic needs. One local plant manufactures milk and dairy products from imported milk powder. Most milk powder products are subject to a tariff of 10 per cent; most other dairy products, such as yogurt, butter and cheeses, are subject to a rate of 30 per cent.

101. Flour in Cameroon is usually produced from imported wheat, with some of the production reportedly exported. There are numerous bakery establishments but few have modern or industrial-size installations. Grain mill products were the largest imported food item in 1992; they are subject to an average tariff of 23 per cent. Imports of bakery products were not substantial and are subject to a rate of 30 per cent.

102. Sugar is important in domestic consumption. For the past decade, production has been relatively stable at about 75,000 tonnes a year, close to the domestic need of 80,000 tonnes. Competition from imports has been a long standing complaint by the industry; imported sugar was priced at some CFAF 80 per kilogram in Douala during the early 1990s while local producers had costs of between

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39During a transitory period ending on 30 June 1994, a global tax of 5 per cent applied to wheat flour (HS 1101-0010) and refined sugar in solid form (HS 1701-9910 and 1701-9990).
CFAF 240 to 300 per kilogram.\textsuperscript{40} Imports are subject to a tariff of 30 per cent. As part of its public sector rehabilitation programme, the Government intends to privatize Camsuco, one of the three major producers in the sector.

103. The latest PDI indicates that the beverage industry is the largest sub-group in the food industry, both in terms of employment and value added. Per capita consumption of beer in Cameroon is high; these are some eight breweries, which also manufacture soft drinks. Local purchases of inputs include sugar, bottles, plastic cases, crown corks and labels, in addition to water and electricity; however, the share of imported inputs remains high. Brewing activities appear to be efficient and exports have often been significant. Return on capital in brewing appears to have been good, although boycotts against some breweries have depressed the sales of the firms affected. Imports of beverage-related products are substantial, especially in the form of malt, malt liquors, and wines, despite a tariff of 30 per cent for most items (10 per cent for malt). Soft drink imports are not substantial and subject to a tariff of 30 per cent.

104. Cameroon has two plants to produce cocoa butter and chocolate. By volume, exports of cocoa products fell between 1990-91 and 1992-93, accounting in the latter year for slightly less than 10 per cent of all cocoa exports.\textsuperscript{41} The transformation of cocoa beans into cocoa products, such as cocoa butter or powder, is protected by an import tariff of 30 per cent on cocoa beans and products.

105. Cameroon has some capacity to undertake coffee roasting and a small plant to produce instant coffee was recently opened. Three firms are involved in the production of refined palm oil but their capacity is limited; restructuring plans for the palm oil industry include the establishment of refineries to supply the internal market. All imports of coffee and palm oil products are subject to Cameroon’s highest tariff rate of 30 per cent.

106. The cigarette manufacturers, SITABAC and BAT, have an installed capacity of between 6 and 7 billion cigarettes per year, but production appears to be significantly lower. BAT imports tobacco leaves for processing to the packaging stage; SITABAC relies on imported semi-processed tobacco (scaferlati). According to the authorities, this raised problems in the design of the new tariff schedule, as scaferlati is raw material for SITABAC, but an intermediate product for BAT (Box IV.3). Unmanufactured tobacco is subject to a tariff rate of 10 per cent, manufactured tobacco to rates from 10 to 30 per cent, and cigarettes and similar products to a rate of 30 per cent.

(ii) Textiles, clothing and leather products (Table AV.1, ISIC 32)

107. The textiles, clothing and leather industry appears to have been seriously affected by the recession. Both employment and the wage bill have fallen uninterruptedly since 1986 and there is a clear downward trend in turnover and exports. Following the CFA franc devaluation, sale volumes appear to have decreased considerably, with substantial price increases.

108. Despite the previous use of quantitative restrictions, the textiles, clothing and leather sector has in fact received little protection due to the high incidence of illegal imports. Recorded imports of products manufactured in the industry, as defined in the ISIC, are relatively important, especially those of products from the textiles and wearing apparel sub-groups. Imports of products from the industry are subject to an average tariff of 23 per cent, with a lower average for the spinning and weaving sub-groups and a higher rate for textile and knitting products. Tariff escalation under Cameroon’s new 1994 tariff is particularly steep.

\textsuperscript{40}Marchés Tropicaux, 11 December 1992.

\textsuperscript{41}International Cocoa Organisations, Quarterly Bulletin of Cocoa Statistics.
109. Cameroon's main cotton producing regions are located in the north; production is largely in the hands of small operators who sell their output to the parastatal firm SODECOTON, which has eight ginning plants in the area (Chapter V(2)(ii)). All the weaving, spinning and finishing plants have substantial government participation through SNI. CICAM is the most important parastatal in the textile sector; its best years were in the early 1980s when its spinning and weaving mill operated profitably at full capacity, with a significant share of production exported. Decline ensued as the industry was affected by obsolescent machinery, high cotton prices, high costs of imported inputs, and the disappearance of export markets in Nigeria and Zaire. CICAM's subsidiaries, engaged in downstream processing and blending, have persistently been loss-makers, also suffering from obsolete machinery, uneconomically short production runs and competition from smuggled fabrics. Estimates range as high as 80 per cent for the share of smuggled goods in the domestic market for textiles.\(^{42}\)

110. Clothing enterprises have been in a critical state for several years. Productivity has remained low, the industry has been losing market share to imports and several industrial-sized garment firms have closed. The effective importance of imports is much higher than suggested by official statistics as unauthorized imports have been very large; competition from artisanal producers is also a problem as these producers pay salaries below the legal levels, keep no accounts and pay hardly any taxes. Exports, mainly to other CACEU countries, have fluctuated widely.

111. A tannery, Notacam, is established in northern Cameroon; another firm, the parastatal Tanicam, proved uneconomical and was closed in 1993. Shoe manufacturing was also dominated by a parastatal, Bata, until its closure in 1989: productivity and quality appear to have made its output competitive in neighbouring countries, markets which then decreased markedly as import-substitution policies were implemented in those countries; in addition, domestic shoe manufacturing was greatly affected by illegal imports.

(iii) Wood products (Table AV.1, ISIC 33)

112. The wood products industry is important in terms of turnover and number of establishments. Although they are numerous, most sawmills are small: many were established by log exporters to comply with minimum requirements for local transformation (Chapter V(2)(iv)). Investments tend to be low and efficiency is often poor. There are also a few cutting and shaping units, match factories, and veneer and plywood plants, all supplying mostly the internal market. Import substitution appears complete in veneers, plywood and improved wood. Some four large parastatals operate in the industry, some of which are in the process of privatisation. Establishments tend to be closely integrated with forestry exploitation. Secondary transformation of wood is mainly undertaken in relation to the building industry or to small scale carpentry operations. Domestic supplies to these enterprises appear to have been unsatisfactory in quantity and quality, with good logs preempted for exports.

113. Imports of manufactured wood products are not negligible, especially in the sawmills and furniture sub-groups. The average tariff in the wood sector is over 28 per cent; most furniture products are subject to the 30 per cent tariff rate applied in principle to final consumption goods; so are almost all other products from the wood industry, including raw materials and intermediate products like logs, sawn wood, particle boards and plywood. The authorities indicated that some of these products may be reclassified as the new tariff structure is refined by CACEU members.

(iv) **Paper and printing** (Table AV.1, ISIC 34)

114. Paper and printing is a minor industry following the closure in 1986 of the Edéa pulp and paper plant. The plant was opened in 1981 and involved an initial investment of more than US$ 400 million. From the beginning it was beset by technical and financial problems; by mid-1982 its total sales covered about one-third of variable costs and by mid-1985 the firm's cumulative losses amounted to CFAF 160 billion. The plant, including a forestry concession, was purchased from the liquidators in 1992 by an Indonesian multinational and is now in the process of being rehabilitated.

115. Activities related to the production of containers, boxes and other packaging products are of some significance; their performance appears to have been better than average, especially following the CFA franc devaluation. Imports of paper products are sizable and subject to an average tariff of 14.5 per cent. Printing and publishing imports are subject to an average tariff of 17.8 per cent. Tariff escalation in the paper and printing sector is fairly steep, with many primary products subject to tariffs of 5 per cent as compared to rates of 30 per cent for most finished products.

(v) **Chemicals, petroleum, rubber, plastics** (Table AV.1, ISIC 35)

(a) **Petroleum refining**

116. The petroleum refining industry is probably Cameroon's largest by turnover; however, value added appears to be relatively low, probably reflecting low returns to labour and capital productivity. The volume of refined petroleum products shrank following the slow down in economic activity in 1985; it has also been affected by fuel smuggling from Nigeria. The Government has reportedly taken steps to discuss measures to limit smuggling with the Nigerian authorities. Recorded imports of refined petroleum products are relatively low.

117. Cameroon's petroleum refinery, SONARA, began production in 1981 with one of its main objectives to ensure Cameroon's energy independence. The refinery is jointly owned by four private oil companies and the Government, which holds a 66 per cent majority of the capital. The refinery has a designed annual capacity of 2 million tonnes using Arabian Light crude; some 1.7 million tonnes can be refined using local crudes. It supplies a wide range of refined products, from butane to fuel oil, almost exclusively to the domestic market; several other products, such as lubricants and asphalt, are imported. SONARA was supplied by the state hydrocarbons corporation, SNH (Chapter V(3)(i)), with domestic crude oil until 1989 but has since used predominantly lighter imported oils, which are more suited to the refinery characteristics and Cameroon's demand for refined products.

118. The marketing and pricing arrangement for the refining and distribution of petroleum products is complex. The supply and distribution of petroleum products is operated by SONARA, by SNH, by a semipublic storage and transportation company, SCDP, and by six privately owned distribution companies. The Government sets administratively the transfer price of crude oil to the refinery, the ex-refinery prices for refined products sold to the petroleum companies, the retail prices and storage fees and transport charges. The system guarantees an ex-refinery price consistent with an appropriate rate of return for the company and an adequate remuneration to SONARA's shareholders. The cost of any inefficiencies in the production chain is thus likely to be passed to the consumer in the form of higher retail prices. Kerosene (used as cooking fuel) has been traditionally heavily subsidized. Cameroon also maintained very narrow price differences for petroleum products in its various localities, regardless of the wide range of transport costs, through the imposition of an equalization levy on gasoline and diesel. This system is now being phased out.

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119. Refined petroleum products are subject to a 10 per cent tariff rate under the new CACEU tariff schedule. However, petrol (super) and diesel come under special fiscal legislation. Under it, petrol and diesel are subject a customs duty of 15 per cent and to a "special" tax collected at a rate of CFAF 80 per litre for petrol and CFAF 30 for diesel. Cameroon's special legislation also subjects petrol and diesel to a turnover tax of 12.5 per cent (a turnover tax of 15 per cent generally applies to other goods, Chapter IV(2)(iv)). The customs duty also acts in the nature of an excise tax in that it, the special tax and turnover tax all apply equally to imports and domestic production.

(b) Chemicals, rubber and plastics

120. Cameroon's chemicals industry is at the initial stages of development. The industry is small in terms of turnover and employment; foreign participation is dominant. Numerous products consumed domestically, some in significant quantities like fertilizers, are imported; others, such as paints, glues and detergents, are subject only to the simplest of local transformation. Most products fabricated locally depend on imported inputs and integration with the rest of the industry tends to be minimal. There are a number of enterprises in this industry that are profitable and competitive in the CACEU region, with little protection from competing imports or other forms of assistance.

121. Imports of products in the chemicals, rubber and plastics sectors account for slightly over 20 per cent of Cameroon's total manufactured imports. Industrial chemicals and medicines are by far the two largest product groups, although several other groups are also important. The industry’s average tariff rate is 13 per cent: the lowest average tariffs apply to fertilizers, pesticides and medicines while the highest tariffs apply to items in the soaps and cleaning agents sub-group and the rubber products sub-group. Tariff escalation tends to be low.

122. There is no domestic production of fertilizers and there are no subsidies to fertilizer users. A parastatal factory operated between 1975 and 1981 supported by subsidies out of extra-budgetary funds; a programme to subsidize the cost of imported fertilizers (and of pesticides) was then established and later discontinued.

123. A number of pharmaceutical plants were established during the 1980s. The size of the domestic market is not known with any certainty but appears small. There is a well established private network to import and distribute medicines, whose profit margins are regulated; in contrast, distribution through the state system appears inefficient. Two firms have been successful in manufacturing perfumes and cosmetics for both local and regional markets. Imports of medicine and veterinary medicines are reserved to approved establishments (Chapter IV(2)(x)). Pharmaceutical imports were granted duty free status in the 1994-95 Law of Finance, but are otherwise subject to an average m.f.n. rate of almost 8 per cent.

124. Medicinal plants are plentiful in Cameroon and provide a good base for expansion: a private firm manufactures medicinal herb extracts and has apparently managed to export important quantities. For the 1994-95 fiscal year, a tax deductible charge on the export of medicinal plants is collected at a rate of 15 per cent of their f.o.b. value (Chapter IV(3)(ii)).


46Law No 94/002 of 1 July 1994.
125. The soap and detergent sub-group is one of the most important in Cameroon’s chemical industry. Unlike other chemical producers, it has close links with other industries, in particular through its use of locally produced palm oil. There are six main producers in this sub-group, of which the Complexe Chimique Camerounais is the most important; this firm exports a small but significant part of its production to other CACEU countries. The industry’s growth appears to be hampered by palm oil supply problems, by the establishment of competing plants in neighbouring countries and by illegal soap imports.

126. There are 20 producers of plastic goods, all using imported raw materials to manufacture a broad range of products. Although installed capacity is small, plant underutilization is a problem. Losses and poor competitiveness are widespread, but a number of specialized firms are profitable and have achieved stable footholds in neighbouring markets. Most pesticides, fungicides and herbicides are imported, although some final mixing is undertaken locally. There is a small plant for the treatment of latex and, from imported materials, a few firms produce glue and paints.

(vi) Non-metallic mineral products (Table AV.1, ISIC 36)

127. Imports of non-metallic mineral items are relatively significant, mostly as cement, glass and pottery products. The average import tariff for goods in the sector is 23 per cent, but a substantially lower average of about 14 per cent applies to the cement sub-group. The local manufacture of cement is carried out by a parastatal, Cimenteries du Cameroun. Production is based on imported clinker plus local limestone and marble, and shared between one large, modern installation in Douala and a small plant near the border with Chad. The cement manufacturer initially did well, expanding turnover and exports to neighbouring countries. Although operations have been hard hit by the downturn in the public works and building sectors, turnover and employment have fallen markedly less than in other industries.

(vii) Basic metals (Table AV.1, ISIC 37)

128. There are several establishments manufacturing, from imported basic iron and steel shapes, a variety of intermediate products such as pipes and scaffolding as well as assembling equipment for the oil industry. Domestic consumption is in the order of 100,000 tonnes, a relatively low level that is explained by the limited downstream manufacture of heavy machinery, transport equipments, and durable consumer goods. Before 1994, the downstream use of iron and steel products appears to have been discouraged, *inter alia*, by high transportation costs and border taxes.\(^{47}\) Imports of products in the iron and basic steel category are significant and subject to an average tariff rate of 12 per cent.

129. In contrast to iron and steel manufacturing, Cameroon has a well established aluminium industry centred around a small size smelter, ALUCAM. The Government holds 39 per cent of the firm’s capital, mostly through SNI; the rest is held by foreign interests, notably the Pechiney group which holds 48 per cent. That group manages the smelter and supplies the required alumina from its operations in Guinea. Even though the smelter benefits from reduced electricity rates, ALUCAM has recently had difficulties breaking even.\(^{48}\) Production fell from about 93,000 tonnes in 1988-89 to some 81,000 tonnes in 1991-92. It remains, however, one of the largest industrial plants in Cameroon and the largest industrial client for Cameroon’s state electricity company, accounting for slightly more than 50 per cent of total electricity sales and about 10 per cent of electricity revenues.

\(^{47}\)Riddell (1990).

\(^{48}\)According to UNIDO (1990), ALUCAM’s special price tariff from SONEL stood at CFAF 3.36 per kwh in 1984-85, one of the lowest tariffs in the world.
130. Exports, mainly to France, fell from about 67,000 tonnes to 62,000 tonnes during the 1988-91 period. Internal adjustments have been required, with staff numbers falling from about 1,200 to just under 1,000. Exports have apparently recovered since mid-1992 and the company's substantial debt has been restructured. The CFA franc devaluation appears to be having a positive effect on aluminium exports, although the devaluation has also increased production costs as all the alumina is imported.

131. Cameroons' consumption of processed aluminium products is relatively low and involves a narrow range of items. ALUCAM's subsidiary, SOCATRAL, operates a processing mill adjacent to the smelter and produces aluminium sheets for the domestic and regional market, and discs for the local utensils manufacturer. Like the smelter, the mill has been unable to operate consistently at a profit and domestic sales from ALUCAM to SOCATRAL fell to some 19,000 in 1991-92. There are three other enterprises engaged in the production of secondary aluminium goods such as kitchenware, architectural products and electric cables. Imports by the non-ferrous metals basic industry are relatively low and subject to an average tariff rate of 16 per cent. Tariff escalation is steep; both alumina and unwrought aluminium are subject to a tariff of 10 per cent, while finished consumer products bear rates of 30 per cent.

(viii) Fabricated metal products, machinery, equipment and others (Table AV.1, ISIC 38)

132. This industry still remains embryonic, consisting in the main of relatively simple assembly operations of such products as bicycles, motorcycles, air conditioner housing, electric stoves, ovens and refrigerators. The industry is small, both in terms of turnover and employment. Three parastatal firms operated as a group, producing, among others, reinforcing bars, a wide spectrum of spare parts and agricultural hand tools and forged implements. Imports are quite sizable, accounting for some 38 per cent of Cameroon's total manufactured imports. By value of imports, the two largest 3-digit ISIC sub-groups in 1992 were non-electrical machinery and transport equipment; by far the largest 4-digit ISIC sub-group was motor vehicles. The average tariff rate for the fabricated metal products industry is about 16 per cent: the average rate for the non-electrical machinery sub-group is 12 per cent, for transport equipment, 16 per cent, and for motor vehicles just under 20 per cent.
VI. TRADE DISPUTES AND CONSULTATIONS

(1) Disputes under the GATT

1. Cameroon has not been directly involved, as a complainant or defendant, in any dispute settlement procedures under GATT Articles XXII and XXIII.

2. In 1993-94, Cameroon was indirectly involved in a case under Article XXIII in which Colombia, Costa Rica, Guatemala, Nicaragua, and Venezuela challenged the import régimes maintained by individual member states of the European Union (EU) for bananas imported from African, Caribbean and Pacific (ACP) countries, including Cameroon. Cameroon and three other African banana producers made a submission as interested third parties, arguing that, inter alia, the banana régimes should be considered in light of both overall efforts by the EU to promote the development of less developed contracting parties and of the substantial expansion of non-preferential banana exports to the EU market. Cameroon and the other three African banana producers also raised substantive procedural objection to the examination of the challenge. The dispute panel in the matter concluded that the quantitative restrictions and tariff preferences maintained by some EU member states on banana imports were inconsistent or not justified by GATT Articles. The panel recommended that the Contracting Parties request the EU to bring the quantitative restrictions and the tariff preferences on banana imports into conformity with the General Agreement. The panel report has not been adopted by the Council.

3. Again in 1993-94, Cameroon was indirectly involved in another case under Article XXIII in which Colombia, Costa Rica, Guatemala, Nicaragua, and Venezuela challenged the banana import régime introduced by the EU on 1 July 1993, replacing the various national banana import systems. The five Latin American countries argued that the new EU régime for bananas from ACP countries was incompatible with the EU's GATT obligations, noting that the régime aggravated access conditions for their banana exports; the main complaints included the régime's tariff quotas, specific duties, preferential tariff rates, allocation of import licences and security requirements.

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1GATT documents DS32/9, 9 March 1993; DS32/R, 3 June 1993; and DS38/R, 11 February 1994. The European Economic Community signed the Lomé Convention; the term "European Union" is used in this Chapter to maintain the usage in the rest of this report.

2On other occasions Cameroon also noted that the banana sector was one of its main export products and dependent almost completely on the EU market; banana production was one of the few activities that had modernized and was expanding in the midst of Cameroon's economic crisis and "devastating structural adjustment problems": GATT documents C/M/259, 27 October 1992; C/M/261, 12 March 1993; and C/M/263, 9 June 1993.

3Specifically, that the quantitative restrictions maintained by some EU member states on banana imports were inconsistent or not justified by Article XI:1 and were not justified by Article XI:2(c)(i), Article XXIV, or the protocols through which those EU members became contracting parties. The Panel also concluded that the tariff preferences accorded by the EU to banana imports from ACP countries were inconsistent with Article I and that a legal justification for the preference could not emerge from an application of Article XXI but only from an action of the Contracting Parties under Article XXV.


5Specifically, Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela argued that the banana import régime was inconsistent with Articles II, XI and XIII of the General Agreement. Colombia, Costa Rica, Guatemala and Nicaragua also argued that the régime was inconsistent with Article I. Colombia, Guatemala and Venezuela argued that the régime was not in conformity with Articles III and VIII. Colombia argued that the EU had acted inconsistently with Article XVI.
4. Cameroon and two other African banana producers made a submission as interested third parties arguing that, inter alia:

- setting up of a working party to examine the Lomé IV Convention precluded raising the issue of the Convention’s GATT consistency;
- the measures taken were not arbitrary, unjustified or a restriction on international trade;
- African banana producers had the right to be subject to the special measures under review;
- the advantages given by France to Cameroon and other countries were destined to help former dependent territories and were GATT compatible;
- the EU would be justified in applying a compensatory levy as certain practices of Latin American banana exporters could be considered dumping; and
- questioning the preferences granted to ACP countries was tantamount to violating the General Agreement objectives to help the less favoured countries develop their economies.

5. The dispute panel concluded that the use of tariff quotas and the security requirements of the banana import régime were not inconsistent with GATT Articles but that: the specific duties levied on banana imports were inconsistent with Article II (on schedules of concessions); the preferential tariff rates on bananas accorded to ACP countries were inconsistent with Article I (on m.f.n. treatment); and that the allocation of import licences granting access to imports under the tariff quota was inconsistent with Articles I and III (on national treatment). The panel recommended that the Contracting Parties request the EU to bring its tariffs on bananas and the allocation of its tariff quota licences into conformity with the EU’s GATT obligations. To date, the panel report has not been adopted by the Council.

(2) Dispute Settlement in other Fora

6. The Association Bananière Camerounaise and the Companie Fruitière Import, the major French importer of Cameroonian bananas, brought a joint case against the European Commission’s decision on 2 December 1992 authorising France to apply safeguard measures halting "excess" imports of bananas from Cameroon and the Ivory Coast, France’s two largest foreign banana suppliers. The Cameroon company argued, inter alia, that its success in improving the quality of its banana exports was the reason French importers were increasingly seeking its product and that the Lomé Convention stipulates that safeguard measures should not have the effect of blocking the structural development of the penalized country. The EU Court of Justice dismissed the case.⁶

⁶European Report, 3 September 1993.
7. Disputes concerning the interpretation or application of the Lomé Convention may be referred to the Council of Ministers established under the Convention. If no solution is achieved in the Council, it may initiate an arbitration procedure at the request of either party. No such procedures have been initiated to date.\(^7\)

8. The Treaty Establishing a Central African Customs and Economic Union provides that when incompatibilities arise between the Treaty and other conventions, "the Member States or State concerned shall take all appropriate steps to eliminate any incompatibility found to exists. Member States shall, if necessary, assist each other in order to achieve this purpose and shall, where appropriate, adopt a common attitude" (Article 69 of the Treaty).

\(^7\)GATT (1994).
REFERENCES


S. Semen, *Protection effective et développement industriel: l'exemple du Cameroun*, Université d'Orléans.

UNIDO (1990), *Cameroon: coping with reduced oil revenue*, Industrial Development Review Series.

APPENDIX TABLES
Table A1.1
Merchandise exports by principal destination, Cameroon, 1980-93
(Per cent)

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Note: Figures for 1993 are preliminary. Germany includes the territory of the former German Democratic Republic.

Source: UNSTAT, Comtrade database. Data have been compiled on the basis of trade reported by Cameroon’s trading partners.
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(Per cent)

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Note: Figures for 1993 are preliminary. Germany includes the territory of the former German Democratic Republic.

Source: UNSTAT, Comtrade database. Data have been compiled on the basis of trade reported by Cameroon’s trading partners.
Table AI.3
Merchandise exports by broad product category, 1980-93
(Per cent)

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Note: Figures for 1993 are preliminary.

Source: UNSTAT, Comtrade database. Data have been compiled on the basis of trade reported by Cameroon’s trading partners.
Table AI.4
Merchandise imports by broad product category, 1980-93.
(Per cent)

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Note: Figures for 1993 are preliminary.

Source: UNSTAT. Comtrade database. Data have been compiled on the basis of trade reported by Cameroon’s trading partners.
### Table AV.1
#### Tariff and imports by ISIC category
(perc ent)

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<th>Imports 1992 (US$ thousands)</th>
</tr>
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<tbody>
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<td>Agriculture, hunting, forestry &amp; fishing</td>
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<tr>
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<tr>
<td>130 Fishing</td>
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<td>2 Mining &amp; quarrying</td>
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<tr>
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<tr>
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<tr>
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<td>25.0</td>
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<td>3111 Slaughtering, preparing, preserving meat</td>
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<tr>
<td>3113 Canning, preserving fruit and vegetables</td>
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<td>3114 Canning, preserving fish, crustacea etc.</td>
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<td>3213 Knitting mills</td>
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<td>3214 Manufacture of carpets and rugs</td>
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<td>3215 Cordage, rope and twine industries</td>
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Table AV.1 (cont'd)
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<td>Range</td>
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<td>322 Manufacture of wearing apparel</td>
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<td>20-30</td>
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<tr>
<td>323 Leather products</td>
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<tr>
<td>324 Manufacture of footwear</td>
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<td>20-30</td>
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<td>33 Wood and wood products, including furniture</td>
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<td>331 Wood and wood products, except furniture</td>
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<td>10-30</td>
</tr>
<tr>
<td>3311 Sawmills and woodmills</td>
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<td>10-30</td>
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<tr>
<td>332 Manuf. of furniture &amp; fixtures except of metal</td>
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<td>20-30</td>
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<td>34 Paper, paper products, printing and publishing</td>
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<td>3522 Manufacture of drugs and medicines</td>
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<td>3523 Manuf. of soap, cleaning agents, perfumes etc.</td>
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<td>361 Pottery and china</td>
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<td>362 Manufacture of glass and glass products</td>
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<tr>
<td>369 Other non-metallic mineral products</td>
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<td>3692 Manufacture of cement, lime &amp; plaster</td>
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Table AV.1 (cont'd)
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<th>Imports 1992 (US$ thousands)</th>
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</tr>
<tr>
<td>372 Non-ferrous metal basic industries</td>
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<td>10-30</td>
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<td>16.5</td>
<td>5-30</td>
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<tr>
<td>381 Fabricated metal products</td>
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<td>5-30</td>
</tr>
<tr>
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<td>5-30</td>
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<tr>
<td>3813 Manufacture of structural metal products</td>
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<td>10-30</td>
</tr>
<tr>
<td>3819 Manufacture of fabricated metal products n.e.s.</td>
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<tr>
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</tr>
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<td>3821 Manufacture of engines and turbines</td>
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<tr>
<td>3839 Manuf. of electrical apparatus &amp; supplies n.e.s.</td>
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<td>10</td>
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<td>10-30</td>
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<td>10-30</td>
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<td>3845 Manufacture of aircraft</td>
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<td>385 Professional and scientific equipment</td>
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<td>9.4</td>
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<td>5-30</td>
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<td>10-30</td>
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<tr>
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<td>3903 Manufacture of sporting and athletic goods</td>
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<td>30</td>
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<td>3909 Manufacturing industries n.e.s.</td>
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Source: GATT Secretariat calculations. Imports compiled from trade reported on a HS basis by Cameroon's trading partners.