CAMEROON

TRADE SUMMARY

The U.S. goods trade deficit with Cameroon was $164 million in 2007, an increase of $11 million from $153 million in 2006. U.S. goods exports in 2007 were $133 million, up 10.7 percent from the previous year. Corresponding U.S. imports from Cameroon were $297 million, up 8.8 percent. Cameroon is currently the 131st largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Cameroon was $231 million in 2006 (latest data available), up from $99 million in 2005.

IMPORT POLICIES

Tariffs

Cameroon is a Member of the World Trade Organization (WTO) and the Central African Economic and Monetary Community (in French, CEMAC), which includes Gabon, the Central African Republic, the Republic of Congo, Chad, and Equatorial Guinea. CEMAC countries maintain a common external tariff on imports from non-CEMAC countries. In theory, tariffs have been eliminated within CEMAC, and only a value added tax should be applied to goods traded among CEMAC members. There has been some delay, however, in achieving this goal, and currently both customs duties and value added taxes are being assessed on trade within CEMAC.

CEMAC's common external tariff (CET) simple average is 18 percent. The CET has four tariff rates: 5 percent for essential goods, 10 percent for raw materials and capital goods, 20 percent for intermediate goods, and 30 percent for consumer goods. There are additional fees assessed on imports that vary according to the nature of the item, the quantity of the particular item in the shipment, and even the mode of transport. As a result, average customs charges are much higher than the official tariff rates would suggest.

Nontariff Measures

Importers are required to register with the local Ministry of Trade and to notify the customs collection contractor of all imports. Export-import companies must register with – and secure a taxpayer's card from – the Ministry of Finance prior to registering with the Ministry of Trade. CEMAC has no regional licensing system. Agents and distributors in Cameroon must register with the government, and their contracts with suppliers must be notarized and published in the local press.

Documentation of bank transactions is required if the value of the imported goods exceeds CFA 2 million (approximately $4,500). Pre-shipment inspection certificates require a "clean report of findings" from the customs collection contractor. For certain imports, such as used clothing, certificates of noninfestation are also required. A service fee of CFA 25,000 (approximately $56) is required for imported second-hand automobiles.

Cameroon engages in some questionable customs valuation practices, including assessing duties on its own estimated cost of production, rather than based on the transaction value of the goods or another customs valuation methodology set forth in the WTO Customs Valuation Agreement, for three commonly subsidized goods -- beet sugar, flour, and metal rebar. Duties on all other goods are assessed on the basis of the transaction value posted on the commercial invoice. The government has contracted with the Swiss company Societe Générale de Surveillance to issue importation declarations prior to loading at the port of origin.

Customs fraud remains a major problem, and protracted negotiations with customs officers over the value of imported goods are common.

STANDARDS, TESTING, LABELING, AND CERTIFICATION

The Department of Price Control, Weights, and Measures is officially responsible for the administration of standards. Labels must be written in both French and English, and must include the country of origin as well as the name and address of the manufacturer. The pre-shipment inspection contractor may inspect the quality of any goods shipped into the country. In the absence of any specified domestic norm or standard, international norms and standards apply. In practice, most imports are admitted into the country without the need to meet specific standards.

GOVERNMENT PROCUREMENT

Cameroon is an observer to the WTO Agreement on Government Procurement (GPA) but has not taken any steps to accede to the GPA. The Government Procurement Regulatory Board administers public sector procurement. Local companies typically receive preferential price margins and other preferential treatment in government procurement and development projects, though these preferences are gradually being reduced. In June 2006, the government committed to begin assessing its procurement system against World Bank criteria and to ensure effective application of a law barring participation of persons or companies who have broken procurement rules.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Cameroon is a party to the World Intellectual Property Organization Convention, the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Patent Cooperation Treaty and the Singapore Treaty on the Law of Trademarks. IPR enforcement is problematic due to corruption within enforcement agencies, the lack of resources dedicated to IPR enforcement and a general lack of awareness of IPRs. A few companies have complained of piracy but have found little practical legal recourse to enforce their IPR. Cameroonian artists' organizations have publicly complained about lax enforcement of copyright and related rights and have generated substantial public discussion on the importance of protecting IPR through vocal campaigns highlighting the damaging effect of widespread music piracy.

SERVICES BARRIERS

Telecommunications

Cameroon has eliminated many restrictions on foreign trade in services and is gradually privatizing its telecommunications sector. Two mobile telephone firms, South African MTN and French Orange, currently operate in Cameroon, and state-owned phone operator CAMTEL has launched a mobile service. Initial efforts to privatize CAMTEL collapsed in 2006 when the two top bidders withdrew their offers. The government has indicated that it still intends to privatize CAMTEL, but as of the end of 2007 the government had yet to indicate its next steps. A number of companies are now moving into local Very Small Aperture Terminal (VSAT) systems for data transmission, international telephone service and Internet access. The Cameroon Telecommunications Regulatory Board regulates the sector and issues licenses for new companies to operate.

Insurance

Foreign firms are not permitted to establish 100 percent foreign-owned subsidiaries. Participation in the market must be with a local partner. There are several foreign insurance companies (including one U.S. firm) operating in Cameroon with Cameroonian partners.

INVESTMENT BARRIERS

Despite a number of recent government initiatives, Cameroon's investment climate remains challenging. The World Bank's "Doing Business in 2008" report ranked Cameroon in the bottom 25 countries out of 178 countries surveyed in terms of the overall ease of doing business, with particularly poor performance in the ease of starting a business, paying taxes, and enforcing contracts.

Capital movements between CEMAC members and third countries are permitted, provided that proper supporting documentation is available and prior notification is given to the exchange control authority. With respect to inward or outward foreign direct investment, investors are required to declare to the Ministry of Finance transactions above CFA100 million (approximately $225,000), and they must provide such notification within 30 days of the realization of the relevant transaction. The Bank of Central African States' decision to continue monitoring outward transfers, combined with its cumbersome payment system, has led many to conclude that controls on transfers remain in force.

Local and foreign investors, including some U.S. firms, have found Cameroonian courts too complicated and costly to resolve their contract or property rights disputes. Additionally, even with a favorable court judgment, enforcement of such a ruling under local law can be problematic.

OTHER BARRIERS

Problems with energy supply have been a major concern of the Cameroonian government and international financial institutions. The IMF and the World Bank, in particular, feel that the lack of a dependable supply of energy has limited foreign direct investment. These institutions are encouraging stakeholders in the sector to improve capacity as quickly as possible.

Corruption is a significant concern for foreign businesses and investors and appears to be pervasive throughout the public and business sectors. The judicial system, characterized by long delays and under-staffing in the areas of financial and commercial law, has imposed major additional expenses on some U.S. companies operating in Cameroon. Many foreign business representatives perceive the court system to be unreliable and susceptible to external political and commercial influence, which constitutes one of the most serious legal risks that investors face. Cameroon ratified the United Nations Convention against Corruption in February 2006, but has yet to implement most of its provisions.

U.S. companies have expressed concern that the Ministry of Labor has made it more difficult for investors to sell their assets in Cameroon by requiring companies involved in share sales to make termination-of-contract payouts to contractual employees even when the contracts in question are being assumed by new owners. The issue appears to arise only when the divesting investors are foreign. This issue has been under review by the Cameroonian government the past 2 years but has not yet been resolved.