CAMEROON

TRADE SUMMARY

The U.S. goods trade deficit with Cameroon was $489 million in 2008, an increase of $325 million from $164 million in 2007. U.S. goods exports in 2008 were $125 million, down 5.9 percent from the previous year. Corresponding U.S. imports from Cameroon were $614 million, up 106.6 percent. Cameroon is currently the 139th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Cameroon was $71 million in 2007 (latest data available), down from $114 million in 2006.

IMPORT POLICIES

Tariffs

Cameroon is a Member of the 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.

Cameroon applies CEMAC's common external tariff (CET), which is entirely *ad valorem* and has five tariff rates: duty-free for certain pharmaceutical preparations and articles, books and brochures, and aircraft; 5 percent for essential goods; 10 percent for raw materials and capital goods; 20 percent for intermediate goods; and 30 percent for consumer goods. However, Cameroon's import duties differ from the CET on about 300 tariff headings. The average import duty in Cameroon is 19.1 percent. 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 $4,000). 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 $50) is required for imported second-hand automobiles.

Cameroon engages in some questionable customs valuation practices. For three commonly subsidized goods – beet sugar, flour, and metal rebar – Cameroon assesses 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. 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 not a signatory to the WTO Agreement on Government Procurement (GPA), but it is an observer to the WTO Committee on Government Procurement. 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 violated 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, and the Patent Cooperation Treaty. IPR enforcement faces challenges due to corruption within enforcement agencies, the lack of resources dedicated to IPR enforcement and a general lack of awareness of IPR. A few companies have complained of piracy but struggle to find practical legal recourse to enforce their rights. Cameroonian artists' organizations have publicly criticized the 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. The U.S. Government sponsored participation by a number of Cameroonian officials in U.S.-based intellectual property rights training in 2008.

SERVICES BARRIERS

Telecommunications

Cameroon has eliminated many restrictions on foreign trade in services and is gradually privatizing its telecommunications sector. The Cameroon Telecommunications Regulatory Board regulates the sector and issues licenses for new companies to operate. 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 2008 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.

Insurance

Foreign firms are not permitted to establish 100 percent foreign-owned subsidiaries. Participation in the market must be with a local partner.

INVESTMENT BARRIERS

Despite a number of recent government initiatives, Cameroon's investment climate remains challenging.

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 $200,000), and they must provide such notification within 30 days 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 unreliable, susceptible to external political and commercial influence, and too 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.

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 3 years but has not yet been resolved. The United States raised this issue and its negative impact on U.S. companies with the Minister of Labor in 2008.

OTHER BARRIERS

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. Cameroon ratified the United Nations Convention against Corruption in February 2006, but has yet to implement most of its provisions. The United States actively raises the need to reduce corruption and works to counter alleged corruption affecting U.S. companies.