U.S. DEPARTMENT OF STATE

DIPLOMACY IN ACTION

EXECUTIVE SUMMARY

Although Cameroon is endowed with abundant natural resources, steady economic growth, and a key location in central Africa, the investment climate in Cameroon is plagued by endemic corruption and a heavy-handed and slow moving bureaucracy. International watchdog organizations rank Cameroon as one of the lowest in the world in various global indices on corruption, transparency, and ease of doing business. These poor ratings underscore the challenging environment in which businesses operate here.

Cameroon has many opportunities for economic investment in the agricultural, mining, forestry, and oil and gas sectors. It boasts the largest and most diverse economy of the six countries in the Central African Monetary and Economic Union (CEMAC) sub-region, which is home to over 50 million people. The zone has a central bank and a common currency – the CFA franc. Despite slow but steady economic growth hovering around 4 to 5% over the last half decade, the Government of the Republic of Cameroon (GRC) has started to publicly recognize that it must improve its investment climate. The GRC hopes that growth rates will surge with increased incentives to private sector businesses, but it has yet to demonstrate that it is committed to real investment climate reform. The Government’s Vision 2035, a road map to become an emerging economy by 2035, stresses the importance of large-scale infrastructure development and foreign direct investment. In April 2013, the GRC enacted an Investment Promotion Incentives Law – a package of liberal incentives offering foreign investors opportunities to bring in needed capital to boost the economy. Despite this blue print, FDI continues to stagnate.

Despite the many challenges, some U.S. businesses have found rewards in Cameroon. Since the United States played a major role in the construction of the Chad-Cameroon petroleum pipeline in 2000, U.S. investments continue to be the single largest in terms of overall volume. Historically Europe has dominated the Cameroonian business environment, but recent years have witnessed the emergence of new investors such as China, and other African nations like Morocco, Tunisia, Algeria, South Africa, and Nigeria. Opportunities for U.S. investors exist in all sectors of the economy, especially in infrastructure, which must improve before other sectors can develop. Specific opportunities exist in electricity, transport (roads and railways), utilities (water), tourism, telecommunications, housing, mining and petroleum. But even when successful in doing business here, companies often must spend years negotiating deals and gaining final approvals with the Cameroonian bureaucracy.

While the GRC has started to make minor improvements to the business climate, much still remains to be done. Current infrastructure remains a substantial roadblock to growth. Corruption throughout the government, including the judiciary, makes it very difficult for a U.S. business to protect its investment, raising the risk of doing business in Cameroon. Although recent World Bank reports indicate a significant improvement in the GRC’s willingness to respond to some of the recommendations necessary to improve the ease of doing business here, little progress will occur until Cameroon can tackle the pervasive corruption plaguing it and can find effective ways to streamline its bureaucratic procedures which drag negotiations out for years. U.S. businesses will continue to seek the many opportunities which exist in Cameroon, but they must understand the risks inherent in such an economy.

1. Openness to, and restrictions upon, foreign investment

Attitude toward Foreign Direct Investment (FDI)

The Government of the Republic of Cameroon (GRC) actively seeks to attract foreign investment in order to create much-needed economic growth and employment. It is less effective, however, at following through with interested investors in order to ensure that investments move forward in a timely and transparent manner.

FDI plays an important role in the Cameroonian economy. In President Biya's Vision 2035, a road-map to become an emerging economy by 2035, officials stress that investment from foreign countries, especially in large infrastructure projects, is an important part of Cameroon's development strategy. Despite a lack of reliable statistics, figures from the World Bank show the flow of FDI to Cameroon is relatively low but steadily increasing. The construction of the $4 billion 1070 km Chad-Cameroon crude oil pipeline completed in October 2003 is Cameroon's largest foreign investment deal to date. Numerous other major infrastructure projects financed by foreign direct investment are underway today.

Cameroon has no deliberate and direct economic or industrial strategies that have discriminatory effects on foreign investors or foreign-owned investments. However, the complex regulatory environment and existence of corruption throughout every segment of government create numerous obstacles to potential investors.

Other Investment Policy Reviews

Cameroon would like to be seen as a free market economy and has signed numerous bilateral and multilateral trade and investment cooperation agreements which provide some basic international legal frameworks to foreign investors.

The WTO most recently produced a trade policy review on Cameroon in 2013, available at http://www.wto.org/english/tratop_e/tpr_e/s285-00_e.pdf . The OECD produced a report on Cameroon Economic Outlook in 2013 http://www.oecd-ilibrary.org/docserver/download/4113021ec015.pdf?expires=1395927293&id=id&accname=ocid54014871&checksum=CE4BD559C9A325FDBBB7A1A5BBAA8D0F. Cameroon works with the International Finance Corporation in the framework of the Cameroon Business Forum (CBF), a public-private sector dialogue mechanism put in place to work towards the improvement of the business climate. See http://www.cbf-cameroun.org/en/?page_id=27 . These reports basically summarize Cameroon's investment climate as poor, and the country consistently ranks in the bottom 20 of the World Bank's Doing Business report.

Nevertheless, Cameroon remains attractive to investors because of its strategic location: Cameroon is a founding member of the African Union, the Economic Community of Central African States and the Economic and Monetary Community of Central Africa (CEMAC); it shares a long and porous border with Nigeria, Africa's most populous country; and it is the gateway to the land-locked countries of Chad and the Central African Republic. With its strategic placement, investments in Cameroon have a potential market of some 250 million consumers.

Laws/Regulations on FDI

Cameroon has a mix of civil and common law jurisdictions due to its colonial heritage. The legal system falls under the supervisory authority of the Ministry of Justice. The judiciary in Cameroon is notoriously slow and is rife with corruption. The judiciary lacks true independence, as the President promotes, appoints, and transfers magistrates and judges. Cameroon has a school of administration and magistracy to train magistrates, but other legal professionals such as attorneys, bailiffs, and notaries are not formally trained in schools, but rather through apprenticeship with an experienced attorney.

In order to attract more foreign investment, Cameroon revamped its Investment Code in 2013. The code does not discriminate between local and foreign investors. It lays out tax exemptions, duties, and other non-tax related benefits. It promises assistance with obtaining the issuance of visas, work permits, environmental compliance certificates, land titles, and long-term leases if certain conditions are met. Relatively recent, it is unclear how much effect the new Code it will have on investment or streamlining the onerous bureaucracy.

Industrial Strategy

Cameroon's Investment Promotion Agency (API in French) is the lead government institution for investment promotion in Cameroon. In addition to promoting the country's brand both domestically and abroad, the API coordinates the activities of a multitude of ministries and agencies responsible for the promotion of specific economic sectors. The API is the first port of call for all foreign investors for information and data. According to the Presidential Decree creating the API, this agency receives and forwards applications for investment licenses, assists licensed enterprises in their subsequent investment operations, and ensures that investments in certain sectors are consistent with the relevant sector-specific rules and regulations.

In addition, the National Investment Corporation of Cameroon (SNI in French) also facilitates investments, both local and foreign investment in the country. It can mobilize and channel national savings and other national and international financial resources to key investments. In practice, the Ministry of Economy, Planning, and Regional Development (MINEPAT) and various sector ministries tend to play a more conspicuous front line role for sectors that fall under special regulation as explained below.

Limits on Foreign Control

While the new 2013 Investment Code continues to permit full foreign control, in practice some substantial local equity ownership may assist during the investment approval process with the local partner acting as an interface with the bureaucracy. There are special requirements for investment in sectors which fall under special sector laws, such as electricity, transport, water, mining, oil and gas, and telecommunications—which apply equally to foreign and domestic investors.

Privatization Program

Foreign bidders are permitted to participate in privatization programs. In Cameroon total privatizations are rare, as the government generally retains a minority stake. Of the 39 State-owned companies listed for privatization in the early 1990s, 24 were sold to national and/or foreign buyers. In the past and to ensure transparency in the bidding process, the GRC often involved the World Bank. Some of Cameroon's recent privatizations have suffered from a lack of qualified bidders, and several of them have had to be postponed.

In some sectors, buyers of former state companies enjoy concession rights. In others, the GRC is looking for a service provider to whom it outsources the management of the state asset over a specific period. This is the case for transport such as the ports and railroad. In all cases, Cameroonian authorities may require the private investor to invest or modernize infrastructure or the State might retain the right to set consumer prices with its regulatory powers.

In recent years, the GRC has used three channels for the privatization of State owned companies: public tenders, the Douala Stock Exchange, and Public Private Partnerships (PPP). In 2009, the GRC put 20% of its stake in the agro-industrial company SOCAPALM for sale at the Douala Stock Exchange. The public offer raised $15 million. The GRC used a PPP for water and electricity, where the State kept ownership of the assets while the private partner now handles the distribution of services.

Screening of FDI

The GRC laid down general criteria for screening FDI in its investment charter. Further conditions may apply for specific sectors such as energy, mining, tourism, and oil and gas. Additional requirements may apply in accordance with specific sector codes. In general, FDI must align with the objectives of the government as outlined in GRC's Growth and Employment Strategy Paper (GESP) and in the National Economic Development Vision (Vision 2035), available at http://www.minepat.gov.cm/index.php/en/modules-menu/cat_view/7-publication-and-study-reports/32-strategic-development-vision .

In practice, each year the GRC publishes a list of projects which require funding. Given the developmental needs of the country, there are opportunities in virtually every sector of the economy. Most projects must go through a tender process although the GRC often considers initiatives from potential investors.

The recently created Ministry of Public Contracts and the public procurement regulation agency (ARMP) oversee the public tender process. The Presidency is involved in the decision for major projects. The individual ministries' public contracts award committees, government institutions, and municipal councils have the power to award contracts for smaller amounts, approximately less than $10,000. The public tender process is rife with fraud at every step of the process, but Cameroon has started to take small steps to streamline the process. Much more reform is needed to make the system more transparent and eliminate corruption.

The screening procedure for PPP is similar to public tenders although the two approaches are governed by two different laws. The selection of the contracting partner undergoes a three-step process: pre-selection, pre-qualification, and final adjudication.

Both the tender process and the PPP have numerous steps to ensure the technical and financial capability of the successful party. Unfortunately in practice these steps open the process to corruption. Numerous officials will take the opportunity to seek payment of a bribe or gain an equity share in a deal. It is extremely difficult for foreign investors to succeed in these conditions without the assistance of a savvy and knowledgeable local partner or consultant familiar with Cameroon to guide them. Even when successful, potential investors in public tenders, PPPs, and stock market listings must factor long bureaucratic delays in their planning.

Numerous ministries and public institutions are involved with screening FDI, which can create extended delays. Several ministries are involved in the majority of projects here, including the Prime Minister's Office, the Ministry of Economy, Planning and Regional Development (MINEPAT), and the Ministry of Finance. Other sectorial ministries, regulators, and public institutions will also play a role, depending on the nature of the project or investment.

Competition Law

The National Competition Commission (NCC) within the Ministry of Commerce serves as the competition authority in Cameroon. While in theory it has a mission to see that all economic operators in the various sectors respect competition rules, the reality in Cameroon is often far different. Many sectors are dominated by state-owned companies. Any investor in Cameroon should study the playing field carefully before deciding to proceed.

Investment Trends

Cameroon seeks investment in virtually every sector. Infrastructure development will continue to attract the biggest share of investment. In addition to roads, Cameroon has numerous projects for increasing power generation through power plants and hydroelectric dams; expanding rail, water, and electricity distribution; and other critical sectors such as health, housing, and agriculture. The largest projects underway include the Kribi Industrial Port Complex and the Lom Pangar Hydroelectric Project.

TABLE 1: Indices and rankings

Measure	**Year**	**Index or Rank**	**Website Address**
TI Corruption Perceptions index	2013	144 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	136 of 177	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	168 of 189	http://doingbusiness.org/rankings

Global Innovation Index	2013	125 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	$1,170	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

TABLE 1B: MCC Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or $4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf".

2. Conversion and Transfer Policies

The unit of currency used in Cameroon is the Communauté Financière Africaine (CFA) franc. It is issued by the regional central bank, the Bank of Central African States (BEAC in French), and is shared with the other members of the Central African Economic and Monetary Community (CEMAC, comprised of Cameroon, Chad, Central African Republic, Gabon, Equatorial Guinea, and the Republic of Congo). Although it is at par with the West African CFA franc, the two currencies are not usually accepted for payment in each other's zones. France's treasury guarantees full convertibility of both currencies to the euro. Since 1999, the CFA franc has been pegged to the euro at a fixed exchange rate of 1 euro to 655.957 francs.

Dividends, capital returns, interest, and principal payments on foreign debt, lease payments, royalties and management fees, and returns on liquidation can be freely remitted abroad. Liquidation of a foreign direct investment, however, must be declared to the Minister of Finance (MINFI) and BEAC 30 days in advance. Commercial foreign exchange transfers also must be cleared by MINFI for business deals amounting to more than 100 million francs (about $200,000). The BEAC has a centralized computer system for electronic transactions within the banking network.

Cameroon's growing financial sector is the largest in the CEMAC region. Despite numerous banks, insurance companies, micro-financial institutions, and a nascent stock exchange, Cameroon is still relatively disconnected from the international financial system. Only a small portion of the population has bank accounts and the majority of financial transactions are in cash. Many of the financial crimes occurring in Cameroon derive from corruption, tax evasion and embezzlement. In recent years, authorities have begun to suspect offshore transfers in some corruption cases, and the use of real estate to launder money has grown. Cameroon is not a major narcotics destination. Cameroon is a member of the Action Group against Money Laundering in Central Africa (GABAC), an entity in the process of becoming a Financial Action

Task Force-style Regional Body (FSRB). GABAC conducted an evaluation for Cameroon in April 2013, which has not yet been released to the public.

3. Expropriation and Compensation

The 1989 Bilateral Investment Treaty (BIT) protects U.S. investments in Cameroon. Foreign and domestic investors receive legal guarantees that substantially comply with international norms, including full and prior compensation in the event of expropriation on the basis of public interest. U.S. investors should seek GRC approval to protect their investments under the BIT. Undeveloped land is more at risk for local expropriation than developed property. There are no confiscatory tax regimes or laws that could be considered detrimental to U.S. or other foreign investments. The April 2013 Investment Incentives law recognizes property rights and facilitates land acquisition. Cameroonian law does not prohibit foreign ownership of land.

4. Dispute Settlement

The judicial system in Cameroon is extremely unreliable, rife with corruption, and notoriously slow. While the laws as written in theory protect investors and contractual rights, courts often fail to follow the law and create the impression that they act corruptly. The judiciary arguably lacks independence, as all magistrates and judges are appointed by the President of the Republic, the chief executive.

Cameroon’s legal system is particularly slow in adjudicating matters. Litigants regularly express dismay at the pace at which it handles disputes. Hearings can be delayed multiple times by the failure of one party to appear. The court often takes no action to end disputes—stretching then out for years. Plaintiffs in frivolous lawsuits can use these delay tactics as a method of harassment and can cause their opponent to incur significant legal fees by delaying hearings dozens of time for years on end. Another common tactic involves bringing frivolous criminal charges against an opponent in a commercial dispute.

International Arbitration

Prospective foreign investors who wish to avoid entanglement in the court system should consider arbitration as a form of dispute settlement. The April 2013 Investment Incentives Law commits the State to ensuring the establishment of alternative mechanisms for conflict resolution including a national court of arbitration for the settlement of labor and commercial disputes. Judgments of foreign courts are enforceable by Cameroonian courts. Cameroon accepts binding international arbitration on investment disputes between foreign investors and the government. In tax-related disputes, the 2012 Finance Law stipulates that decisions rendered by the Ministry of Finance can be challenged before the Administrative Court within 60 days.

As a signatory to many international and multilateral conventions bearing on investment guarantees, Cameroon respects, and in theory its courts enforce, decisions based on such instruments.

Cameroon is a signatory to the 1985 Seoul Convention that established the Multilateral Investment Guarantee Agency (MIGA), aimed at safeguarding non-commercial risks. Cameroon is also a signatory to the Lome Convention (as revised in Mauritius in 1995), which created an arbitration mechanism to settle disputes between African, Caribbean, and Pacific states (ACP) and contractors, suppliers, and service providers financed by the European Development Fund.

Cameroon is a signatory to the Organization for the Harmonization of Business Law in Africa Treaty (OHADA in French). Among other things, OHADA provides for common business law and arbitration procedures in the 16-member signatory states: (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal and Togo). As member of the OHADA zone, the State has both an ad hoc and an institutional arbitration mechanism based on the most effective international instruments, such as the standard law of the United Nations Commission for International Business Law (UNCITRAL) on international arbitration of 1985 and the Arbitration Settlement of the International Chamber of Commerce of 1998.

Cameroon signed the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) on September 23, 1965, ratified it on January 3, 1967, and it entered into force on February 2, 1967. On February 19, 1988 Cameroon acceded to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

5. Performance Requirements and Investment Incentives

World Trade Organization (WTO)

Cameroon adheres to the multilateral trade system, in particular the agreements of the WTO and other mechanisms for the development of international trade, as well as the agreements of the International Customs Organisation (ICO). It reasserts the option of regional integration within the framework of the Central African Economic and Monetary Community (CEMAC) and the Economic Community for Central African States (CEEAC).

Investment incentives

The April 2013 Investment Incentive Law lays down private investment incentives in the Republic of Cameroon. Some potential incentives to encourage investment and use of local content include exemptions from certain taxes, duties, and other non-tax related benefits such as assistance in obtaining the issuance of visas, work permits, environmental compliance certificates, land titles, and long-term leases if certain conditions are met. These incentives are applicable to Cameroonian or foreign nationals or corporations, but not to investments in sectors governed by special instruments, in particular the upstream oil, mining, and gas sectors.

Research and Development

U.S. companies can participate in GRC's financed or subsidized research programs, particularly PPP agreements. However, no U.S. company has done so to date.

Performance Requirements

Cameroon's investment incentives law seeks to promote and attract investment to develop activities geared towards strong, sustainable, and shared economic growth as well as job creation. While there is no "forced localization," Cameroon offers incentives to encourage companies to hire Cameroonian workers and use domestic content. Investments which fail to meet any of these would likely face a difficult time gaining acceptance. The law does not impose any specific obligations on foreign investors such as a requirement for national equity stake or an obligation to use local raw material for manufacturing. In reality though, such policies are favored. Additionally, corrupt actors could exert pressure on foreign investors for equity share or other self-dealing.

6. Right to Private Ownership and Establishment

The GRC recognizes the right of private ownership. The Ministry for State Property and Land Tenure governs property issues. The GRC has introduced a computerized system of issuing land titles in order to facilitate and expedite was has traditionally been a lengthy and cumbersome process. The transfer of land in the public domain above 50 hectares requires presidential authorization.

Mergers and acquisitions are undertaken through negotiations. Private firms are free to associate with any partner they choose and are free to organize industry associations.

Foreign and domestic individuals and firms may legally establish and own firms, engage in remunerative activities, and establish, acquire, and dispose of interests in business enterprises. Investors may dispose of their property via sale, transfer, or physical repatriation of moveable property. Unfortunately, due to corruption and/or difficulty in dealing with the Cameroonian bureaucracy, foreign investors often feel compelled to have minority Cameroonian shareholders in their investments.

7. Protection of Property Rights

Secured interests in property are recognized, although adjudication of property disputes can be lengthy. The concept of mortgages exists in Cameroonian law and a title is the legal instrument for registering such security interests. In practice however, some lenders report extensive delays in obtaining court rulings to enforce their claims on assets given as collateral. Cameroonian law, particularly the April 2013 Investment Incentive Law, provides foreign and domestic investors with property rights protections that substantially comply with international norms and do not discriminate between foreign and domestic firms. However, Cameroonian courts and administrative agencies have a penchant to favor domestic firms and are suspected of corrupt practices.

Between 70 and 90% of Cameroon's economy is informal. Agriculture is overwhelmingly informal and other sectors such as manufacturing are slightly less so. Accordingly to the Ministry of State Property and Land Tenure (MINDAF), less than 2% of the land in Cameroon is registered or titled. Most land is held and managed informally through local tenure arrangements—often a combination of statutory and customary tenure rules. They form a complex, locally-specific, and sometimes malleable set of rules that creates uncertainty, fosters land conflicts, and hampers local development. By law, all untitled land in Cameroon belongs to the State. Proof of private ownership to obtain a land certificate is demonstrated by actual occupancy and exploitation of land. In fact, a land title is the only legal means of holding land rights. In 2005, the government decentralized and simplified the titling process to address certain barriers, but with limited results so far. According to the 2014 World Bank's Doing Business Report, Cameroon moved up in its ranking for registering property from 160 to 150th position. It apparently takes on average 86 days to follow the five procedures and costs 19% of actual property value to register property in Cameroon.

Intellectual Property (IP) Rights

Cameroon is a member of the 16-nation African Intellectual Property Organization (OAPI in French), which is a member of the World Intellectual Property Organization and offers patent and trademark registration in cooperation with member states. Patents in Cameroon have an initial validity of ten years. They can be renewed every five years upon submission of proof that the patent was used in at least one of the OAPI member countries. Without continued use, compulsory licensing is possible after three years. Trademark protection is initially valid for 20 years with renewal possibilities every ten years. Cameroon is also a party to the Paris Convention on Industrial Property and the Universal Copyright Convention.

Registration bodies include the Cameroon Musical Arts Corporation (SOCAM, in French) for music, the Copyright Corporation for Literature and Dramatic Arts (in French, SOCILADRA) which covers literature and software production; the Copyright Corporation for Visual Arts (in French, SOCADAP) for paintings; and the Copyright Corporation for Audio-Visual and Photographic Arts (in French, SCAAP) for audiovisual and photographic production. The internet and the availability of satellite television have created new challenges for Cameroon copyright institutions. Despite the existence of a regulator which supervises the internet and telecoms sectors, the country lacks expertise in oversight and policing of internet downloading and the illegal copying and distribution of foreign television programs.

Enforcement of IP rights is constrained by corruption, cost, a rudimentary understanding of IP rights among government officials, and a lack of public respect for copyright laws. Software piracy is widespread and pirated DVDs are common. Cheap pirated materials are believed to originate from Asia and Nigeria. Cameroon is taking steps to implement the World Trade Organization's TRIPs agreement. The United States Patent and Trade Office (USPTO) provided training on intellectual property rights protection to Cameroonian officials (including customs officers, magistrates, and civil servants) in 2011. Cameroon is not listed on the Special 301 report as a notorious market.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Resources for Rights Holders

Contact at Post:

Stephanie Boscaino (until June 2014) or Derrin Smith
Deputy Political/Economic Section Chief
(+237) 2220-1500
Email: Yaoundepolecon@state.gov

Country/Economy Resources:

American Chamber of Commerce in Cameroon (AmCham)
Beneficial Building Akwa 3rd Floor
P.O. Box 4006, Douala, Cameroon
Telephone: (+237) 7711-5272
http://www.amchamcam.org

Post's public list of local lawyers: http://yaounde.usembassy.gov/key-business-links.html

8. Transparency of the Regulatory System

Although Cameroonian business laws exist, their implementation can be challenging. Under the current legal system, both local and foreign investors, including some U.S. firms, have found it complicated, time-consuming, and costly to enforce contractual rights, protect property rights, obtain a fair and expeditious hearing before the courts, or defend themselves against frivolous lawsuits. Implementation of the OHADA law – in force since 2000 – in French-speaking Cameroon has been satisfactory for some investors. The Anglophone regions of Cameroon, with business law arising from common law, have sometimes shown resistance to implementing OHADA.

The GRC does not publish draft laws for public comments prior to action by the National Assembly and Senate, the country's legislative bodies. However, the GRC has created the Cameroon Business Forum, an initiative of the IFC, to help brainstorm on business reforms which could improve the business climate, although only a small portion of suggestions have been enacted.

Cameroon is a member of UNCTAD's international network of transparent investment procedures: http://www.eregulations.org/. Foreign and national investors may be able to find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures for the following regions: Garoua, http://garoua.eregulations.org/, Douala, http://douala.eregulations.org/and Yaoundé, http://yaounde.eregulations.org/.

9. Efficient Capital Markets and Portfolio Investment

The Douala Stock Exchange (DSX) regulates Cameroon's nascent capital market. Only three companies are listed on the DSX: the Cameroon Palm Oil Plantation of Cameroon (SOCAPALM), the African Society of Agricultural and Forest Cameroon (SAFACAM), and the Mineral Water Company of Cameroon (SEMC). On the fixed income segment, the DSX listed one Cameroon government bond and a multilateral bond issued by the Development Bank of Central African States. The Cameroon Security and Exchange Commission (SEC) is the supervisor of market operations and compliance. The SEC has regulations against security fraud, but no enforcement powers. Thus there is no protection against insider trading, market price collusion and other security fraud such as Ponzi schemes and broker embezzlement. Companies do not feel compelled to release their accounting data and the non-availability of financial statements poses serious problems.

Cameroon has a credit rating of "B" from Standard and Poor's, implying that Cameroon is still vulnerable in the near-term to adverse business, financial, and economic conditions.

Liquidity, Credit, Banking System, Hostile Takeovers

Cameroon has 13 banks and over 600 micro-finance institutions. The banking sector is regulated by the Central Africa Banking Commission (COBAC). On a positive note, the IMF in 2013 deemed that both return on assets (ROA) and return on equity (ROE) showed comfortable rates of return over the past decade, despite a fall in net income at the system-wide level since 2009, reflecting difficulties experienced in four problem banks. On the other hand, banks are highly liquid. With the exception of a small dip during the 2009 global financial crisis, bank liquidity has steadily increased.

Describing the banking sector in Cameroon as highly concentrated and shallower than the expected benchmark, the IMF notes most banks, especially the locally-owned banks, are heavily undercapitalized with capital adequacy ratios of less than eight percent. The IMF also indicated that the profitability of Cameroon's financial institutions meets the expected structural benchmark and the sector outperforms its peers in other countries in terms of liquidity. However, the picture is mixed in terms of inclusiveness. Cameroon underperforms in terms of access to banking services, notably credit availability to retail and small and medium-size enterprises. Although small-scale saving and borrowing needs are met by micro-finance institutions and the informal sector, 95% of Cameroonians do not have access to formal financial services.

10. Competition from State-Owned Enterprises

Monopolies

Despite private sector in-roads, state-owned companies continue to exert virtual monopolies in certain economic sectors and sometimes distort the competitive landscape. For example, Cameroon Telecommunications (CAMTEL) has exclusive control over all national telephone and internet infrastructure, including fiber optic cables and the telephone network. CAMTEL is also expanding into the retail mobile sector, internet services, and even sales of mobile phone handsets.

Another vivid illustration can be found in the oil and gas sector where extraction, refinery, storage, and distribution are largely controlled by the State through five public companies. Downstream, Tradex has been able to grab 30% market share in by using State resources to expand. Similar virtual monopolies and competitive distortions exist in other sectors particularly transport, where the State controls the majority of infrastructure through entities such as Camair-Co, the national airline, the Cameroon Rail Network (CAMRAIL), and maritime transportation through CAMSHIP and the Cameroon Shipyard and Industrial Engineering Ltd (CNIC).

Return of the State

In addition to the existing 125 state-owned enterprises (SOEs), the GRC has in recent years reinforced its foothold in most important economic sectors. In financial services, it is creating two new lending banks. In the energy sector, there are plans to create a new company to manage energy infrastructure. Similar plans are underway to convert the Electricity Development Corporation (EDC) into a water marketer for hydroelectric operators. In manufacturing, the GRC is setting up a fertilizer plant in a venture with a German firm. Over the past decade, the GRC has secured equity in mining ventures with U.S. company Geovic Mining Corp. for cobalt, Australian Sundance Resources Limited for iron, Korean C&K Mining Inc. for diamonds, agro-forestry industries, and construction projects.

Concentration of risk through Cross Holding

Inside the GRC's portfolio of companies, there are intricate cross-holdings whereby various State institutions mutually hold equities in SOEs. Public investors in SOEs include the National Hydrocarbons Company (SNH), the Hydrocarbon Price Stabilization Fund, and the National Social Security Fund which together have stakes in more than 30 SOEs. The largest holdings are controlled by National Investment Company (NIC) with shares in more than 32 enterprises. In 2010, the NIC valued these GRC's stakes to be worth $516 million or 20% of the national annual budget. The most visible consequences of crossholding are ballooning unpaid inter-SOE debts, unpaid taxes, unpaid pension contributions, dependence on State subsidies, and a pervasive risk of bankruptcy contagion and disruption in supply.

Distortions of competition

In Cameroon, many SOEs have a history of poor management and, being in critical sectors of the economy, they create real risks. For example, heavy debt carried by the national refinery company, SONARA, threatens the entire country's access to refined petroleum. The amount of subsidies allocated by the GRC to SOEs has increased dramatically. Subsidies can disrupt the competitive landscape.

OECD Guidelines on Corporate Governance of SOEs

Cameroon fails to adhere to many of the OECD Guidelines on Corporate Governance for SOEs with transparency and accountability being the main weaknesses. Since 2008, successive reports from the Audit Chambers of the Cameroon Supreme Court indicate that only one in five SOEs actually produce yearly financial statements. In Cameroon, the majority of managers of SOEs are political appointees, such as former or serving ministers, high ranking ruling party members, and retired civil servants. Expertise is not compulsory and, once appointed, SOE management can remain in place for decades increasing serious risk of embezzlement, corruption, and conflicts of interest. The majority of SOEs dominate their economic sectors as virtual monopolies which can distort competition, markets, and prices. Of the 100 most prominent cases of embezzlement brought before the courts over the past decade, approximately 80% concerned top managers of SOEs.

Sovereign Wealth Funds

Cameroon does not have a Sovereign Wealth Fund

11. Corporate Social Responsibility

Although companies are not required by law to conduct Corporate Social Responsibility **(**CSR) activities or disclose when they choose to do so, the concept is gaining ground. Many domestic and international civil society groups are also actively promoting the benefits of CSR. The GRC encourages foreign and local enterprises to help communities in which they operate and also to respect global standards for human rights in business.

In terms of measures put in place to ensure that environmental, social, and governance issues are factored into business decision-making, Cameroon has a law requiring companies to conduct a social and environmental impact assessment (SEIA) for all large business projects. The GRC generally attempts to comply with this law in most large national infrastructure projects. These laws, as well as labor regulations, in theory cannot be waived although they are not always enforced. In certain major projects, the GRC has failed to ensure that comprehensive SEIAs were completed prior to the start of the project. Often in Cameroon the full disclosure of a report depends on the identity of the financial partners funding the project. Projects associated with international donors such as the World Bank, the African Development Bank, and the European Investment Bank adhere to international standards, while projects with other financing sources can have far less disclosure.

OECD Guidelines for Multinational Enterprises

Cameroon complies with many of the OECD Guidelines for Multinational Enterprises. The one exception is disclosure, as only multinational companies tend to comply with that norm.

12. Political Violence

Cameroon experiences relative peace compared to many of its neighbors. Two peaceful elections were held in 2013: Senate elections in April and combined legislative/municipal elections in September. The last episode of significant social unrest occurred in 2008 when a transportation strike expanded into a more general protest against rising food and fuel prices coupled with reaction against the President's plan to amend the constitution to eliminate presidential term limits.

On the regional front, relations with Nigeria are increasingly friendly. However, frequent incursions by Boko Haram terrorists and repeated episodes of kidnapping in the northern part of Cameroon could create difficulties with Nigeria and jeopardize Cameroon's internal stability. Already, Boko Haram's activities have had a serious impact on tourism and cross-border commerce. Also, the large number of refugees arriving in Cameroon from the destabilized Central African Republic could include ex-rebels fighters. The presence of any ex-militia posing as refugees could have effects on the peace and security of Cameroon's eastern border regions.

On the domestic level, President Biya's eventual succession creates many questions for Cameroon's future stability. If President Biya vacates office unexpectedly, the president of the newly created Senate will become the interim president until the country can hold new elections. Uncertainty prevails as to whether such a smooth transition would occur.

13. Corruption

Corruption is endemic in Cameroon, which consistently ranks as one of the most corrupt countries according to Transparency International's Corruption Perceptions Index. The GRC claims to work towards lowering levels of corruption. Transparency International and other international NGOs have an active presence in Cameroon.

Despite government efforts to fight corruption of top public officials, the GRC remains hesitant to implement a constitutional provision requiring government officials to declare their assets. Some steps the GRC has taken to fight corruption include signing and ratifying the U.N. Convention against Corruption (UNCAC). In November 2004, the GRC published new anti-corruption measures for public contracts. In 2011, the GRC validated its national anti-corruption strategy; the President established the Special Criminal Court to prosecute corruption cases of state officials and the GRC created a special ministry dedicated to government procurement. Additionally, in 2011 Cameroon's Anti-Corruption Commission (CONAC) published its first report. Anti-corruption committees exist in all government establishments. Despite these initiatives, corruption shows no sign of abatement.

Corruption raises the costs and risks of doing business. Numerous companies and investors consistently highlight the corrosive impact of the pervasive corruption on both market opportunities and the broader business climate in Cameroon. It deters foreign investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

Government agency or agencies responsible for combating corruption

National Anti-Corruption Committee (NACC, or CONAC in French)
Rev. Dieudonné Massi Gams, Chairman
P.O. Box 33200 Yaounde, Cameroon
Tel: (+237) 2220-3732
Email: infos@conac-cameroun.net
http://www.conac-cameroun.net/en/index_en.php

National Agency for Financial Crimes Investigation (ANIF)
Hubert Ndé Sambone, Director General
16th floor, SNI Building
P.O. Box 6709 –Yaounde, Cameroon
Tel.: (+237) 2222-1683
Email: contact@anif.cm
http://www.anif.cm

Watchdog organization monitoring corruption

Transparency International (TI), Cameroon
Roger Ngoh Yom, Executive Director
Nouvelle Route Bastos, rue 1.839
P.O. Box 4562 Yaounde, Cameroon
Telephone: (+237) 2220-6022
Email: ticameroon@yahoo.fr
Website: http://www.ti-cameroon.org
http://www.transparency.org

The World Bank - Worldwide Governance Indicators (WGI)
Gregor Binkert, Country Director
Nouvelle Route Bastos
P.O Box 1128 Yaounde, Cameroon
Telephone: (+237) 2220-3815 / (+237) 2250-3815
Email: gbinkert@worldbank.org
http://info.worldbank.org/governance/wgi/sc_country.asp.

Anti-Corruption Cameroon
P.O. Box- 5031, Yaounde, Cameroon
Hotline - (+237) 7665-7878
Office - (+237) 9965-1803
Email: AC@kick-corruption.org or ac.cameroon@yahoo.com
http://kick-corruption.org/

14. Bilateral Investment Agreements

Cameroon has investment and/or bilateral investment protection agreements with the European Union, Canada, China, Japan, Russia, South Korea, and the United States. Similar agreements also exist with other countries in Africa, Asia, Latin America, and Eastern Europe.

Cameroon does not have a bilateral taxation treaty with the United States.

The U.S. Senate ratified a Bilateral Investment Treaty (BIT) between Cameroon and the United States in 1986, and it entered into force in 1989. While the original time frame for the agreement was 10 years, it is renewed automatically under the terms of the treaty. The United States invoked the BIT both in 1997 and 2004, and Cameroon acquiesced in both cases, agreeing not to implement legislation contrary to the treaty and avoiding lengthy dispute resolution.

Cameroon does not have a Free Trade Agreement (FTA) with the United States save for preferential trade facilities under the African Growth and Opportunities Act (AGOA).

15. OPIC and Other Investment Insurance Programs

The U.S. Government signed an Investment Guarantee Agreement with Cameroon in 1967. OPIC has been receptive to U.S firms seeking war, expropriation, and inconvertibility insurance, and has guaranteed several ventures in Cameroon. The 1990 Investment Code guarantees protection from non-commercial risk, and Cameroon is a signatory of the Multilateral Investment Guarantee Agreement (MIGA).

16. Labor

Cameroon has a high literacy rate relative to Sub-Saharan Africa generally and offers a relatively well-educated labor force alongside a surplus of unskilled and non-technical labor. A 2011 survey conducted by the National Institute of Statistics using ILO criteria found unemployment rates of 10% in Yaounde and 9% in Douala. See http://www.stat.cm/downloads/EESI/2010/Phase1/Rapport_Principal_Phase1_EESI2_2010_Fr_14mars12.pdf . In 2010, the Ministry of Employment and Vocational Training provided a more realistic estimate: he stated that 75% of the active workforce is underemployed and less than one million people are employed in the formal sector.

About 50% of adult Cameroonians speak both French and English. Due to inadequate vocational and technical training, some industries have difficulties recruiting skilled labor in the domestic market. Also, the abundance of unskilled labor means that technology used in many sectors, especially construction, remains rudimentary.

General labor-management relations

Cameroon's 1992 Labor Code governs labor-management relations, providing for collective bargaining in wage negotiations, eliminating fixed wage scales, abolishing employment-based requirements on education levels, eliminating government control over layoffs and firings, and reducing the government's role in the management of labor unions.

After a long period of tension between the government and labor unions, a new tripartite approach, including worker and employer unions as well as government representatives, addresses labor issues. This has substantially improved relations between the parties for the benefit of both the workers and the employers. The GRC intends to expand workers' rights and establish a new concept of internal discussions within companies before workers resort to strikes. The Minister of Labor and Social Security refers to this policy as "Social Dialogue." The Ministry of Labor has taken an increasingly broad view of certain aspects of the Labor Code, especially regarding payment of "legal rights" to employees in the event of a restructuring or sale.

Internationally recognized labor rights

The Labor Code does not apply to civil servants, employees of the judiciary, and workers responsible for national security. In theory, the Labor Code provides a legal framework for the emergence of a flexible and efficient labor market. Cameroon is a party to the ILO Conventions 87 and 98 permitting the freedom to form unions and the right to collective bargaining.

New labor related laws or regulations affecting investments

There are no new labor related laws or regulations. However, in recent years, Section 42 of the Cameroon Labor Code has posed some challenges to foreign companies selling their assets in Cameroon. Section 42(2)(b) allows employees or their labor organizations to demand compensation from the selling entity in advance of the sale of the asset. They may ask for termination of their contract and severance pay prior to the transfer, knowing that the new acquirer will likely hire them or will need their acquired experience. In sectors where human resources costs are high, the practice can make it difficult for foreign investors to divest.

17. Foreign Trade Zones/Free Ports

Cameroon currently has no designated foreign trade zones or free ports. It however has an Industrial Free Zone (IFZ) regime applicable at any location through "industrial parks" or "single-factory" zones. Created in 1990 to promote internationally competitive export industries, the IFZ regime creates certain broad regulatory and tax exemptions for investors.

To qualify for IFZ status, the goods or services must not have detrimental effects on the environment and enterprises must export 80% of production. IFZ firms receive a ten-year exemption from taxes and are subject only to a flat tax of 15% on corporate profits beginning in the eleventh year. They have a right to tax-free repatriation of all funds earned and invested in Cameroon and are exempt from foreign exchange regulations. They are also exempt from existing and future customs duties and taxes including those on locally purchased production inputs. The National Agency for Industrial Free Zones is the regulatory body that oversees and administers Cameroon's IFZ program. A number of Cameroonian companies, particularly in Douala-Bonaberi Industrial Zone, are currently benefitting from limited tax advantages linked to the IFZ regime.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Although foreign direct investment (FDI) plays a key role in the Cameroonian economy, reliable FDI statistics are not available. Neither the GRC nor the Cameroonian Chamber of Commerce has compiled a comprehensive list of foreign investments in Cameroon or estimates of current values. The 2012 Finance Law requires foreign companies to seek the help of a tax advisor for mergers or acquisitions of a Cameroonian entity. Local affiliates of French transnational companies carry a large amount of capital formation, although domestic banks are fueling some investment.

TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (*Millions U.S. Dollars)*	2010	$23,683	2013	$28,033	http://www.worldbank.org/en/country http://country.eiu.com
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in Cameroon (*Millions U.S. Dollars, stock positions)*	NA	NA	2012	$203	(BEA) click selections to reach.
Cameroon's FDI in the United States (*Millions U.S. Dollars, stock positions)*	NA	NA	2012	$-7	(BEA) click selections to reach
Total inbound stock of FDI as % host GDP (***calculate)***	NA	NA	2012	0.8%	

Source: Ministry of Economy and Finance, National Institute of Statistics.

TABLE 3: Sources and Destination of FDI

Direct Investment from/in Cameroon in 2012					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	507	100%	Total Outward	193	100%
France	1,546	35%			
Belgium	111	35%			
Denmark	18	6%			
Mauritius	88	6%			
United States	203	40%	United States	-7	-3.6%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: http://cdis.imf.org, UNCTAD

19. Contact at Post to learn more

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