



CAMEROON
INVESTMENT CLIMATE STATEMENT
2015

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Executive Summary

The investment climate in the Republic of Cameroon is moderately conducive to U.S. investment, largely in part to the economic and business potential despite bureaucratic hurdles and the presence of corruption at all levels of government. The investment climate is improving slowly, as Cameroon begins to experience the higher-grade technology being offered by U.S. firms, as well as the application of corporate social responsibility norms and international best business practices. Opportunities are available in every sector, from extraction industries, to agriculture, construction, telecommunications, infrastructure for clean water, and renewable energy resources. The rapidly growing youth population is in need of employment, access to modern infrastructure, and economic development. Disaffected youth are in danger of recruitment by radical groups and terrorist organizations, located in the far northern regions of Cameroon. Job creation is a stated priority of the Government of the Republic of Cameroon (GRC). Government officials appreciate U.S. companies' willingness to hire and invest in their Cameroonian work forces, because they provide better conditions and proper training.

One of the most important issues is anti-corruption, requiring greater transparency and improvement to the government procurement process. To avoid social unrest and security issues, the 2018 presidential elections need to be viewed as being transparent, peaceful, free and fair. State owned enterprises (SOEs) still dominate the marketplace, and government intervention in the markets tends to discourage foreign direct investment and private equity programs. Cameroon's parastatal economy must improve in order to take advantage of rapid development and economic growth. The GRC has set ambitious plans for their development, which would require at least a decade of double-digit GDP growth, which is unlikely. Recent and current growth rates are in the range of 5.5 percent to 5.8 percent, which are encouraging should they be able to sustain this rate.

Cameroon is a greenfield environment for foreign enterprises and investors, worthy of attention due to the tremendous potential for growth across a wide range of sectors.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The GRC wants to attract foreign direct investments. The Prime Minister of Cameroon repeated this commitment in 2014 during his budget speech. Figures from the United Nations Conference on Trade and Development (UNCTAD) show that in 2013, Cameroon received FDI inflows of USD 572 million, which represents a net increase of 8 percent from the previous year. Cumulatively, since 2010, FDI represents 22 percent of the national gross domestic product (GDP); however, compared other countries within the region, Cameroon remains a modest FDI destination in Sub-Saharan Africa. Cameroon does not have policies that deliberately discriminate against foreign investors by prohibiting, limiting, or conditioning foreign investment in a sector of the economy.

Other Investment Policy Reviews

The Organization for Economic Co-operation and Development (OECD) has a series of reports on Cameroon:

<http://www.oecd.org/countries/cameroon>

Cameroon's latest trade policy review by World Trade Organization (WTO) can be found here:
https://www.wto.org/english/tratop_e/tpr_e/s285-00_e.pdf

The UNCTAD has a number of short reports on Cameroon:
http://unctad.org/sections/dite_dir/docs/wir2014/wir14_fs_cm_en.pdf

A specific report of value is this one, noting Cameroon cooperates with international donors and domestic institutions to improve the business climate and provides context for policy:

<http://www.cbfcameroun.org/>

Laws/Regulations of Foreign Direct Investment

Foreign direct investment is governed by the Investment Code (Law No. 2002/004 of April 19, 2002) and subsequent texts (for example Law N° 2013/004 of 18 April 2013), which outlines incentives to private investment in Cameroon. Most contracts are regulated by civil law, while a minority of specific sectors is governed by unique regulations.

- 1) Mining code: Law No 001 of 16 April, 2001
- 2) Oil and Gas code (www.snh.cm/ReglementationDesHydrocarbures/Gas-Code-in-English.pdf)
- 3) The Law No 2011/022 of 14 December 2011 governing the electricity sector in Cameroon
- 4) The Forestry code

For other aspects of corporate finance, such as mergers and acquisition and financial derivatives, OHADA treaties ("Organisation pour l'Harmonisation en Afrique du Droit des Affaires") and accounting norms apply.

There is no deliberate government interference in the court system, but the presence of corruption often leads analysts to question the independence of the judiciary.

<http://www.snh.cm/CodePetrolier/codepetrolier.pdf>

The web address provides the French version of Cameroon's petroleum code. The law governs the upstream activities of the oil sector.

http://www.snh.cm/index.php?option=com_content&view=article&id=100%3Acode-gazier&catid=58%3Areglementation&Itemid=74&lang=en

This law and its application instruments govern the downstream gas sector comprising transportation, distribution, processing, storage, importation, exportation, and marketing of natural gas within the national territory.

<http://www.minfof.cm/doc/Guide-MINFOF.pdf>

This guide provides extensive information on the forestry sector as well as key laws and its implementing decrees.

Industrial Promotion

Information on programs designed to attract investment to specific sectors is generally advertised through public media, and specific information can be obtained from the following sector ministries:

- 1) Agro-industry--Ministry of Agriculture (www.minader.cm/)
- 2) Energy--Ministry of Energy and Water Resources (MINEE) (<http://www.minee.cm/>)
- 3) Mining--Ministry of Mines, Industry and Technological Development (<http://www.minmidt.net/>)
- 4) Infrastructure (including buildings and public works, utilities; www.spm.gov.cm/)
- 5) Transport
- 6) Services (education, health, administration)
- 7) Manufacturing (<http://www.minmidt.net/>)
- 8) Telecommunication--Ministry of Post and Telecommunication (<http://www.minpostel.gov.cm/>)
- 9) Financial Services--Ministry of Finance (<http://www.minfi.cm/>)
- 10) Tourism

Limits on Foreign Control

There are no limitations to foreign ownership in Cameroon.

There are no sector-specific restrictions. However, in key sectors like oil and gas, the State often partners in any exploration venture. The same applies to services such as utilities such as electricity and water. However, these parastatal business interests are often driven by GRC targets for specific markets and development, and poverty reduction policies.

Privatization Program

Cameroon enacted major privatization policies in the 1990s and early 2000 under the instructions of international donors such as the International Monetary Fund (IMF) and the World Bank. The official process has been slowed for over a decade as parastatal economic interests remained prevalent, but market pressures continue to mount for additional privatization efforts.

In total, reference privatization and economic restructuring:

- 35 enterprises were closed
- 17 were restructured and remain publicly owned
- 18 were privatized: Examples Sonel (today ENEO electricity), CAMRAIL (Train network)
- 10 companies have been scheduled for privatization since 2005 (Examples CAMAIRCO, CAMTEL, SCDP, SODECOTON) but additional privatizations haven't been done.

Since 2005, the government seems to have adjusted policy. A case in point is SNEC (the "Société National des Eaux de Cameroon" which today is CAMWATER and CDE). The government favors Public Private Partnership (PPP) or some variations of outsourcing and contractual management, rather than outright privatization, while the State retains ownership of assets. The State also prefers to take participation in ventures, such as mining companies, rather than creating a state-owned company.

The government has also introduced the PPP framework through which investors can develop ventures. The framework for PPP can be found at <http://www.ppp-cameroun.cm/uploads/Telechargements/cadre-juridique-des-PPP-recueil-des-textes-en.pdf>

The public bidding on tender offers is transparent in terms of being advertised in the media, but the actual process of awarding contracts may still be tainted by corruption, particularly on very large scale projects. The listing of public tenders in the Cameroon Tribune newspaper, and publication of which firms received the contracts, will not result in a fully transparent process of awards.

Screening of FDI

The government of Cameroon does not screen all private foreign direct investment in Cameroon, but the Ministry of Finance encourages investors to inform the government, especially if they want to take advantage of investment incentives. Conversely, the government screens foreign investments in government projects. Some U.S. firms that have submitted bids for Cameroonian public tenders have complained about the lack of transparency and poor communication.

Tenders for public contracts begin with a call for tender. Submitted bids are then reviewed by the Ministry of Public Contracts, under the regulatory control of the National Agency for the Regulation of Public Contracts (ARMP). The public call for tender specifies the qualification criteria, such as: administrative procedures, references for similar contracts, staffing, facilities, equipment and financial position. The pre-qualification report, prepared by the bidder, together with the draft Tender Dossier, including the proposal, is subject to the procurement committee jurisdiction to review.

The objective of the screening is to ascertain the financial viability and expertise of the bidders on public tenders and, more importantly, to verify compliance with all relevant laws.

In case of disagreement between the applicant and the client (State institution) or the client's representative, an appeal can be lodged during the time period between the publication of results and the notification of award by the applicant.

First, the appeal must be sent to the Public Procurement Authority, with copies to the agency responsible for the regulation of public procurement (ARMP), the client or client's representative and Chairman of the Committee. This appeal must be made within a maximum period of five (5) working days after the publication of results. The action may result in the suspension of the proceedings at the discretion of the Public Procurement Authority. Finally, notification of the award must be made within fifteen (15) days after such publication, if there is no appeal. The following are required at a minimum:

- A tender application with full profile of the company and managers;
- A statement from the court that the company has not been bankrupt over the past 90 days;
- A valid tax card and fees;
- Insurance;
- A technical file containing a list of key staff with their full resume showing their expertise;
- An attestation showing compliance with tax obligations;
- Full financial statements that cover all of the past three years.

Competition Law

The National Competition Commission (of the Ministry of Commerce)

Investment Trends

The economy grew by 4.7 percent in 2012, according to the International Monetary Fund (IMF). GDP growth was 5.0 percent in 2013 and 5.5 percent in 2014. Inflation remained under 3 percent throughout. Cameroon alone constitutes over 50 percent of the regional economy for the Economic Community of Central African States (CEMAC) and is the trade gateway to inland Central Africa. Cameroon has about 52 types of identified exploitable minerals, including some of the world's largest deposits of cobalt, nickel, manganese, bauxite, iron ore, uranium, and gold. Cameroon's fertile soil and climate are favorable to agriculture. Tourism potential is rich and diversified. Cameroon has an attractive ecosystem for specialized eco-tourism and some 300 identified tourist sites, some of which are classed as United Nations Educational, Scientific and Cultural Organization (UNESCO) heritage sites. Politically, the country is stable despite concerns over succession to President Biya. The country is also neighbor to Africa's largest economy, Nigeria. Commercial exchanges between the two countries have intensified in recent years, and Nigeria is now becoming one of the largest sources of inward investments. Cameroon's traditional sources of FDI are European countries, the United States, and China, but in recent years Turkey, India, and South Korea have been investing in Cameroon. The support of the International Monetary Fund remains strong, and the World Bank has maintained a liberal policy, in spite of the previously noted dysfunctions and concerns about endemic corruption.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	136 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	158 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	114 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 1,290	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Foreign Exchange

There are no restrictions or limitations placed on foreign investors in converting, transferring, or repatriating funds associated with an investment.

Funds may be converted to any world currency.

The national (regional) currency, the Central African CFA Franc, (or the CFA) is pegged to the Euro and fixed at a specific rate.

Remittance Policies

There are no significant changes in the remittance policies.

There are no limitations on remittances and no wait period to remit each type of investment returns.

There are no limitations on transfer of dividends.

The Cameroon accounting and taxation system may not be able to handle complex instruments such as convertibles and negotiable instruments because the financial markets are not yet developed and lack adequate sophistication.

All currency matters are handled by the regional central bank.

Cameroon is a member of the the Groupe d'Action Contre le Blanchiment d'Argent en Afrique Centrale (GABAC) as a new Financial Action Task Force (FATF) observer organization. GABAC is a body of the Economic and Monetary Community of Central Africa (CEMAC) and is made up of the six members: Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, and Gabon. GABAC was established in 2000 with a mandate to combat money laundering and terrorist financing, assess the compliance of its members against the FATF Standards, provide technical assistance to its member States, and facilitate international co-operation. In Cameroon the FATF is coordinated by the National Agency for Financial Investigation (ANIF). The ANIF is technically independent but weak, with a small budget and cannot, therefore, actively conduct or manage investigations with rigor. Website resource is: <http://www.anif.cm/>

3. Expropriation and Compensation

The government of Cameroon can expropriate in cases of national interest. Most recent cases of expropriation occurred during the construction of important development infrastructure, such as dams, roads, ports, and airports.

Most recent cases of expropriation occurred during the construction of important development infrastructures such as dams, roads, ports, and airports. The government determines the level of

compensation. In one example involving destruction of small markets and shanty-residences for a highway expansion project near the city of Douala, Cameroon's largest city, some claimants protested that they were not receiving the level of compensation supposedly advertised and offered by the government.

Illegal expropriations are protested and handled through standard legal procedures, but the judiciary is weak, and legal complaints can take years to resolve and are subject to corruption.

There is nothing to indicate likely expropriations in the near future.

Expropriations tend to occur only during the construction of large infrastructure projects, in conjunction with best use of land/territory for the greater public good.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Cameroon legal system is a combination of sometimes parallel English and French laws and some Cameroonian customary laws.

Cameroon is a signatory to the Organization for the Harmonization of Business Law in Africa (OHADA), a system of business laws, accounting regulations and implementing institutions adopted by seventeen West and Central African nations. It aims to implement alternatives solutions to address the lack of growth in Sub-Sahara Africa.

In Cameroon the First Instance Tribunal has jurisdiction to hear intellectual property claims, followed by the Tribunal of Grand Instance on appeals.

In general, barring the noted and periodic issues of corruption in the judiciary, a process is in place to make judgments without executive interference. The judiciary is known, however, for vulnerability to bribes and plaintiffs still cannot count on judges to issue a fair judgment.

There is an inability of institutions to be able to enforce contracts in a timely and efficient manner, as well as the lengthy bureaucratic processes for resolution of disagreements.

Bankruptcy

Cameroon has bankruptcy laws which recognize the right of creditors, equity shareholders and other types of liabilities for collection and judgments without criminal actions against debtors.

Investment Disputes

In Cameroon, investment disputes can be handled through the court system, through mediation or arbitration.

There have been very few cases regarding investment disputes, whether involving U.S. or other foreign investors. In recent years cases involving a U.S investor have included a company active

in the oil palm plantations and the timber business, and another involving a leasing dispute over a commercial aircraft.

In the case of the palm oil/timber corporation, the dispute was brought about by environmental groups who were seeking to preserve to enforce environmental protections and human rights. The aircraft leasing dispute appears to be a contractual disagreement over back payments.

International Arbitration

In March 1999, OHADA-signatory nations adopted a Uniform Act on Arbitration (the Uniform Act). The Uniform Act provides the applicable rules of arbitration that govern cases where the seat is located in an OHADA member state. The Uniform Act is based on the United Nations Commission on International Trade Law (UNCITRAL) model law. Cameroon's arbitration law is contained in its Code of Civil and Commercial Procedure. In 1967, Cameroon became a signatory to the International Centre for Settlement of Investment Disputes (ICSID Convention) and also ratified The Recognition and Enforcement of Foreign Arbitral Awards ,(1958 New York Convention)

The Bilateral Investment Treaty (BIT) has been used as reference and as basis for many U.S. investment contracts in Cameroon, but there is no record of claims under the subsequent agreements.

The OHADA system serves both as domestic and model legislation. However, the Groupement Interpatronal du Cameroon (GICAM), the country's most powerful business lobbying group, has an Arbitration Center (Centre d'arbitrage du Groupement interpatronal du Cameroun), which is based in Douala. Douala is Cameroon's largest city and trade hub.

ICSID Convention and New York Convention

Cameroon is a party to the New York Convention, as noted above.

Duration of Dispute Resolution

The duration of dispute resolution will depend on the complexity of the case, and no standard timeline exists or can be estimated.

Dispute resolution can be complicated by the inherent dysfunctions within the court system, such as bureaucratic red tape, corruption, and lack of technical expertise on modern commercial contracts.

As a treaty, the OHADA prevails over domestic laws. An international arbitration award can prevail especially if operating through the OHADA framework. The Common Court of Justice and Arbitration (CCJA) enforced under OHADA is both an arbitration institution and a judicial court, with a remit covering all the OHADA states. Judicial processes are bureaucratic, expensive, time-intensive and lengthy to pursue.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The government of Cameroon has a policy that attempts to comply with World Trade Organization (WTO) rules. The policy is to try to avoid conditionalities on purchases of goods and to avoid limitations on foreign exchange flows.

Investment Incentives

According to OHADA and applicable business law in Cameroon, investors enjoy the following benefits during the establishment phase, which may not exceed 5 (five) years, with effect from the date of issuance of the approval:

- Exemption from stamp duty on commercial establishment or capital increase;
- Exemption from stamp duty on the lease of immovable property used exclusively for professional purposes that form an integral part of the investment program;
- Exemption from transfer taxes on the acquisition of immovable property, land and buildings essential for the implementation of the investment program;
- Exemption from stamp duty on contracts for the supply of equipment and construction of buildings and installations essential for the implementation of their investment program;
- Full deduction of technical assistance fees in proportion to the amount of the investment made, calculated on the basis of the total amount of the investment;
- Exemption from Value-Added Tax (VAT) on the provision of services related to the execution of the project and obtained from abroad,
- Exemption from stamp duty on concession contracts;
- Exemption from business license tax;
- Exemption from taxes and duties on all equipment and materials related to the investment program;
- Exemption from VAT on the importation of equipment and materials;
- Immediate removal of equipment and material related to the investment program during clearance operations.

The investor may, during the operation phase of a contract, which may not exceed ten (10) years, according to the scale of investment and expected economic returns, as applicable, enjoy exemptions from, or reductions of payment of, the following taxes, duties and other fees:

- Minimum Fee;
- Corporate tax;
- Tax on profit;
- Stamp duty on loans, borrowings, overdrafts, guarantees; increase, reduction, corporate capital repayment and liquidation, or any transfer of activities, real profit Ownership or "usufruct" (a limited real right on certain profit benefits), leases or shares;
- Tax on income from movable assets during the distribution of income in the form of dividends or other form to be specified in the agreement;
- Special income tax (SIT) on sums paid to foreign companies for services rendered or used in Cameroon during the project design and execution phases, provided that they are billed at cost price;
- Taxes, registration and stamp duties on the transportation of processed products;

- Customs duties as well as all other fees and service taxes on the importation of all types of equipment, building materials, tools, spare parts, intermediate products, supplies and consumables which do not have locally manufactured equivalents, save for duties, taxes and other non-tax fees deemed to be a service fee;
- Duties on the exportation of construction and processing plant equipment;
- Any tax, duty or charge of any kind that is calculated on the basis of the turnover realized by the processing company;
- Any tax on the transfer, purchase or sale of foreign currency and any indirect consumer tax, including the special tax on petroleum products.

(2) The investor may also enjoy the following benefits:

- Deferral of deficits after five years, with effect from that specified date of their occurrence;
- Exemption from duties, taxes, fees and fees on the importation of capital goods intended and used for the investment program.

Research and Development

U.S. and foreign firms can participate in government/authority financed R&D.

U.S. firms are not restricted.

Performance Requirements

The host government does not mandate local employment.

The government of Cameroon applies the reciprocity rules to a limited extent, but companies are constantly complaining about the difficulty of obtaining work permits or the fact that work visas expire after six months and frequently are single entry. Longer term work permits are now said to be available, but we've not found any issued to our interlocutors unless included as residency work permits, a different category with more complicated application procedures.

There are not government-imposed conditions on permissions to invest.

Enforcement procedures for performance requirements are not yet standardized, but the government generally develops terms of reference on a case by case basis for contract performance.

Government terms of reference do not discriminate against foreign firms.

Data Storage

Not applicable.

6. Right to Private Ownership and Establishment

Although business owners report that bureaucracy and lack of organization in government offices contribute to the difficulties of permitting new businesses. The GRC is touting a new "one stop shop" for business permitting, but we have yet to see it in practice.

7. Protection of Property Rights

Real Property

Interests in property are enforced.

Mortgages and liens exist, although government record keeping needs to improve.

In Cameroon, 90 percent of land does not have title. There is a procedure that enables property owners to purchase real property, apply for, and obtain land title that is theoretically enforceable in any court of competent jurisdiction; however, in practice, land owners often face competing claims for title, and these disputes takes months, if ever, to resolve in court.

Intellectual Property Rights

The legal structures for Intellectual Property Rights (IPR) and corresponding enforcement mechanisms are weak. Infringement on IP rights are especially common in the media, pharmaceutical, software, and print industries.

No new IPR laws have been enacted, and IPR protection remains uniformly weak.

The country occasionally seizes and publicly burns counterfeit goods, but these actions are not systematically documented, and no cumulative data exists on the seizures of counterfeit goods.

National institutions are overwhelmed by the problem and have no influence on the countries of origin for problems, notably China, India, Nigeria, and Pakistan. The most common counterfeit or pirated goods are medication, music, films and software, luxury consumer goods (clothes, shoes, glasses, watches, perfumes), and car tires and spare parts. Cameroon is not listed in the 2014 Special 301 Report.

Customs officers have seizure authority, but destruction is deferred until detailed review of the property is made by officials, transparent to the property owner and/or rights holder.

Cameroon is a member of the African Intellectual Property Organization (OAPI – Organisation Africaine de la Propriété Intellectuelle), the main organization that ensures the protection of intellectual property rights in most African Francophone countries. OAPI is located in Yaounde. Individuals and companies can register their IP and brands directly at the OAPI. Once registered there is legal protection and recourse for the inventor or IP rights holder, although protection is realistically more limited once commercial products reach the market. IPR protections are deteriorating in Cameroon because of the influence of supply countries such as China and India, both of which market volumes of counterfeit goods. 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

Derrin R. Smith
Deputy for Political & Economic Affairs
The United States Embassy in Cameroon
Avenue Rosa Parks
P.O. Box 817
Yaounde, Cameroon
Email: SmithDR4@state.gov
Tel: 237-2-2220-1500, ext. 4070

American Chamber Of Commerce in Cameroon
Address:
Beneficial Building Akwa 3rd Floor
Douala
Littoral
P.O. Box 4006
Cameroon
Telephone: +23777115272
<http://www.amchamcam.org>

For a list of local lawyers, see: <http://yaounde.usembassy.gov/key-business-links.html>

8. Transparency of the Regulatory System

Cameroon has laws that foster competition. OHADA accounting standards are applicable in the country, although these standards are becoming obsolete when compared to international norms or to U.S. GAAP. Poor enforcement of laws and accounting standards tends to create confusion for foreign investors.

There are no restrictions on the participation of foreign companies, institutions, or organizations in the development of industry standards. Due to a lack of formalized industry standards in effect in Cameroon, international enterprises frequently implement their own standards, which the GRC can decide to adopt.

The government does not use a consultation process for most laws, which tend to originate from the Presidency only. Theoretically, laws and regulations are to be formed by consultative processes involving a cross section of civil society. In reality, we could not determine that any law originating from the legislature has ever been adopted in Cameroon.

The legal process is dominated by either OHADA standards or by initiatives that originate in the Presidency. There is no specific legal framework to foster competition, although there is no legal authority that discourages it. Rather, uneven competition due to SOEs and government intervention in the marketplace create the most impediments to competition.

Despite efforts to align OHADA standards to international norms, GRC accounting regulations are becoming obsolete in the context of rapid developments in international finance and capital markets, requiring U.S. enterprises and investors to maintain two sets of accounting records, one in accordance with U.S. GAAP and suitable international standards and another set to address the OHADA standards and GRC reporting requirements.

Draft bills are publicly reviewed including those related to taxation and investment laws, although no law initiated in the legislature has ever been passed. Origination and authorization tends to flow from the Presidency.

Existing consultation processes do not discriminate against foreign companies.

Cameroon is a member of UNCTAD's international network of transparent investment procedures (www.eregulations.org), which is the foundation of Cameroon's processes.

9. Efficient Capital Markets and Portfolio Investment

The government of Cameroon is positive on foreign portfolio investment and does not restrict foreign direct investment in Cameroon or outflows of investment capital from the business sector.

The regulatory system permits portfolio investment, but the market is still in its infancy, suffering from low liquidity and bureaucratic inertia.

There are no governmental restrictions at this time and no policy obstructions are interfering in the investment markets. A stock exchange, nascent but functioning, operates in Douala, which is the financial center of Cameroon.

The International Monetary Fund is active in Cameroon, and there are no government restrictions on payments or transfers. The financial markets are widely open to international investors.

There are major bank credit instruments available on the open market, and private equity and venture capital operations are gaining traction in Cameroon's business sectors. Foreign investors, including from the U.S., as well as international banks provide business credit, personal finance, and even mortgage instruments on real estate.

Money and Banking System, Hostile Takeovers

The banking sector is regulated, but financial institutions tend to suffer from underperformance on local debt and un-serviced loans from both commercial and individual debtors.

According to the World Bank, non-performing loans were 10.3 percent of total bank loans in 2013.

- 1) Afriland First Bank Group (USD 2.3 billion, 2011) The bank is a large financial services provider in Cameroon with customer deposits in excess of USD 951 million (CFA 460 billion), as of December 2012.
- 2) Banque Internationale pour l'Epargne et le Credit (USD 2.1 billion 2011)

- 3) Societe Generale de Banque au Cameroun (USD 972 million 2011) with global assets of EUR 1.308 trillion (2014)
 - 4) Standard Chartered Bank Cameroon (USD 706 million 2011)
 - 5) Ecobank (USD 508 million 2011) with total assets of USD 22.5 billion (2013)
- (Sources: 2011 statistics from Jeuneafrique.com)

The Bank of Central African States (Banque des États de l'Afrique Centrale, BEAC) is the central bank that serves six central African countries that form the Economic and Monetary Community of Central Africa (CEMAC) including Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon, and the Republic of Congo. BEAC has been in operation since 1972, although rocked by a few embezzlement scandals in 2009 and 2010. The current governor of BEAC is Lucas Abaga Nchama.

<https://www.beac.int/>

There are no restrictions on foreigners establishing bank accounts, credit instruments, business financing or other such transactions.

Rules on all forms of mergers and acquisitions, including hostile takeovers, are governed by OHADA and are detailed in a lengthy body of commercial, legal and accounting codes. The OHADA sections on mergers and acquisitions are the Napoleonic version of our SEC regulations.

10. Competition from State-Owned Enterprises

- 1) Agribusiness
- 2) Energy & Mining
- 3) Consumer Goods & Home Furnishings
- 4) Automotive & Ground Transportation
- 5) Services
- 6) Information & Communication
- 7) Finance
- 8) Travel (Tourism)

A State-Owned Enterprise is an enterprise partly or totally owned by the GRC. Some SOEs are profit oriented, while others are not, although Cameroon is generally acknowledged as a parastatal economy.

Data on SOEs' R&D is not publicly available.

Data on SOEs' share of public contracts is not publicly available.

From water purification equipment, to bridges or road construction materials and electrical power transmission, SOEs are actively purchasing goods and services from the private sector, including overseas providers in the United States.

Accounting for all transactions is in accordance with OHADA requirements.

In general, the private sector enjoys technological competitive advantages and flexibility to respond to market conditions that bureaucratic and over-staffed SOEs cannot replicate. Delivery of products and services to the markets still depends on price-competitiveness and quality of goods offered, so inferior SOE products and services (e.g. Internet, cable television and cellular telephone offerings) face legitimate private-sector competition.

Since the governing boards and senior executive teams are politically appointed and connected individuals, they have means to avoid tax burdens levied on private enterprises, receive specialized consideration for subsidies and enhanced operating budgets, and obtain generally preferential treatment from the government.

Some SOEs have preferential access to land. Private enterprises do not have the same advantages.

SOEs and their senior executive teams have the ability to access funds as necessary to protect their operations, including forms of subsidies or financing not available in the private sector.

OECD Guidelines on Corporate Governance of SOEs

Corporate governance is weak, in part due to politically-connected individuals being awarded senior positions without regard to merit or expertise. Boards are dominated by political appointees and lack effective independent oversight of their activities.

In general OECD guidelines, although legally non-binding, have not yet been adopted in Cameroon as an "adhered country," either for state-owned enterprises or for the private sector.

SOE senior management reports directly to the relevant line minister and their boards of directors are not independent.

All board of director positions for SOEs are appointed by the president.

The consensus among analysts and observers is that SOEs are inefficiently run and distort the competitive landscape. Most SOEs are in a virtual monopoly position in their respective economic sectors, and the parastatal economy distorts markets.

Judges are likely to see interference by the Presidency in cases of disputes with other entities.

Sovereign Wealth Funds

Cameroon does not have a sovereign wealth fund.

11. Corporate Social Responsibility

Awareness of corporate social responsibility is new in Cameroon but gaining ground, with many U.S. corporations taking the lead as examples.

The government supports all initiatives taken by individual companies. The government requires companies to carry out an Environmental and Social Impact Assessment (ESIA) study for major projects.

The Ministry of Labor ensures the enforcement of laws in this field. The laws apply to all domestic and foreign companies.

Financial markets are still in their infancy in Cameroon, and corporate governance, accounting, and executive compensation standards to protect shareholders are not well developed.

Public disclosure of executive compensation is not encouraged, and it is not practiced by corporations, government SOEs and institutions.

The Cameroon Business Forum (CBF) consults business stakeholders and since 2010 has made over 38 recommendations to the government, which are all in-line with OECD and World Bank "Doing Business" requirements and corporate social responsibility (CSR) guidelines. The Groupement inter-patronal du Cameroun (GICAM) also advocates for CSR in Cameroon's private sector.

OECD Guidelines for Multinational Enterprises

Cameroon adheres to the United Nations guiding principles, but as of April 2015 Cameroon had not yet committed to OECD principles or most notably the OECD anti-corruption convention. Although the OECD Guidelines are legally non-binding, Cameroon is not yet listed as an "adhered country."

12. Political Violence

In February 2008, a strike by transport workers opposing high fuel prices and poor working conditions triggered a series of violent demonstrations in Cameroon. Large groups of youths took to the streets of Douala, Yaounde, Bamenda, and other major cities, looting and vandalizing property. Damage to property was estimated at around USD 23 million according to official sources, with the death toll estimated between 40 and 100 victims. Today, political or union manifestations have been mostly peaceful, and violent protests have not been tolerated by security officials.

More recently in the three northern regions there have been kidnappings for ransom by the Boko Haram terrorist group and in the east on the border with the Central African Republic by militia combatants and organized crime.

Cameroonian civil society, press, and politicians have publicly expressed concerns regarding political transition from the current president who has been in power for over 32 years and also regarding the impact of the Boko Haram threat on domestic politics. However, there are no current signs of destabilization of the economy or politics.

13. Corruption

Although concerns remain over politicization of the anti-corruption drive, many analysts suspect that anti-corruption decisions can be used to eliminate political opponents. The Penal Code (specifically law No. 67-LF-1 of June 12, 1967) is the main national legislation that deals with corruption in Cameroon. It identifies and punishes several forms of corruption, which range from bribery, indulgence, undue demand, compulsion of a public servant, procuring influence, misappropriation of public funds, to moral corruption of employees. Another law is Decree No. 2006/88 of March 11, 2006 which creates the national Anti-corruption Commission. This body oversees anti-corruption efforts in the Cameroonian public service. It collects information, investigates, studies cases and publishes texts on corruption and proposes solutions to competent authorities. Broader legislation is contained in Article 66 of the 1972 Constitution of Cameroon as amended in 1996. This law requires public officials to file a statement of their personal assets and liabilities. An additional law provides further safeguards meant to guarantee the application of constitutional law on the declaration of assets. For example, a public official cannot claim confidentiality when this information is requested by public authorities for the purpose of investigating assets and especially bank accounts.

The government has an anti-corruption campaign, "Operation Sparrowhawk" that has prosecuted several ministers, former general managers of state-owned enterprises, and other officials. The government subsequently established a Special Tribunal to recover misappropriated assets. Some observers have noted that "Operation Sparrowhawk" does not appear to be evenly applied because some documented cases of embezzlement that were identified and referred by the National Anti-corruption Commission and by the Supreme State Control were not followed by prosecutions.

There have been numerous serious allegations of corruption against officials and their family members, up to and including the president. Outside of Operation Sparrowhawk, these allegations are rarely investigated, and journalists reporting on scandals have reported increased government scrutiny.

The government encourages the private sector to set up peer review processes and works with the private sector to establish anti-corruption workshops and capacity building. For example, the Cameroon Business Forum (CBF) is a partnership between the private and public sectors seeking to improve the business climate.

It is not clear that Cameroonian or foreign companies other than U.S. companies implement internal controls, ethics, and compliance programs to detect and prevent bribery of government officials.

Officially, CEMAC embraces anti-corruption initiatives, and each of the neighboring countries has a form of anti-corruption legislation, although effectiveness remains spotty throughout the economic union. Cameroon ratified the African Union's Convention on preventing and combatting corruption. The Regional Anti-Corruption Programme for Africa is an initiative of the United Nations Economic Commission for Africa (UNECA), Addis Ababa, Ethiopia. This is being undertaken in collaboration with the African Union Advisory Board on Corruption, aimed at up-scaling the fight against corruption across the African continent with a view to ensuring a

corruption-free, better governed and economically prosperous continent. The convention was adopted in Maputo, Mozambique on July 11, 2003 and entered into force on August 5, 2005. Cameroon is also a member of the Groupe d'Action Contre le Blanchiment d'Argent en Afrique Centrale (BAGAC) which is dedicated to fighting money-laundering, an important anti-corruption element. The GABAC is a body of the Economic and Monetary Community of Central Africa and is made up of the six members of this community: Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, and Gabon. It was established in 2000 with the mandate to combat money laundering and terrorist financing, while assessing the compliance of the member states.

There have been cases of NGOs planning events but having meeting permits denied. Investigative journalists and NGOs investigating governmental corruption routinely encounter resistance to their research and governmental criticisms directed at their publications.

U.S. firms cite corruption as one of the most important challenges in the business climate. Corruption occurs at every level of government institutions but especially in large scale projects. In government procurement, there is a lack of transparency in the pricing and processing of bids and tenders. Government officials tend to split large projects into small portions to increase the chance of bargaining and bribery. In order to make public contracts transparent, Cameroon adopted in June 2000 a new regulation of public contracts. In this new law, the government banned what it called the "fractioning of public contracts." However, numerous opportunities for corruption still exist.

Award of licenses or concessions: Corruption is prevalent in the system of licensing and concessions. Some government officials own large numbers of mining or forest concessions which they resell to private operators. In some cases, mining companies have to grant a significant share of ownership to government officials in order to get the license or to extend it. Conflicts of interest are rampant with limited checks and balances. Poor training means that government officers in charge of controls lack the technical capacity to implement and analyze. Corruption is sustained by a lax regulatory environment and a systematic lack of independent audits at every level of government. The same logic applies to transfers, performance requirements, and dispute settlement.

Customs or taxation: Organizations such as Transparency International have published reports that say that customs and taxation are among the most corrupt institutions in Cameroon. Customs and taxation officers tend to withhold information, especially when the customer is not well-informed of correct legal procedures. NGOs have documented corruption in the customs service, highlighting harassment, false declaration, exaggerated and disproportionate billing as systems used by government officials to harass the customer until they pay a bribe. In the taxation services, another very common practice documented by the NGOs are the powers given to the taxation department employees working in the field to collect taxes. Many of them receive bribes in cash and even in kind from defaulting tax payers.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The UN Convention against Corruption (UNCAC) was signed by Cameroon on December 10, 2003 and ratified on February 6, 2006. Cameroon had not yet started the process to join this Convention.

Resources to Report Corruption

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14. Bilateral Investment Agreements

- Belgium-Luxembourg
 - (Convention entre l'Union Economique Belgo-Luxembourgeoise et la République unie du Cameroun en matière de promotion et de protection réciproques des investissements 1980)
- Canada
 - (Investment Promotion and Protection Agreement (FIPA) in Toronto on March 3, 2014)
- China
 - (Bilateral Investment Treaty Agreement between Cameroon and China. Signed on May 10, 1997.)
- Egypt
 - (Memorandum of Understanding between the General Authority for Investment)
- Germany
 - (Treaty between the Federal Republic of Germany and the Federal Republic of Cameroon concerning the encouragement of investments, 1962)
- Guinea
 - (Mutual discussions and framework agreement)

- Italy
 - (Economic, technical and financial development cooperation Agreement between the Government of the Republic of Italy and the Government of the Republic of Cameroon, 1989)
- Mali
 - (Cultural Agreement signed March 17, 1964 and Commercial agreement signed May 1964 in Bamako)
- Mauritania
 - (framework agreement for general bilateral cooperation following recognition after independence)
- Mauritius
 - (framework agreement for general bilateral cooperation following recognition after independence)
- Morocco
 - (Accord de Coopération Economique et Technique signé à Rabat le 25. Juin 1974.)
- Netherlands
 - (Agreement between the Government of the Republic of Italy and the Government of the Republic of Cameroon, 1967)
- Romania
 - (Agreement between the Government of the Socialist Republic of Romania and the Government of the Republic of Cameroon on the mutual promotion and protection of investments 30.8.1980)
- Switzerland
 - (Cameroon-Switzerland Bilateral Investment Treaty signed in 1964)
- Turkey
 - (Turkey and Cameroon have signed a number of agreements, including Cultural and Scientific Cooperation Agreement on (06.03.2002), Trade, Economic and Technical Cooperation Agreement on (04.03.2002), Joint Economic Commission I. Session Protocol on (07.08.2003).
- United Kingdom
 - (Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United Republic of Cameroon for the Promotion and Protection of Investments 4.6.1982)
- United States of America
 - (The U.S. and Cameroon signed a Bilateral Investment Treaty (BIT) in 1986 that came into force in 1989)

The U.S. and Cameroon signed a Bilateral Investment Treaty (BIT) in 1986 that came into force in 1989.

Bilateral Taxation Treaties

As of April 2015 Cameroon had not yet started the tax treaties process. The implementation of Foreign Account Tax Compliance Act (FATCA) is an emerging issue for Cameroonian banks and the Cameroonian government.

15. OPIC and Other Investment Insurance Programs

Cameroon has ambitious development plans and hopes to become an emerging economy by 2035. The government has published a list of 80 large infrastructure projects covering many sectors that would help achieve that goal. Cameroon officials have officially invited U.S. companies to support them in the execution of these projects. The government has been slow to move on many of these projects, but there has been increased activity in recent months. These projects offer good business opportunities for the Overseas Private Investment Corporation's (OPIC's) continued involvement in Cameroon.

Cameroon and OPIC signed an Investment Guarantee in 1967. In recent years and with this agreement, OPIC has been able to provide insurance with the aim of increasing access to financing for Cameroonian farmers and small and medium sized enterprises.

The current official currency exchange rate for the U.S. dollar is CFA 590/USD 1, although there have been significant fluctuations recently.

16. Labor

In Cameroon, over 50 percent of the population is under age 25. The official unemployment is around 4 percent, although youth unemployment may be as much as 75 percent. The majority of youth who are employed are underemployed and in the informal sector. Unskilled labor is prevalent in the agricultural and services sectors and underemployment is prevalent in manufacturing, commerce, technician or technical trades, and even mid-management jobs. A 2010 Survey of Employment and the Informal Sector (EESI) by the National Institute of Statistics revealed an unemployment rate of 3.8 percent based on International Labor Organization (ILO) standards. The study identified underemployment as a real challenge for employment policy makers in Cameroon, with rates of 12.3 percent and 63.7 percent, respectively for visible and invisible underemployment.

There are shortages of technical trade skills, for example, for maintenance and repair of industrial machinery, in every sector of the economy. Truck and automotive maintenance is widely practiced in the informal sector. Rudimentary or artisanal agriculture, fishing, and textile manufacturing economic sectors are still in need of significant development and a lack of skilled workers tends to be the norm across the country.

The government of Cameroon does not require companies to hire nationals. However, foreign nationals are required to obtain work permits prior to formal employment. While foreign nationals are automatically issued work permits for companies of the industrial free zones regime, their number may not exceed 20 percent of the total work force of a company after the fifth year of operation in Cameroon if benefiting from the Industrial Free Zone (IFZ) regime.

Cameroon has ratified all of the International Labor Organization (ILO)'s fundamental conventions. The law provides for the rights of workers to form and join independent unions, conduct legal strikes, and bargain collectively. Statutory limitations, however, substantially restricted these rights. The law does not permit the creation of a union that includes both public and private sector workers or the creation of a union that includes different or closely related

sectors. Before any unions can be legally registered, it must have met the following requirements: a group of at least 20 workers, submission of a constitution and bylaws, and obtaining non-conviction certifications for each founding member. Workers forming a union and carrying out union activities without registration will be subject to heavy fines. Trade unions or associations of public servants may not join a foreign occupational or labor organization without prior authorization from the minister responsible for “supervising public freedoms.” The constitution and law provide for collective bargaining between workers and management as well as between labor federations and business associations in each sector of the economy. The law does not apply to the agricultural or other informal sectors, which included the majority of the workforce. The law provides for the rights to collective bargaining as a means to regulate labor relations between employers and workers. Workers are allowed to bargain collectively and renegotiate past collective agreements from time to time. In case of an inability to conclude a collective agreement, the National Labor Advisory Board can issue a decree to establish a minimum wage for a particular occupation.

Labor laws are waived through the regime of Industrial Free Zones to attract or retain investment. The waivers include the employer's right to determine salaries according to productivity, free negotiation of work contracts, and automatic issuance of work permits for foreign nationals.

There are labor unions that are independent and others that are affiliated with the government, under existing laws and regulations. Over 100 trade unions and 12 trade union confederations operate in the country. However, the labor union movement is highly fractured and somewhat ineffective in promoting workers' rights. Some union leaders accuse the government and company managers of promoting division within trade unions to weaken them, as well as protecting non-representative trade union leaders with whom they can negotiate more easily.

In Cameroon, labor dispute resolution mechanisms are outlined in the labor code. For additional information see: <https://www.ilo.org/dyn/natlex/docs/WEBTEXT/31629/64867/E92CMR01.htm>

The procedure differs depending on whether the dispute is individual or collective. Individual disputes fall under the jurisdiction of the court dealing with labor matters in the place of employment or residence of the worker. The legal procedure is initiated after the labor inspector fails to settle the dispute amicably outside of the court system. Settlement of collective labor disputes is subject to conciliation and arbitration, and any strikes or lock-outs that are started after these procedures have been exhausted and have failed are deemed legitimate. While the conciliation procedure is conducted by the labor inspector, arbitration of any collective dispute that has not been settled by conciliation is handled by an arbitration board chaired by the competent judicial officer of the competent court of appeal. Workers who ignore procedures to conduct a legal strike can be dismissed or fined.

Union and contract agreements vary widely from sector to sector. In general, it functions as an "employment at will" economy, and labor laws differentiate between layoffs and firing. Layoffs are not caused by the fault of the employees. Layoffs are often considered as alternative solutions to dismissing workers, based on economic grounds.

Despite the Government's recent substantial efforts to reduce child labor, child labor remained a widespread problem. Over 56 percent of children in Cameroon are engaged in child labor, primarily in agriculture. Cocoa is included on the U.S. government's List of Goods Produced by Child Labor or Forced Labor.

The Ministry of Labor monitors labor abuses, health and safety standards and other related issues, but enforcement is poor.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

FTZ in Cameroon are specifically designated areas where some standard trade barriers, tariffs, quotas, or other bureaucratic requirements are lifted or lowered to attract investments. Cameroon passed a special law instituting FTZ in 1990.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	N.A.		2013	29.57	www.worldbank.org/en/country
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 partner country (\$M USD, stock positions)	N.A.		2013	68	
Host country's FDI in the United States (\$M USD, stock positions)	N.A.		2013	-12	BEA
Total inbound stock of FDI as % host GDP	N/A		2013	9.4%	

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	2,006	100%	Total Outward	70	100%
France	1,545	77.9%	Italy	66	94%
United States	203	10.23%	Belgium	3	4.2%
Belgium	110	5.4%	France	1	1.4%
China	80	3.9%	Luxembourg	-	-
Netherlands	46	2.2%	United States	-	-
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	2,006	100%	All Countries	N/A	100%	All Countries	N/A	100%
France	1,545	77.9						
United States	203	10.23						
Belgium	110	5.4						
China	80	3.9						
Netherlands	46	2.2						

19. Contact for More Information

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