

# **WORLD TRADE ORGANIZATION**

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**Trade Policy Review Body  
13-14 February 1995**

## **TRADE POLICY REVIEW MECHANISM**

### **CAMEROON**

#### **MINUTES OF MEETING**

**Chairman: Mr. A. Lecheheb (Morocco)**

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**I. INTRODUCTORY REMARKS BY THE CHAIRMAN**

1. The Chairman welcomed all delegations to the joint meeting of the Trade Policy Review Body (TPRB) and the GATT 1947 Council. The meeting was to conduct the Trade Policy Review of Cameroon, as scheduled by the GATT 1947 Council under the 1994 programme of reviews. The Cameroon review would be held under the scope and procedures of the GATT 1947, as would the forthcoming reviews of Pakistan and Japan. The review of Costa Rica's trade policies, scheduled under the 1995 programme for 22 and 23 May, would be the first under the scope of the World Trade Organization (WTO), and would thus be conducted solely by the TPRB
2. The Chairman welcomed Cameroon's delegation headed by H.E. Pierre Eloundou Mani, Minister of Industrial and Commercial Development, whose presence was an indication of Cameroon's interest in the review. He also welcomed the discussants, Mr. Patrice Curé of Mauritius and Ms. Anne-Marie Plate of the Netherlands, and members of the TPRB/Council. As usual, the discussants would speak in their personal capacities.
3. The Chairman recalled the objectives of the Trade Policy Review Mechanism (TPRM), as decided by the CONTRACTING PARTIES on 12 April 1989 (BISD 36S/403). The meeting was to base its work on two reports, one submitted by the Government of Cameroon (C/RM/G/56) and the other by the Secretariat (C/RM/S/56). He recalled the procedures for conducting reviews, introduced in May 1993 (document L/7208).
4. Australia, the European Union and the United States had given advance notice in writing of points they wished to raise during the meeting.

## II. OPENING STATEMENT BY THE REPRESENTATIVE OF CAMEROON

5. The representative of Cameroon expressed his Government's satisfaction at presenting Cameroon's trade policy and thanked, on the one hand, the two discussants for their participation and, on the other, the Secretariat for the assistance provided to his delegation in preparing for the meeting. He recalled the history of Cameroon's participation in the GATT, first as a trusteeship territory in 1947, then as independent country from 1960. As a member of both the Group of 77 and the GATT, Cameroon had acceded to the Global System of Trading Preference and had participated in all the phases of the Uruguay Round negotiations.

6. He said that until the end of the 1980s Cameroon's economy had been characterized by a high degree of state intervention aimed at creating a basic national structure able to handle the needs of a modern State and covering security, health, education, food and infrastructure. Such intervention also sought to overcome shortcomings in the private sector, savings and national investment. As part of its involvement in the economy, particularly through the control of trade and prices, the State had also become strongly involved in production through state and para-state enterprises, which by and large aimed at import substitution and whose survival was dependent upon tariff and non-tariff protection.

7. Profound changes had affected the international economy since 1987, as evidenced by the growing interdependence among economies, the globalization of markets and shifts in industrial investments throughout the world. Those changes had led the "Government of Renewal", under the enlightened guidance of Cameroon's Head of State, Mr. Paul Biya, to shift priorities to stimulate restructuring and improve Cameroon's economic fabric. The ambitious and painful programme had resulted in liberal legislation in several areas, namely:

- Trade, including the elimination of quantitative import restrictions imposed to protect the local industry; the streamlining of administrative procedures, particularly the elimination of import licences and authorizations; the elimination of export approval procedures; and for commodities, the elimination of stabilization mechanisms and substantial liberalization of marketing.
- Tariffs, with the reform by the CACEU leading to the simplification of the fiscal and customs systems through the creation of a single customs duty, and considerable reductions in customs taxes, now set at four levels (5 per cent for basic products, 10 per cent for raw materials and equipment, 20 per cent for intermediate goods, and 30 per cent for consumer goods).
- Investment promotion, including the establishment of a free zone régime open to export-oriented companies; withdrawal of the State from the productive sector through the ongoing privatization of State and para-State enterprises; and the systematic use of competition to award government procurement contracts.
- Monetary and financial, with devaluation of the CFA franc aimed at improving the competitiveness of products originating in the CFA zone, increasing exports and augmenting foreign exchange receipts; and the recent drop in bank interest rates to facilitate access to credit and discourage speculation.

8. Cameroon's present tariff bindings had been set before the CACEU reform, but after the planned June 1995 parliamentary session new bindings adopted by Cameroon would be notified to the WTO Secretariat, and the ratification instruments for the WTO Agreement deposited.

9. The above-mentioned reforms reflected Cameroon's determination to develop and liberalize its international trade. On the other hand, the conditions imposed on Cameroon's products in certain markets suggested that the Uruguay Round results may have fallen short of the expectations of developing countries, including Cameroon. The same could be said of the subsidy policies still applied by some GATT/WTO members. The delegate of Cameroon made an appeal to those parties to see that the WTO beginning was not accompanied by a brutal erosion of the preferences enjoyed by countries within certain conventions.

10. He also invited international economic operators to invest in Cameroon, thereby taking advantage of Cameroon's abundant natural resources, skilled and inexpensive manpower, political stability, increasing democratization, respect of human rights, free movement of capital and of one of the world's most attractive incentives frameworks. The recovery observed since the implementation of the reforms should be supported by broad, dynamic and diversified international cooperation.

11. Cameroon was relying on assistance from the WTO and others to establish harmonized legislation on standardization, intellectual property, anti-competitive practices and dumping. The representative of Cameroon concluded by expressing his firm conviction that the Council would note Cameroon's unflagging support of the WTO and that the Secretariat would ensure that Cameroon's position as a developing country was respected and taken into account, as provided for in the relevant provisions of the Agreement.

### III. STATEMENT BY THE FIRST DISCUSSANT

12. The first discussant (Mr. Curé) expressed his satisfaction at participating in Cameroon's review given its ambitious and courageous reform programme based on budgetary austerity and monetary discipline. Cameroon's goal was to move from a state to a market economy, reducing the cost of services and promoting industrialization and export growth. The direction chosen was right but difficult, as the Secretariat's Report indicated.

13. Cameroon's experience offered lessons for other countries, particularly at a regional level since the review was the first of a CACEU country. The discussant's interest was heightened by the fact that his country, Mauritius, was to undergo, shortly, a similar review and its trade policies were being carefully examined by the Secretariat. The TPRM offered considerable advantages to country under review: it uncovered gaps in their external trade systems, for example administrative shortcomings and legal inconsistencies. The review helped developing countries, in particular the weakest ones, to identify common obstacles, often of an exogenous nature, and to correct weaknesses and improve economic conditions. Although such countries were committed to respecting the new international trade rules and adapting to the changing environment, they also expect the support and cooperation of all their partners: transparency brought about also the duty of solidarity. The WTO should offer guarantees to that effect or its future could be endangered.

14. The discussant noted various points in the Secretariat's report: Cameroon's efforts to increase productivity and attract greater investment; persistent budget deficits and resulting falls in public investment and national savings; the negative impact of economic uncertainties on foreign direct investment; and the considerable investor scepticism generated by the precarious state of the banking system. In view of such observations, he requested details of the measures Cameroon envisaged taking within its programme of economic reform to raise investment levels, which if they did not rise would undermine competitiveness and the achievement of a lasting economic recovery.

15. He also asked how Cameroon intended to bring down inflation, presently at an annual average of 30 per cent despite budgetary austerity, and preserve the gains from devaluation and trade liberalization. Noting the concerns in the Secretariat's report in relation to the predictability and stability of Cameroon's trade régime, the seemingly few institutional constraints to prevent the reappearance of protectionist measures and Cameroon's few commitments within GATT, he asked how Cameroon intended to maintain its competitiveness in the medium term while resisting calls to re-introduce protectionist measures.

16. He wished to know how Cameroon would deal with the drop in imports of capital equipment, which had reduced productive capacity and could undermine Cameroon's growth potential. Accepting that Cameroon had reduced state involvement in the economy but noting that its privatization programme was far from complete, he asked how past errors would be avoided in the new budgetary and economic environment, given Cameroon's belief that the State may have to play a rôle in the creation of small enterprises. He also asked about future directions for the CACEU, which although establishing fairly advanced bases for a common market had unfortunately fallen short of expectations because the regional economies appeared not to be complementary. His final question related to whether environmental considerations underlay the decision to ban log exports; these exports had made a significant contribution to Cameroon's economy over recent years.

#### IV. STATEMENT BY THE SECOND DISCUSSANT

17. The second discussant (Ms. Plate) thanked the Cameroon representative for his introductory remarks and the Secretariat and the Cameroon Government for their comprehensive reports, the latter suggesting the Government's open attitude concerning the trade policy review.

18. Cameroon's trade policy had to be set against the background of the larger market-oriented economic reform programme, which included the introduction of new customs and fiscal régimes in January 1994, and the 50 per cent devaluation of the CFA franc in January 1994. Both were aimed at opening the economy and reversing the policy of import substitution. Tribute was due to Cameroon's Government for taking such important and brave decisions.

19. Cameroon's 1989 General Trade Schedule had been replaced by a new Schedule in June 1994. She noted that, according to the Government Report (paragraph 3.3), applied import duties ranged from 5 to 30 per cent, but no mention was made of whether these duties were bound. The Secretariat's Report (page 19) stated that Cameroon undertook certain bindings in the context of the Uruguay Round, namely for agricultural products and for a limited number of industrial products, in particular jute. She asked what bindings applied at the time; whether the foreseen review of bindings aimed at increasing the number and lowering the ceiling rates; and if the review would result in changes to the pattern of tariff escalation, with the average rate on semi-manufactured goods significantly lower than on raw materials.

20. The decision to eliminate all quantitative import restrictions had not been easy and deserved respect. Cameroon's import régime was generally open, but besides import tariffs there were still a number of ad valorem taxes applied (Secretariat's Report, pages 40-41 and Government Report, pages 9-10). These fees were used as a source of fiscal revenue and were not directly related to the costs of the services provided. She asked if Cameroon intended to change those fees to reflect actual costs more closely. Legislation had been adopted in January 1994 concerning provisions for the imposition of non-automatic temporary surcharges, to be applied to products that had earlier been subject to quantitative restrictions. Although no use was now made of the surcharge, the question arose as to what criteria would be used to decide on its imposition.

21. According to the Government Report (paragraph 3.1.2), standardization was in an early stage of development and certification almost non-existent. Cameroon was neither a member nor an observer to the Tokyo Round Agreement on Technical Barriers to Trade, and there was no specific body charged with certifying compliance with national norms. She asked whether Cameroon foresaw any major difficulties in implementing the WTO Agreement on Technical Barriers to Trade or the Agreement on the Application of Sanitary and Phytosanitary Measures.

22. Despite progressive reductions, the level of state involvement in the economy was rather high and there were still state monopolies, which in the field of public services included petroleum, telecommunications and international shipping, while a Government-controlled company was the sole cotton exporter. Although the Secretariat report contained interesting data on Cameroon's oil production and receipts - a positive contribution to the transparency aim of the review, further information would be of interest on the share of state monopolies in the total value of foreign trade.

23. No data was available on the overall value and main categories of goods purchased under government procurement. Cameroon was an observer in the Tokyo Round Agreement on Government Procurement and, according to the Secretariat's Report (paragraph 76, page 49), was considering becoming a member of the Agreement. Legislation was in preparation for more transparent and speedier

procedures for government procurement. She asked when Cameroon intended to introduce such legislation and how it would relate to the Agreement on Government Procurement, as well as how preferences for domestic materials in government procurement would be included.

24. Cameroon's Government had programmes in force to disengage from state intervention, including privatization, rehabilitation or liquidation of state-owned enterprises. However, since legislation on privatization was adopted in 1990, only four enterprises had been privatized up to early 1994. A second official privatization list had been released in July 1994 and comments were sought on expectations regarding the privatization process in the near future.

25. Private investment in Cameroon was regulated by the amended Investment Code of 1990 establishing a relatively attractive environment for foreign and domestic investors. Nevertheless investment levels remained inadequate and were a serious constraint to a sustained economic recovery. In the period 1976-80 public investment had increased by 30 per cent and private investment by 19 per cent; in the period 1981-85 these were respectively 37 and 25 per cent. Then in 1986 investment collapsed and had not recovered; in 1989 and 1991, the latest years for which data were available, foreign direct investment had been negative. The discussant asked whether Cameroon would make greater use of multilateral commitments to reassure investors of the permanence of its new outward economic orientation to promote foreign direct investment.

## V. STATEMENTS BY MEMBERS

26. Several delegates congratulated Mr. Lecheheb on his chairmanship.

27. The representative of the European Union (EU) thanked the delegation of Cameroon for its participation in the review, which facilitated a better understanding of Cameroon's economy and policies. He noted that the TPRM was an exercise in transparency, useful to all parties including Cameroon. The Secretariat and Government reports showed that some of the basic indexes of human development in Cameroon had improved markedly over the last two decades, with infant mortality declining and life expectancy rising. These trends were important, as development was about improving the wellbeing of the population.

28. Cameroon, a developing country well-endowed with natural resources, relied mostly on petroleum exports and was, thus, particularly hard hit by the collapse of petroleum prices in 1986. This event reduced export earnings by some 25 per cent and drastically cut the Government's oil revenue, half of which had been used to provide state subventions to the public sector, according to one author quoted in the Secretariat Report. Since the mid-1980s Cameroon had, therefore, been attempting to promote a major structural adjustment programme, with wide-ranging liberalization of the economy and the trade régime - the Secretariat's report detected signs that the strategy was working. Cameroon was assured EU support for the reforms it was undertaking.

29. In spite of the decline in trade in both directions, the EU remained by far Cameroon's largest trading partner, accounting for about 80 per cent of both exports and imports. Among the Lomé group of countries Cameroon was the EU's third most important supplier and the seventh most important market. Petroleum products, timber, cocoa, coffee and bananas accounted for more than 80 per cent of Cameroon's exports to the EU in 1993, with industrial products accounting for a comparable percentage of EU exports to Cameroon - a demonstration of the importance on trade of the Lomé Convention for Cameroon. The EU's STABEX and structural adjustment facilities also provided significant support. The EU was helping to restore credibility in public finances, through such measures as payment of the State's arrears to the private sector, and in the overall privatization/liberalization programme, especially in the agro-industrial subsector.

30. He encouraged Cameroon to pursue the course it had set, despite the difficulties and the austerity involved. It was only by showing firmness and determination that Cameroon would establish a sound basis for its further development, which, in the last analysis, rested on the hard work, imagination and initiative of its people. The successful completion of Cameroon's stabilization and liberalization programme, especially inflation control, was clearly essential for the future development of the country. Further information was requested on the implementation of Cameroon's privatization of state enterprises. Noting that consistency in the application of basic legislation such as the tax régime was important, he asked if Cameroon was considering improvements in the judicial protection of foreign investors and if it would still be possible to obtain compensation for past nationalization of private companies.

31. He added that the previous CACEU system had been criticized for being too complex, not conducive to economic efficiency and an incentive to fraud. Following the devaluation of the CFA franc and in the context of its revised Structural Adjustment Programme, Cameroon deserved credit for immediately implementing reforms - in certain areas on a broader scale than those originally proposed. He requested additional details on the impact of CACEU reforms, including implementation by other member States.

32. He welcomed the news that Cameroon would soon ratify the WTO Agreement but noted that, although the authorities had expressed a determination not to "back track" on trade reform, in the Uruguay Round Cameroon had not bound its tariffs across-the-board, and the ceiling bindings that had been made left much room for increases in the currently applied rates. The increased security given by bindings would be useful both in creating stable trade links and attracting foreign investment.
33. Although it was too early to assess fully CACEU's reforms, the EU had received reports that economic operators still encountered obstacles at the customs services level and inconsistencies in taxation measures. It was understood that plans had been made for reform of the customs service in the framework of overall Civil Service reform; he requested the timetable for such reforms. He also asked about the *Société Générale de Surveillance* programme of preshipment inspection and on Cameroon's experience with that programme in the light of WTO requirements.
34. Cameroon's moves to liberalize its import régime had apparently led its authorities to consider the adoption of new measures to combat anti-competitive practices. He asked whether Cameroon was considering adopting anti-dumping, countervailing or safeguards legislation, and sought comments on the ability of developing countries to comply with the detailed requirements of relevant WTO Agreements.
35. Cameroon eliminated export licences in early 1994 but had adopted a policy relating to the "temporary" taxation of exports, especially coffee, cocoa, timber and bananas. He asked for the rationale for these measures, which were used by relatively few WTO members.
36. Legislation introduced in 1986 had considerably improved government procurement practices; he asked for confirmation that new legislation was being proposed on this subject, as well as details of its content and prospects.
37. As future reviews would deal in more detail with the contribution of services to the economies of members and on policies regulating service industries and trade-related intellectual property rights, he invited comments on the rôle of the National Shippers' Council in the area of maritime transport and on whether Cameroon was planning to take steps to protect trade-marks more effectively, as complaints had been received of counterfeiting in such area as alcoholic drinks.
38. The representative of India noted that agriculture was Cameroon's main economic engine, with 80 per cent of the population dependent on that sector. The sector, however, produced only 22 per cent of GDP, an imbalance that raised the question of what Cameroon proposed to do to improve agricultural production. He also said that Cameroon was unable to meet its domestic food requirements and depended to a large extent on imports. He found noteworthy Cameroon's main economic objectives of completing the transition from a state to a market economy, reducing the cost of the public service, promoting import substitution through a policy of industrialization, expanding exports, and improving the trade balance and the balance of payments. Cameroon's geographical location would be helpful in meeting these objectives, as it opened the Central African markets to Cameroon's products.
39. The representative of Morocco thought that while it was still early to measure the full effects of the CFA franc devaluation, the year already elapsed allowed one to discern trends in Cameroon's foreign trade and economy. These included higher inflation, which at between 30 and 40 per cent threatened to cancel out the gains from the devaluation. Thus, he asked what measures Cameroon was undertaking to control inflation and preserve such gains.

40. He noted that Cameroon's tariff bindings appeared to have a low coverage and that rates were high. Although Cameroon had signed the Marrakesh Agreement, it had not yet ratified it and he requested details on the difficulties involved in such ratification and when it might be completed.
41. Given that one of the devaluation's main objectives was to strengthen the competitive position of Cameroon's exporters, it was unusual that export taxes had been introduced on key agricultural exports (coffee, cocoa, cacao, bananas), placing an additional burden on the cost of exported goods which seemed to run against the aim of boosting competitiveness. Therefore he asked whether there was a contradiction between trade and financial aims? If export taxes were aimed at discouraging exports and guaranteeing supplies to domestic production units, it might be better achieved through other measures.
42. The informal sector in Cameroon, comprising 50 per cent of the total value in the economy, was large, particularly in border areas - something he had been able to remark on personally during several trips to Cameroon. Although the sector had a rôle to play as a safety valve and involved numerous economic actors, it might be better to integrate it into the official sector. He asked what efforts the Government was making in this direction?
43. The representative of Hong Kong commended Cameroon on its trade liberalization programme and encouraged it to maintain the reform momentum to bring greater predictability and stability to its trade régime. He noted that Cameroon's post-Uruguay Round tariff bindings had been set at much higher levels than applied rates to leave room to manoeuvre in tax matters. He asked whether Cameroon intended to review its bindings to increase their number and lower the ceiling rates and what would be the schedule? He noted that Cameroon had no anti-dumping or countervailing procedures along GATT lines and that, according to the Secretariat's report, complaints appeared to be handled informally and indirect measures used as de facto anti-dumping measures. He asked what plans there were to replace this informal system by transparent anti-dumping and countervailing legislation consistent with the WTO Agreement.
44. The representative of Senegal noted that Cameroon's review was taking place in a particularly difficult economic context and that in Cameroon, like in many other African countries, economic reform programmes were being courageously implemented with great sacrifices. Such programmes had not given the expected results, despite a policy of budgetary austerity and stringent monetary discipline.
45. Cameroon applied a liberal trade régime seeking to assure a smooth transition from a state to a market economy. Tariff and non-tariff barriers had been eliminated and the rare remaining restrictions were being phased out to meet the requirements of the Marrakesh Agreement. Cameroon's choice was irreversible - a view strengthened by the privatization and business rehabilitation programmes. Cameroon strategy of fostering the local processing of raw material was encouraged, as it came at an appropriate time following the CFA franc devaluation and the entry into force of the Marrakesh Agreement. The results should eventually be positive, provided the international community agreed to support such efforts through massive investments, and Cameroon continued the drive to boost efficiency in areas such as telecommunications, transport and customs services.
46. Noting that Cameroon was considering reviewing the preferential trade agreement with Senegal, signed in 10 January 1974, information was requested on: the impact of the Trade Agreement between the two countries; the nature of the review; whether Senegal had been informed; and if the new agreement would be equivalent to that which Cameroon was negotiating with South Africa? Details were sought on the economic and political obstacles delaying the achievement of the objectives set for the CACEU and the "Economic Community of Central African States", referred to in the Government

Report (page 16). Confirmation and an explanation were also sought for the drop in Cameroon's trade with all regions except Asia. He asked how Cameroon would ensure that monetary discipline would actually produce positive effects, given the burden of foreign debt servicing and erratic exchange and interest rates. Cameroon had valid concerns at the decrease of preference margins in the context of the Lomé Convention and he asked for Cameroon's view on the future of the Convention given the Marrakesh Agreement.

47. The representative of the United States commended the Government of Cameroon for its efforts in recent years to open its international trading system and its reduction of quantitative restrictions, tariff exemptions and special customs and fiscal régimes in its trade policy. He noted Cameroon's progress in areas related to competition policy, government procurement, technical barriers to trade and anti-dumping.

48. Pointing out that, due in part to a 40 per cent decline in per capita consumption in recent years, Cameroon had qualified for World Bank IDA loans reserved for developing countries, he expected that such loans could assist Cameroon in its progress toward a sound economy. He hoped that Cameroon would continue its market-oriented economic reforms and further open its market to trade and investment to aid the reversal of the prolonged economic downslide triggered by the halving of world petroleum prices in 1986. It was noted that the recent Cameroon Debt Rescheduling Agreement contained terms of a 20-year rescheduling period, 5.55 per cent interest and a grace period of 12.5 years. He expressed the hope that Cameroon would use the U.S. debt rescheduling to cut domestic expenditure and address its domestic budget deficit.

49. The United States supported Cameroon's participation in the U.S. GSP programme and hoped that it would both facilitate economic growth in Cameroon and strengthen its trade ties with the United States and other WTO members.

50. The U.S. representative asked what measures Cameroon was taking to alleviate the threat that Cameroon's legal system posed to its more open customs, tax and investment codes.

51. He commended Cameroon's efforts to enact a liberal customs code that reduced tariff duties, removed all quantitative restrictions on external trade, and simplified import and export regulations, among other things. However, despite these bold initiatives a number of practical considerations still detracted from their effective implementation. Customs fraud was endemic and Cameroon granted a large number of customs tax exonerations to para-statal, international assistance projects and influential private companies. In addition, Cameroon imposed import permit requirements on pharmaceuticals and meat, as well as consumption taxes (5.5 or 16.5 per cent) and excise taxes (25 per cent) on a number of other products. He was concerned about the 30 per cent tariff surtax that could be levied on any product to protect domestic industry, and asked if Cameroon intended to levy such a surtax and, if so, in what circumstances?

52. Noting that the WTO Agreement on Agriculture required the removal of all non-tariff measures on agricultural products, he applauded Cameroon's commitment to abolish agricultural quantitative restrictions, as well as the coffee and cocoa marketing boards, and the lifting of controls on the marketing of these two crops. However, concerns remained regarding textiles, clothing and leather products and he asked: whether tariff rates for these products were bound; what the tariff ranges for apparel, made-up textiles, fabric, yarns and fibre product sub-groups were; and what types of quantitative restrictions were still being used and which products were affected? He also asked if the Government was planning to privatize the state-controlled cotton company (SODECOTON), as requested by the World Bank.

53. The Secretariat's report indicated that Cameroon was committed to adopting transparent procedures in its government procurement and he welcomed Cameroon's interest in possible membership in the Agreement on Government Procurement and asked when Cameroon planned to join the Agreement. He asked whether preferences were set forth in law or regulation, consisted of price preferences or were requirements regardless of the offered price and their administration.

54. It was noted that Cameroon's investment code granted a long list of tax exonerations including tariff concessions to domestic and foreign investors. The U.S. representative asked whether the Government's various investment régimes applied equally to foreign and domestic investments/investors, on any planned changes in the reform of the investment régimes, if the Government required that all foreign investment enter through at least one of the Government's investment régimes, and whether these investment régimes were voluntary incentive programmes.

55. He commended Cameroon for its efforts to liberalize trade and move forward with its market-oriented economic reform programme. Those efforts would not only serve to strengthen Cameroon's economy but would contribute to the multilateral trading system as a whole, through expanded trade and investment. He encouraged Cameroon to codify its trade practices in a comprehensive foreign trade law, thus demonstrating its commitment to transparency and to increasing the foreign business community's confidence.

56. The representative of Cote d'Ivoire pointed out that the level of Cameroon's representation reflected well the great interest and importance it attached to the multilateral trading system. She congratulated Cameroon for the quality of the Government Report, despite technical difficulties. She described how Cameroon had grown until 1987 and had then entered into a period of severe economic and financial crisis. This crisis had resulted from the sharp and persistent deterioration in the terms of trade, considerable appreciation of the CFA franc and structural weaknesses leading to loss of competitiveness, a general decline in economic activity, aggravation of the budget deficit and to an explosion of public debt. Facing this situation, Cameroon had set up several programmes re-establishing macroeconomic balance, choosing to establish its trade régime on the principles of the multilateral trading system, despite the heavy obligations this involved, and drew up a vast liberalization programme involving the elimination of quantitative restrictions and non-tariff measures and the revision of certain bilateral agreements. In the context of the Uruguay Round, Cameroon had also offered tariff bindings, which contributed to the stability and predictability of the international trading system in general, and of Cameroon's trade régime in particular.

57. Autonomous negotiations had further increased Cameroon's participation in the construction of the multilateral trading system. Cameroon had also decided to change the CFA franc parity to bring about the rebalancing of macroeconomic elements and resume sustainable economic growth. As a result, Cameroon had accelerated the pace of restructuring by undertaking fiscal and customs reforms aimed at simplifying the customs and fiscal systems to the benefit of national and foreign operators. As stated in the Government report, some of these reforms had not always met Cameroon's expectations and many problems still prevail in export markets. These included the lack of competitiveness of Cameroon's products and tariff and non-tariff barriers in areas such as rules of origin, packaging and standards. Moreover, Cameroon had opened its internal market before it was ready. Given those efforts and the many difficulties Cameroon faced, Cameroon's liberalization deserved encouragement and support by the international community and a favourable economic environment to permit such efforts to bring about a successful economic recovery.

58. The representative of Australia said that, since there was no easy way of achieving an open and competitive economy, Cameroon was to be applauded for its reforms undertaken since the late-1980s

with the objective of opening, diversifying and increasing competitiveness. Those measures included the introduction of a new General Trade Schedule in 1994 aimed at consolidating the liberalization and providing a transparent legal framework to fight illicit trade practices and unfair competition. It also included the elimination or phasing out of special customs and fiscal régimes, and import licensing; the reduction in tariff exemptions; the dismantling of most price controls and guaranteed produce prices, the discontinuation of variable import levies on rice, cooking oils and sugar; progressive reduction of state involvement in the economy; and progression of a legal framework in the areas of standards and other technical requirements. She said that, as the Secretariat had pointed out, Cameroon's reform programme, although coordinated with other CACEU members, had been autonomous, for which it deserved praise.

59. She agreed with the Secretariat's comments that Cameroon could make greater use of multilateral commitments to reassure investors of the predictability and stability of its trade régime. She welcomed Cameroon's intention of introducing new measures to fight anti-competitive practices, and was also interested in Cameroon's plans regarding anti-dumping and countervailing procedures. Australia looked to Cameroon to move beyond its Uruguay Round commitments, and to this end she welcomed Cameroon's intention to review its bindings and would be interested to know Cameroon's timetable for this review. The representative pointed out that the Secretariat's report had outlined a number of ad valorem taxes connected with importation, which appeared to be unrelated to the cost of the services, and asked what plans Cameroon's had to remedy this.

60. She hoped Cameroon would do three things: first, increase the scope of bound items (noting that only three non-agricultural items had been bound); second, reduce the bindings on other duties and charges, which reached up to 230 per cent for agriculture; and third, lower its high ceiling bindings, which were disproportionate to applied rates. She drew Cameroon's attention to the written questions her delegation had submitted prior to the meeting. She again congratulated Cameroon for its trade liberalization efforts, and trusted that Cameroon could maintain the momentum.

61. The representative of Argentina expressed his full support to the TPRM, to which he attached vital importance, as it helped in the internal consolidation of reforms and made available important data. He hoped that the review would result in concrete conclusions to help consolidate Cameroon's economic reforms aimed at shifting from an import substitution to a market-oriented strategy - a move which he fully supported. The reform should allow Cameroon to open new markets, diversify its trade away from reliance on the European Union and reverse its economic stagnation, which had been triggered by the 1986 collapse in petroleum prices. However, action was also required from the multilateral trading system.

62. He asked for clarification in the discrepancy in import data from COMTRADE and the *Société Générale de Surveillance*, particularly regarding foodstuffs, and whether, as suggested by the Secretariat's report (Section I, paras. 24, 30-31 and footnote 11, page 9), food self-sufficiency had declined. Noting recent increases in exports, particularly of wood, aluminium and other manufactured products, he asked whether such trends were solely due to the CFA franc devaluation or if they also reflected the improved competitiveness of Cameroon's products. Other recent economic indicators were positive, and he asked whether Cameroon agreed with Table I.1 in the Secretariat's Report (page 13) which showed IMF projections of resumed economic growth.

63. Although Cameroon's reforms were leading to greater transparency, reductions in variable levies, temporary tariffs, tariff rates and prior licensing, the pattern of tariff escalation was a concern. Unless this problem was addressed, it would be difficult to reduce protection to industries with poor export records. It was also important to decrease the margin between applied and bound tariffs.

64. He asked if there were plans to remove the import surcharge set out in Ordinance 94 of the 20 January 1994 (Secretariat's report, para. 40, section 3) aimed at providing selective protection to industries. As such a mechanism lacked predictability, other more traditional protection mechanisms should be considered. Noting the Government report's statement that standardization was still at an early stage, he asked if a national standardization body might evolve outside the CACEU. Further details were requested on Cameroon's participation in the Lomé Convention and the erosion of preferential margins, particularly in the area of agriculture. He believed that a law governing foreign trade, negotiated between all parties concerned, would contribute to a more predictable situation for foreign investors.

65. The representative of Japan thanked the delegate of Cameroon, the Secretariat and the two discussants for their contributions to the review, which had clarified Cameroon's trade régime and its recent economic difficulties. Japan would continue to provide economic assistance through appropriate channels and hoped that Cameroon would implement, in good faith, its structural adjustment programme. Cameroon was commended for its positive participation in the Uruguay Round, especially in agriculture and market access, and was reminded of the importance of early ratification of the WTO Agreement. This would allow Cameroon to join in the maintenance and strengthening of a free and open trading system, which, in turn, would provide a solid foundation for Cameroon's economic growth.

66. Cameroon's new tariff and fiscal régimes, introduced in January 1994, had affected tariffs on imported automobiles. Under the new régime, automobiles were subject to an applied tariff of 48 per cent - a much higher level than the overall 18.8 simple average or the maximum 30 per cent rate of the CACEU custom tariff. Japan considered this to be an important issue and hoped that Cameroon would quickly make corrective measures, because, as the Secretariat report had pointed out, Japan was one of Cameroon's significant automobile suppliers and the high tariff rate on automobiles was having a chilling effect on related trade between the two countries.

67. The representative of Zimbabwe commented on the broad thrust of Cameroon's economic policy, particularly the importance of continuing the structural adjustment process. He highlighted Cameroon's minuscule trade with other African countries and high dependency on the markets of a few members of the European Union - dependency linked to historical factors and preferential arrangements. The Uruguay Round would have enormous effects on such preferential trade, specifically through the erosion of preferences, and Cameroon's share in the European Union would fall without obvious counterbalancing in other markets. He asked how Cameroon was planning to deal with this challenge. As there was almost no trade between Cameroon and southern Africa, he asked if Cameroon intended to expand trade beyond its immediate neighbours. Noting that the Secretariat report showed the services sector as being responsible for almost half of Cameroon's GDP, he requested details on the specific types of services involved and whether they had the potential to benefit from the WTO Agreement.

68. The representative of Madagascar pointed out the great importance she attached to the TPRB. Cameroon's participation in the review honoured the African continent as a whole and demonstrated the continent's willingness to be better integrated into the multilateral trading system and to participate fully in its functioning. The presentation by the delegate of Cameroon had revealed his country's economic situation and policies, as well as its successful liberalization measures. Additional measures should be progressively taken, in view of the fragile economic situation and the difficult-to-control exogenous factors. In the light of the Uruguay Round advantageous results, the delegate asked Cameroon: how it intended to participate in the WTO's future activities; what the impact of the CFA franc devaluation had been, particularly on foreign trade; and what measures had been taken to integrate the informal sector into the general economy?

69. The representative of Canada highlighted the important changes made by Cameroon in trade and other economic areas and encouraged its continued policy re-orientation and participation in the Government Procurement Code. Noting the limited number of bound tariff lines, he encouraged Cameroon to expand the scope of the application of bindings. Cameroon would inform by 15 April 1995 the level of other applied charges and duties. Cameroon was asked whether it intended to review its investment promotion policies in the oil and mining sectors, as some current laws risked discouraging investment in that sector.

**VI. REPLIES BY THE REPRESENTATIVE OF CAMEROON AND ADDITIONAL COMMENTS**

70. Replies by the representative of Cameroon were divided into three broad themes: the macroeconomic and structural environment; Cameroon's international trading system; and the external economic environment faced by Cameroon. Following replies under each area, the Chairman opened the floor to members for further comments and questions.

**(1) Macroeconomic and Structural Adjustment Programme****Replies given by the representative of Cameroon**

71. The representative of Cameroon first addressed the devaluation of the CFA franc. He indicated that the decision taken on 12 January 1994 was aimed at encouraging the consumption of local products vis-a-vis imports, as well as improving the competitiveness of products originating in the CFA franc zone, thereby, boosting exports and foreign currency revenue. Concerning improved export competitiveness, statistics for the first quarter of 1994 showed, relative to 1993, an export increase in volume terms of 1 per cent (from 3,338,309 to 3,371,996 tonnes) and, in value, of 70 per cent (from CAFF 213,366 billion to CAFF 363,192 billion), resulting in an overall improvement in the trade balance of about 39 per cent (from CAFF 73,670 billion to CAFF 102,135 billion). Consolidated statistics for 1994 were likely to show an improved trend, given the strong performance of Cameroon's main products in world markets. Contraband had also slowed down considerably.

72. The devaluation had been immediately followed by a sharp increase in consumer prices as, on the one hand, a household rush on consumer products outstripped supply and, on the other hand, industrialists and importers took anticipated measures to ensure supplies and the payment of orders-in-progress with foreign suppliers, which had doubled in value: the average price increase in prices in the weeks following the devaluation had exceeded 80 per cent.

73. To reverse the inflation trend the Government had taken various measures which helped reduce the average price increase to about 30 per cent, by:

- granting, until 30 June 1994, full exemption on certain essential imported commodities (rice, wheat, pharmaceuticals, school books) and partial exemption to others (flour and sugar);
- reducing import duties and taxes within the overall fiscal customs reform - new applied rates being less than one third of the previous ones, with the rate on vehicles falling from over 100 per cent to 30 per cent, which was admittedly a still relatively high rate to which, as in the past, certain other taxes and fees had to be added;
- removal of non-tariff obstacles to imports, particularly the elimination of quantitative restrictions, and import licensing and authorizations;
- the recent lowering of bank interest rates; and
- a salary freeze in the public sector to avoid a psychologically induced price spiral.

74. He noted that still better results would have been obtained if a more opportune solution had been found to the problem of orders under way, which was still upsetting market supply. He made an appeal to Cameroon's traditional partners to find a rapid solution to that thorny problem.

75. Concerning budget discipline, he noted that, in addition to efforts to improve fiscal and customs revenues, Cameroon had engaged, since 1987, in a far-reaching programme to curtail public expenditure, including the elimination of official administrative vehicles, free administrative housing and concessions to public sector users of water, telephone and electricity as well as a drop of 30 per cent in the salary bill and a 50 per cent reduction in certain housing and vehicle-servicing benefits for public servants.

76. Debt-servicing had been automatically doubled by the CFA franc devaluation; however, international cooperation had led, through bilateral negotiations, to the cancellation of 50 per cent of part of Cameroon's official debt and to several reschedulings. He thanked all the countries that had in such manner assisted Cameroon and made a call for other creditor countries to follow their example. He offered to provide further data on Cameroon's public indebtedness, if possible.

77. Although the CACEU's fiscal and customs reforms had reduced the concessions given to enterprises under the investment code, many incentives still remained, including national treatment for foreign firms, free transfer of revenue from capital investments, freedom to hire and lay-off personnel and, for firms established in Cameroon, free movement of partners, personnel and their families. The incentives given under the free zone industrial régime were among the world's best and included a "single window" as well as fiscal and customs advantages.

78. The restructuring of the informal sector was of concern to the Government and required the establishment of a fiscal structure and financial resources. A study was under way concerning the fiscal aspect, and international cooperation had been sought to finance small enterprises, which were expected to replace the informal sector.

79. In addition to studies, to be finalized by the end of 1995, to define a strategy to privatize enterprises in the transport and agriculture sectors, the privatization programme launched in 1989 included:

- the privatization of six enterprises, namely, *l'Office camerounais de la banane, la Société camerounaise de métallurgie, la Société camerounaise de minoterie, la Société camerounaise de manutention et d'aconnage, Les contre-plaques du Cameroun* and *la Société d'exploitation de parcs à bois du Cameroun*;
- the expected call within the next few months of tenders to privatize *la Société forestière et industrielle de Belabo, la Cameroun Shipping lines, les Chocolateries du Cameroun* and *l'Office National de Développement de l'Aviculture et du Petit Bétail*;
- a decision to privatize during 1995 *la Société de transport urbain du Cameroun, l'Office national pharmaceutique, la Société camerounaise de tourisme, l'Office Pharmaceutique Vétérinaire* and *la Société d'Etudes pour le Développement de l'Afrique*.

80. Fully aware that a good investment policy must go hand-in-hand with the legal protection of investors' interests, the Government would submit, for consideration by the National Assembly at its next session, a code for the rights and obligations of the business sectors and, within the project for constitutional reform under discussion, would seek to guarantee greater independence for the magistrature.

Additional comments

81. The first discussant noted that the informal sector involved not only small trafficking activities but also dynamic and business-minded operators with well-established networks. He suggested that trade in the sector should be allowed to develop, although probably in a more structured environment with finance provided through development banks, as had been successfully done in other African countries, like Ghana. He requested details on measures being considered to provide finance to the informal sector and on plans to structure the sector without smothering it. He also asked for details on the type of activities covered by the free zone régime.

82. The second discussant asked how many state or para-statal enterprises still existed in Cameroon, in addition to the six enterprises already privatized and the four scheduled for privatization in 1995.

83. The representative of Cameroon responded that, in liberalizing the economy, the Government was making available a variety of loans to allow economic operators to organize themselves. This included the informal sector, which would have to be structured, something that the State was encouraging through a range of laws. Although possibly not very rational, there were informal schemes to mobilize savings, known as "tontin", which were accepted and encouraged by the law in the context of Cameroon's policy to organize and develop private and informal sectors. The banking system was also contributing, for example through a recent lowering of the interest rate from 14 to 8 per cent. Although much remained to be done, what mattered was that Cameroon had started an economic liberalization process that would see the rôle of the State reduced and that of the private sector increased.

84. Concerning free zones, he pointed out that such zones had been created under a 1990 law aimed at decreasing unemployment, encouraging exports and inducing the transfer of technology. The legislation had been drawn up with the cooperation of USAID, which unfortunately had been required to reduce its activities throughout the world. Cameroon was counting on international cooperation to develop its free zones, which although involving all activities gave particular importance to the industrial sector and the processing of local products into manufactured goods.

85. The delegate of Cameroon indicated that there were about 100 state or para-state enterprises still to be privatized, although he did not have precise data at hand. He noted that privatization was a process and that not every enterprise could be privatized overnight: the right buyers had to be found and efforts made not to undervalue those enterprises for sale, rather than to sell them off quickly at the lowest price. He stressed that it was an irreversible process and would extend to enterprises not yet privatized. Acknowledging that his answers may not have been fully satisfactory, he offered to forward more detailed replies.

(2) Trade System

Replies by the representative of Cameroon

86. The Cameroon delegate noted that the ratification procedure of the WTO Agreement was well under way, and that the relevant draft legislation was due to be considered at the forthcoming parliamentary session in June 1995. After that session the ratification instruments, and tariff bindings resulting from the CACEU fiscal and customs reform would be notified to the Secretariat.

87. The introduction of regional preferential tariffs had been considered in the context of the CACEU reform in order to ensure the transition towards a regional economic union. With this aim, intra-CACEU trade was subject to duties equal to 20 per cent of the rates applied to extra-regional trade, with the

preferential rate schedule to fall to zero by 1 January 1999, although some modifications may have to be made to take into account the principles behind the creation of the WTO.

88. The import verification programme, in place since 1989, had as its main objectives to control customs fraud and, by reducing false customs declarations, optimize customs earnings as well as to guarantee fair transactions between Cameroonian importers and foreign suppliers. Verification made it possible to ensure the correspondence between goods and orders, and compliance with the rules and standards in the country of origin and Cameroon. To guarantee that the foreign supplier would be paid, the inspection began only after the import document was domiciled with a local bank or a guarantee was given that the supplier would be paid on an account abroad. Thus, pre-shipment inspection could be considered as a special service for which a fee had to be paid.

89. In addition to its dissuasive effects, the verification programme allowed comparing the results of inspections and customs valuation, which in turn resulted in substantial annual corrections. In the future, Cameroon would use the programme, in addition to any technical assistance provided by the WTO, for the development of standardization. Since 1992, the programme had been open to competitive offers from inspection companies.

90. All quantitative import restrictions, previously in place to protect local production, had been removed, including those on textiles, clothing and leather. However, consideration of public health, safety and protection of the environment required that for a limited number of products the technical opinion of some government agencies be obtained at the time of custom clearance. Such products included firearms and edible meats, the latter requiring proof of the existence of appropriate equipment to ensure the continuity of the "cold chain" and the protection of consumer's health.

91. Aware of the need to establish legislation on anti-competitive practices, including dumping, and on standardization, Cameroon was counting on technical assistance from the Secretariat and from contracting parties to fill current gaps. Government procurement procedures, set up in July 1986, guaranteeing preferences to nationals were under review to provide greater transparency and to open the procedure to international competition. Draft legislation was being drawn up as a law which, being higher in hierarchy than a decree, guaranteed its continuity and inviolability.

92. Export taxes had been originally designed as a means for the Treasury, undergoing a crisis, to benefit from the doubling of export prices and the windfall profits resulting from the CFA franc devaluation. Subsequently, export taxes also found support as an economic factor, namely, to ensure that local materials underwent a minimum level of local transformation, as the threat to the transformation industry would have been further exacerbated by imports. This was particularly true for soap factories and palm oil refineries.

93. Export taxes in fact only applied to cocoa and coffee. The representative of Cameroon stressed that such charges, being part of the annual financial law, were temporary and tax-deductible for the exporters at the end of the financial year.

94. The liberalization of the cotton sector had already started, with the State no longer involved in the negotiation of prices among growers and SODECOTON. The export monopoly in the cotton sector would be terminated by the privatization of SODECOTON, which had been on the privatization list since July 1994.

Additional comments

95. The second discussant asked for confirmation that export taxes were temporary and would be phased out by end-1995.
96. The representative of Argentina reiterated his concern about Cameroon's pattern of tariff escalation, in particular its possible negative effect on producers of intermediate commodities, as suggested in the Secretariat's report, and asked whether Cameroon's authorities were studying the issue.
97. The representative of Australia asked the Cameroon delegation in what manner they intended to provide specific answers to questions, including the advanced written questions submitted by her delegation concerning Cameroon's tariff bindings, ad valorem taxes, and WTO-inconsistent anti-dumping and countervailing procedures. She also asked the Cameroon delegation what they considered to be the main points emerging from the review and how such a review could be more useful.
98. The representative of Canada asked if responses could be distributed in a general manner rather than only to the delegation asking the questions. He also requested clarification on whether the CACEU tariff would remain only an applied tariff in Cameroon with no changes to the bound tariff.
99. The representative of the European Union defined specific questions on issues such as the reform of the customs service, the rôle of the National Shippers Council and the protection of trade-marks, to which no answers had yet been provided. He would be satisfied to receive these after the meeting, if necessary.
100. The Chairman emphasized that there would be no problems distributing Cameroon's written responses after the meeting and that questions that had remained unanswered so far could be answered in writing subsequently, as foreshadowed by the representative of Cameroon.
101. The representative of Cameroon reiterated that export taxes were a response to a precise one-time need. Those taxes were linked to Cameroon's commitments vis-à-vis the International Monetary Fund and the World Bank, including that of improving public revenue to help balance the budget. Export taxes were thus a strictly temporary measure, taken within the framework of the annual financial law, and would be removed once their objective had been achieved. He welcomed the transparency rôle of the TPRM exercise and the opportunity to explain Cameroon's reasons for establishing export taxes.
102. Concerning tariff escalation, he explained that Cameroon had set its customs duties taking into consideration the rates developed in the course of the CACEU customs and fiscal reform, namely four rates ranging from 15 to 50 per cent. Given the flexible nature of the reform, however, Cameroon had adopted lower rates which did not exceed 30 per cent. These rates would be subject to further revisions within the framework of the CACEU, as part of planned meetings among Heads of State, to sign the instruments establishing the union.
103. He recalled his previous answer concerning ad valorem taxes, stating that Cameroon was in the midst of a liberalization process that demanded a step-by-step approach. Cameroon's position could be best appreciated by bearing in mind its efforts to democratize all structures and economic sectors. He expressed his appreciation of other delegations highlighting Cameroon's apparent deficiencies for that would enable his country to consider them and redress matters if necessary.
104. Similar statements could be made with regard to the customs reform, where liberalization efforts were already established. Privatization was under way in the maritime transport area, for example

Cameroon Shipping Lines and the national handling company. Cameroon Shipping Lines was involved in the distribution of cargo among national and foreign shipping companies, a rôle that would have to change after privatization, while the national handling company had been set up to ensure development of the shipping services. Reform in customs services was part of the overall public service reform programme aimed at improving productivity, rationalizing and redeploying functions and reducing staff levels. Additional information on these issues could be provided to any interested party.

(3) External Environment

Replies given by the representative of Cameroon

105. Despite improvements in its export performance resulting from the CFA franc devaluation, Cameroon still faced obstacles in foreign markets, including the quota system and the weakening of trade preferences set up in certain Conventions. Furthermore, certain countries party to the WTO Agreement still used export subsidy policies that were further undermining Cameroon's production units. The Cameroon delegate reiterated his appeal to all economic operators in the international community to invest in Cameroon, where "doors were wide open".

Additional comments

106. The Chairman commented that the TPRM was not intended to give a lesson to countries under review but rather to make it possible for such countries to draw lessons from such an exercise. In this context, the delegates' comments and suggestions were very helpful and Cameroon would be able to use them to review its trade policy. He also stated that the small number of questions that Cameroon's answers had prompted were an indication of how convincing and satisfying such answers had been. The delegate of Cameroon had promised, nonetheless, to give written answers very shortly. He noted the emphasis placed on the irreversible nature of the process of liberalization by the delegate of Cameroon and others, and thought that Cameroon deserved to be congratulated and encouraged.

## VII. CONCLUDING REMARKS BY THE CHAIRMAN

107. This joint meeting of the Trade Policy Review Body and the GATT 1947 Council has provided an opportunity to review, for the first time, the trade policies and practices of Cameroon. As usual, these remarks are made on my own responsibility and are not intended as a substitute for the Council's collective appreciation. The full report of the proceedings of the meeting will be contained in the minutes.

The discussion focused on three main topics.

### (a) Macroeconomic policy and structural adjustment programme

108. The participants congratulated Cameroon on the determination with which it had embarked upon a difficult programme of reform with a view to establishing a market economy with a liberal trade régime. This had led to an opening up of trade which had benefited not only Cameroon but also the multilateral trading system in general.

109. The effects of the devaluation of the CFA franc on Cameroon's economy aroused the interest of members, who were eager to obtain information about the measures Cameroon intended to take to contain inflation and the budget deficit and to preserve the advantages it had derived from this exchange rate adjustment.

110. Some members expressed concern about the low level of investment recorded since 1986 and asked for further information about the current investment régime and the measures which Cameroon intended to take in order to give investors greater security. The continuation of the trade reforms in progress could also help in this respect. Some members urged the Cameroon authorities to speed up the state-enterprise privatization process. They also noted the need to find ways of incorporating the informal sector more effectively into the official economy.

111. In reply, the representative of Cameroon pointed out that devaluation had considerably improved the competitiveness of exports and the balance-of-payments position. There had been a significant slowdown in smuggling.

112. The initial surge in prices was moderated by exempting certain staples and considerably reducing import duties and taxes in general, as well as by taking measures such as the removal of obstacles to imports, the recent lowering of bank interest rates and the freezing of salaries in the public sector. As regards the budget, since 1987, Cameroon had been engaged upon an extensive programme designed to bring public expenditure under control. At the same time, a significant part of its official external debt had been cancelled and it had benefited from several reschedulings.

113. The CACEU customs and fiscal reforms, while reducing the customs advantages of investment, had maintained the general liberal policy, including national treatment, the free transfer of revenue, freedom to hire and fire and the industrial free zone régime.

114. Studies were in progress on the incorporation of the informal sector into the fiscal system and the financing of small businesses.

115. The privatization programme was going ahead, with several projects in preparation or being implemented and with studies aimed at defining a government strategy. Cameroon was also in the process of drafting a business code in order to provide investors with sound legal protection.

(b) The trade régime

116. The participants congratulated Cameroon on its policy of trade liberalization, in particular for having introduced new customs and fiscal régimes and a new general trade programme in 1994. They noted the elimination or significant reduction of quantitative restrictions, tariff exemptions and special customs and fiscal régimes, as well as the lowering of customs duties. The new régime had reduced the complexity of the old system and restricted the opportunities for fiscal fraud; however, the customs service of the Cameroon might benefit from other reforms and improvements. In this connection, questions were put concerning Cameroon's experience with the pre-shipment import inspection programme.

117. Members also asked for clarification concerning the legislative procedure for ratification of the WTO Agreement. As Cameroon had not signed the Tokyo Round Codes, members wanted to know how it would implement the new WTO disciplines governed by the single undertaking principle. Cameroon's intention to accede to the Agreement on Government Procurement was also mentioned.

118. Council members expressed concern about a number of matters related to trade policies:

- the small number of bound tariff lines, even at the end of the Uruguay Round, was likely to add to the uncertainty surrounding the stability of the reforms;
- explanations were requested concerning taxes, more particularly, the non-automatic temporary taxes and other taxes not directly linked to the supply of services;
- the possibility of introducing regulations concerning anti-dumping, countervailing duties and the safeguard measures provided for in Article XIX of the GATT;
- the state monopolies in specific areas, including agriculture (in particular cotton);
- finally, questions were asked about the improvement of the process of preparing technical standards.

119. With regard to export policies, several members questioned the wisdom of imposing taxes on the principal agricultural exports. Although these taxes had been introduced for fiscal reasons, they might cancel out the improvements in competitiveness resulting from devaluation.

120. In this connection, the representative of Cameroon noted that the ratification of the Agreement Establishing the WTO would be examined at the June 1995 session of the National Assembly. The Secretariat would be informed of the outcome at the same time as it was notified of the binding of tariff rates resulting from the customs and fiscal reforms.

121. It was noted that there were plans for a generalized preferential tariff within CACEU which was moving towards an economic union: in five years, regional imports would be essentially free.

122. The import verification programme had a deterrent effect on fraud and had led to a substantial improvement in revenue. The implementation of the programme was open to competition among the inspection companies.

123. Quantitative restrictions had been removed except in so far as needed to meet public health, security and environmental protection requirements.

124. Cameroon had recognized the need to introduce legislation on anti-competitive practices and standardization and was counting on technical assistance from the Secretariat and WTO members in these fields.

125. A revision of government procurement procedures was in progress and would take the form of a new law ensuring greater transparency and opening up the market to international competition.

126. The export taxes on certain products were intended to enable the Treasury to take advantage of the immediate effects of devaluation, but they were also a means of promoting local processing. These duties were only temporary and had been approved in the context of the Annual Finance Act.

127. The monopoly on the foreign marketing of cotton fibre was to be abolished as soon as SODECOTON had been privatized.

**(c) The external environment**

128. Members stressed the importance of Cameroon's trade with the European Union and wanted to see greater diversification of exports at both regional and sectoral level. Questions were asked concerning various aspects of the preferences to which Cameroon was entitled, including those granted by the Lomé Convention. It was noted that Cameroon also had to confront a number of obstacles relating to manufactures and semi-manufactures.

129. The representative of Cameroon said that the system of commercial preferences guaranteed by certain conventions had been severely eroded and noted that the subsidy policies applied by some members were destabilizing local production units. He renewed his appeal to participants to promote investment in Cameroon which was pursuing an "open door" policy.

**Conclusions**

130. The members congratulated Cameroon on its determination to push ahead with macro-economic stabilization and trade liberalization measures, whose irreversibility had been duly stressed. They emphasized the importance for Cameroon of making additional commitments and binding more tariffs with a view to ensuring the stability and continuity of the reforms and encouraging trade and investment. The participants expressed the hope that the consolidation of the reforms in Cameroon would attract investment and bring it sustained economic growth.