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TRADE POLICY REVIEW

REPORT BY THE COUNTRIES OF THE CENTRAL AFRICAN ECONOMIC AND MONETARY COMMUNITY (CEMAC)

In conformity with the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the general policy statement submitted by the countries of the Central African Economic and Monetary Community that are Members of the WTO is reproduced below.

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COMMON REPORT

1 CONTEXT

1.1. The Common Report relating to the group review of the trade policies of CEMAC States Members of the WTO has been prepared within a particular subregional and international context.

1.2. At subregional level, this context is marked, on the one hand, by the recent appointment, by the High Authorities of the six member States, of a new management team at the CEMAC Commission, with a view to revitalizing the institution and, on the other hand, by an increasingly close examination of the question of taking the actual convergence into account to achieve a more global coordination of trade and sectoral policies, through the implementation of the Regional Economic Programme (PER).

1.3. At international level, the delay in the negotiations linked with the Doha Development Agenda and the Economic Partnership Agreement with the European Union, the tensions on the financial markets, the persistence of the crisis in the euro zone and the slowdown in the economic indicators of the main emerging countries have cast doubt on the evidence of recovery in the world economy noted at the beginning of 2012 and are raising fears of a recession with still unpredictable consequences.

1.4. This is the context within which this Common Report relating to the first group review of the trade policies of CEMAC States Members of the WTO has been prepared. In this respect, it is important to bear in mind that, in the past, each CEMAC State Member of the WTO was individually subject to a trade policy review. Thus, Cameroon has had three reviews; Gabon two; and the Congo, the Central African Republic and Chad one each. In order to take into account the benefits and challenges associated with the process of harmonization of the trade policies and common instruments of the Regional Economic Communities (CER), we welcome the initiative represented by this group trade policy review, which will help to strengthen the follow-up and implementation mechanisms and lead, where necessary, to the reform of the trade and sectoral policy instruments in the CER.

1.5. It should be recalled that Central Africa has a long history of regional economic integration. In 1959, the Congo, Gabon, the Central African Republic and Chad launched the Equatorial Customs Union. Cameroon joined in 1962, and in 1964, at Brazzaville, the five countries signed the Treaty establishing the Central African Customs and Economic Union (UDEAC). UDEAC's mission consisted, in particular, in the creation of a common market and the harmonization of its members' economic and industrial policies. Equatorial Guinea joined UDEAC in 1984.

1.6. The creation of CEMAC in 1994 was intended to revitalize this integration process. CEMAC actually commenced its activities on 25 June 1999. It notified the WTO on 21 July 1999 under the Enabling Clause. The Treaty establishing CEMAC was revised in 2008.

1.7. To achieve its objectives, CEMAC has set up five institutions and several bodies. The institutions include: the Central African Economic Union (UEAC), the Central African Monetary Union (UMAC), the Community Parliament, the Court of Justice, and the Court of Auditors. Each of these institutions is governed by a convention. CEMAC's main decision-making bodies are: the Conference of CEMAC Heads of State, the UEAC Council of Ministers (Council of Ministers), the UMAC Ministerial Committee (Ministerial Committee), the CEMAC Commission, the Bank of Central African States (BEAC), the Development Bank of Central African States (BDEAC) and the Central African Banking Commission (COBAC).

1.8. This report takes stock of the common economic environment and CEMAC's achievements with respect to trade and sectoral policies, while describing the challenges still to be faced in these areas. It also provides an overview of the anticipated outcome of implementing the Regional Economic Programme (PER) adopted by CEMAC's decision-making bodies, with reference to its components, agenda and implementation strategy.

2 COMMON ECONOMIC ENVIRONMENT

2.1 Main features

2.1. CEMAC represents a market of 42.4 million people (including Equatorial Guinea, which is not yet a Member of the WTO) spread over an area of more than 3 million km^2. Nearly half of this market (47.2%) is located in Cameroon, which is also responsible for a substantial proportion of regional GDP (28.6%).

2.2. The CEMAC countries form a heterogeneous whole, in terms of both level of development and economic structure. The Central African Republic and Chad, landlocked countries of the subregion, belong to the "least developed country" (LDC) group and are also classified as "low-income countries" on the basis of their gross national income per capita. Cameroon, the Republic of the Congo and Gabon are middle-income countries (with Gabon in the upper tier). In economic terms, Gabon, with 3.6% of the Community's population, accounts for 19.3% of its GDP, while the Central African Republic, with 10.6% of the population, contributes only 2.5% to regional GDP.

2.3. The economies are, in general, very dependent on the petroleum sector, with the exception of that of the Central African Republic.

2.2 Monetary and foreign exchange policy

2.4. The CEMAC countries pursue common monetary and foreign exchange policies within the framework of the Central African Monetary Union (UMAC). As members of the franc zone, since 1972 they have maintained a monetary cooperation agreement with France, supplemented by an operating account agreement in 1973. The Bank of Central African States (BEAC) is the issuing institution for the common currency, the CFA (Financial Cooperation in Central Africa) franc. It is responsible for defining and conducting monetary policy, conducting foreign exchange policy, holding and managing official foreign exchange reserves, and promoting the smooth functioning of the payment and settlement systems. Where monetary policy is concerned, its objective is to guarantee the stability of the currency. For this purpose, it uses two types of instruments: refinancing policy and a policy of imposing reserve requirements.

2.5. Under the common foreign exchange regulations, movements of capital in CFA francs between member States are free and unrestricted. The other countries of the franc zone are treated on the same footing as the CEMAC countries, except in the case of transactions relating to gold, certain loans, borrowings and direct investments, and foreign securities, together with export operations and the repatriation of the earnings.

2.3 Recent economic developments

2.6. Apart from a weak performance in 2009 due to the fall in the global price of oil, the CEMAC economy grew steadily during the period 2006-2012, with annual real GDP growth rates generally in excess of 4%. In 2012, real GDP grew by 4.6%, dragged down by the petroleum sector. In fact, petroleum GDP grew by 4.4%, whereas non-petroleum GDP grew by 6.6%.

2.7. To support the subregion's economic and monetary policy and diagnose in greater detail the economic and financial development of the Community, CEMAC has established a multilateral surveillance mechanism based on the following indicators: the primary fiscal balance; the external coverage ratio for the currency; the tax burden; the comparative variation of the public wage bill and revenue; and the current account deficit.

2.8. Where inflation is concerned, following the high levels due to the food crisis in 2008 and 2009, the situation now seems to be improving, although the rates remain above the Community's 3% norm for convergence. In 2012, the inflation rate amounted to 3.9% and should remain above 3% in 2013.

3 CEMAC IN PRACTICE

3.1 CEMAC trade policy instruments

3.1. Where customs duties and taxes are concerned, the following instruments have been adopted:

- A Common External Tariff applicable to goods from third countries;
- A zero-rated generalized preferential tariff establishing free movement for CEMAC-originating products, since 1 January 1998;
- TCI, CCI and the OHADA levy earmarked for financing CEMAC, ECCAS and OHADA, respectively;
- The rules of origin;
- A Community Customs Code;
- Community Customs Regulations;
- A new Community transit procedure, tried out along two pilot corridors (Douala-Garoua-Boulaï-Bangui and Douala-Touboro-N'djamena), was introduced in 2009 to reduce obstacles and facilitate transit. Moreover, a customs services interconnection project has been implemented as a priority chapter of the Central Africam Transit Facilitation and Security Programme (FASTRAC).

3.2. At domestic taxation level:

- Value added tax (VAT) and excise duty;
- Corporation tax (IS);
- Income Tax (IRPP);
- Registration fees, stamp duties and guardianship fees;
- A specific tax regime applicable to the stock exchange;
- A specific tax regime applicable to air transport (Air CEMAC).

3.3. The free movement of persons is in effect between Cameroon, the Congo, the Central African Republic and Chad. Gabon and Equatorial Guinea have opted for progressive freedom of movement linked to the development of the process of harmonization of the biometric identity documents (national identity card and passport). A Community travel document has been adopted and the technical arrangements for its introduction are being made.

3.1.1 Investment regime

3.4. The Community Investment Charter, adopted in 1999, is in process of being revised. It reaffirms the commitment on the part of the States to create a favourable environment for business development by implementing competition regulations, protecting intellectual property and developing support services to improve productivity and competitiveness.

3.5. The CEMAC countries, signatories to the Treaty establishing the Inter-African Conference on Social Security (CIPRES), guarantee the fair and transparent application of labour and social security law.

3.6. The CEMAC member States are signatories to the Treaty establishing OHADA and apply the relevant Uniform Acts.

3.7. The CEMAC States Members of the WTO have joined the principal international investment guarantee institutions (MIGA, ICSID).

3.1.2 Other trade-related measures

3.1.2.1 Standards, technical regulations and accreditation

3.8. The CEMAC Investment Charter provides for the establishment of a standardization, metrological and certification system in each of the countries, as well as at Community level. This system is intended to conform with the international provisions, including those of the WTO and the International Organization for Standardization. Thus, since independence, all the CEMAC countries have been using the European and regional technical regulations (ISO, NF, CODEX Alimentarius, ARSO-ORAN) within the context of their trading activities.

3.9. In October 2011, the CEMAC countries signed a memorandum of agreement establishing the Central African Subregional Metrology Organization (CEMACMET). Attached to the CEMAC Commission, this organization is intended to promote metrology and related activities with a view to facilitating trade. The agreement led to the launch of the CEMAC Regional Infrastructure-Quality Development Project (IQ-CEMAC) with the support of the German Metrology Institute.

3.1.2.2 Sanitary and phytosanitary measures

3.10. With respect to phytosanitary measures, the Regional Food Safety Programme (PRSA) has laid the foundations for the harmonization of the rules. Common regulations on the registration of pesticides were validated by the Ministries of Agriculture in 2004. These regulations define the registration criteria and give the competent authorities of the member States discretion to control the importation, exportation, marketing, utilization and destruction of registered pesticides.

3.11. A Pesticides Committee of Central Africa (CPAC), composed of experts from the member States, was officially set up in 2007 to ensure the implementation of the regulations. Registration activities began in 2011. The Inter-State Pesticides Committee of Central Africa, which became a specialized institution in 2012, is responsible for registering pesticides in the CEMAC area.

3.12. The relevant regulations do not govern the activities of importation, exportation, marketing, utilization and destruction of registered pesticides, which are a matter for the national authorities.

3.13. Since being established in 2007, CPAC has been taking stock of the use of pesticides and developing the tools required for registration. CPAC has just finalized an agro-ecological map of the subregion.

3.14. Where pharmaceutical products are concerned, in 2002 CEMAC designated the Organization for Coordination of the Fight against Endemic Diseases in Central Africa (OCEAC) as its specialized public health body. Accordingly, this body (OCEAC) is overseeing the process of harmonization of national pharmaceutical policies. A common pharmaceutical policy adopted in 2007 defines, among other things, the criteria for drug approval, pharmaceutical inspection and quality control. Cameroon's National Drug Quality Control and Expertise Laboratory (LANACOME) has been identified to serve as a benchmark.

3.15. The CEMAC countries have all ratified the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer. Community regulations reflecting these commitments were adopted in 2005. In accordance with these regulations, the importation, exportation and re-exportation of these substances, products that contain them and equipment that uses them are subject to the procurement of a licence issued by the Minister responsible for trade of each member State, after consulting the Minister responsible for the environment.

3.1.2.3 Contingency measures

3.16. Under the UEAC Convention, at the request of a member State, the Council of Ministers may authorize a State, for a limited period, to take protective measures intended to deal with serious problems in one or more sectors of the economy.

3.17. Article 22 of the Convention stipulates that in the event of a sudden economic crisis affecting, in particular, the balance of payments, a member State may, "as a precaution, take the safeguard measures that are indispensable". However, these measures must only minimally disturb the operation of the common market and may not last for more than six months (possibly renewable).

3.18. The imposition of anti-dumping and countervailing duties is governed by the CEMAC Customs Code. Article 12 of the Code specifies the conditions under which these duties may be imposed.

3.19. Moreover, the Community's VAT provisions authorize the member States to derogate from the rules of the common market in order to offset the effects on the cost of living of the high prices of certain basic necessities.

3.1.2.4 Measures directly affecting exports

3.1.2.4.1 Export duties and taxes

3.20. The Community Customs Code allows each member State to set export duties and taxes. The duty rates and the products covered vary from country to country.

3.1.2.4.2 Prohibitions, quantitative restrictions and licences

3.21. The CEMAC countries are signatories to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Accordingly, the export of these species is prohibited or subject to authorization.

3.1.2.4.3 Free zone regime

3.22. The CEMAC Customs Code grants member States the right to establish industrial or commercial free zones that exist outside the Customs regime.

3.23. The Customs Code leaves it to the States to determine the volume of goods that can be released for local consumption on leaving a free zone.

3.24. Cameroon, Gabon and the Congo have supplemented these regulations with national legislation.

3.1.2.5 Measures affecting production and trade

3.1.2.5.1 Incentive measures

3.25. In accordance with the Community provisions, newly formed companies in the agricultural, industrial, mining and forestry sectors can benefit from exemption from profits tax during their first three years of operation.

3.26. Although the rates of amortization of the investment are fixed at Community level, these companies can employ declining-balance or accelerated depreciation.

3.27. During the first years of operation, they are authorized to carry losses over to subsequent years. Tax reduction measures are also available when profits are reinvested. These measures are applicable to all companies, provided that they satisfy the conditions laid down by the Investment Charter.

3.28. The Investment Charter offers additional advantages. It provides for a reduction in registration fees in the following cases: company formation, new equity issues, mergers or transfers of shares and holdings. It encourages countries to introduce additional measures into the legislation relating to the mining, tourism and forestry sectors.

3.29. Where micro-enterprises and informal sector operators are concerned, it encourages States to take appropriate measures to limit their reporting obligations and reduce their administrative burden.

3.30. There is also provision for other measures, in particular, to encourage enterprises to invest in regions that are cut-off or underdeveloped. They can then benefit from tax reductions, equipment allowances and compensation for any social services they provide which form part of the normal agenda of the State.

3.31. The utilization of Community raw materials and production based on Community inputs makes it possible to measure the integration capacity of the economies and reduce production costs, thereby adding value and promoting the purchase of local products.

3.1.2.5.2 Competition and pricing regime

3.32. There are two texts governing the Community competition regime: the Regulations on anti-competitive business practices and the Regulations on State practices affecting trade between member States.

3.33. In general, the competition regulations are aimed at three types of practices: certain unlawful agreements, certain concentration operations, and abuses of dominant position.

3.34. The regulations on government practices that affect trade between member States deal with State aid for enterprises, the situation of enterprises with legal monopoly status and competition for government contracts.

3.35. The implementation of Community competition law is the responsibility of a Community competition surveillance authority, a Community Court of Justice, and national regulatory bodies. The existence of Community legislation does not preclude the simultaneous existence of national competition laws.

3.36. Community competition law provides for the close articulation of these two tiers of legislation which complement each other and each of which has its own clearly defined jurisdiction. At present, Gabon, the Central African Republic and Cameroon each have a specific law on competition.

3.37. The principle of free pricing is enshrined in all the national legislations. However, price control and monitoring regimes exist at the level of each CEMAC country to contain inflationary pressures when the circumstances so require.

3.1.2.5.3 Government procurement

3.38. Pending the complete harmonization of the national regulations, government procurement is governed by the Regulations on State practices affecting trade between member States adopted in 1999 and revised in 2005, which establish the main principles of government procurement and, in particular, the principle of transparency.

3.1.2.5.4 Protection of intellectual property rights

3.39. As signatories to the revised Bangui Agreement, the CEMAC countries are members of the African Intellectual Property Organization (OAPI), which regulates intellectual property in the Community countries.

3.40. The OAPI acts as a national industrial property service for each of the member States. These national bodies serve to promote and protect industrial property rights in accordance with the minimum standards of protection established by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The OAPI provides a common system of administrative procedures for the registration of the related rights.

3.41. With respect to literary and artistic property, the revised Bangui Agreement (1999) covers copyright, related rights and cultural heritage. The OAPI is responsible for promoting the protection of these rights and creating national agencies in the countries that are still without one.

3.1.3 Relations with partners

3.1.3.1 WTO

3.42. All the CEMAC countries are original Members of the WTO, with the exception of Equatorial Guinea, which is in process of acceding to the Organization. CEMAC has observer status within the Committee on Trade and Development.

3.1.3.2 African Union

3.43. The CEMAC countries are founder members of the African Union (AU). Accordingly, they are engaged in the process of implementing the African free trade area project, which in Central Africa is led by ECCAS.

3.1.3.3 Economic Community of Central African States (ECCAS)

3.44. The CEMAC countries are all members of the Economic Community of Central African States (ECCAS), a subregional organization established on 18 October 1983. In addition to the CEMAC countries, ECCAS includes Burundi and the Democratic Republic of the Congo (members of the Economic Community of the Great Lakes Countries), as well as Angola and Sao Tomé and Principe.

3.45. Like CEMAC, ECCAS has a preferential tariff regime, a transit regime, and its own rules of origin. This superposition of not necessarily identical trade regimes is not conducive to the facilitation of trade in the region. In 2007, the ECCAS Heads of State and Government recognized that this overlapping was likely to lead to inconsistencies and duplication of effort, particularly in financial terms. Accordingly, in 2010, a Steering Committee was set up to harmonize policies, programmes and instruments, with a view to the merger of the two Regional Economic Communities (CER).

3.1.3.4 Community of Sahel-Saharan States (CEN-SAD)

3.46. Chad and the Central African Republic are members of CEN-SAD, a community created on 4 February 1998 at the initiative of six countries of the Sahel-Saharan region. Its main objective is to establish a "global economic union" on the basis of a development plan consistent with the national plans.

3.1.3.5 European Union

3.47. Apart from the GSP, the CEMAC LDCs (Central African Republic and Chad) are eligible for the European Union's "Everything But Arms" initiative, which allows them to export everything other than arms to the EU duty free and ex-quota.

3.48. Moreover, the CEMAC countries are participating in the negotiation of the Economic Partnership Agreement (EPA) between the ACP States and the European Union, as a replacement for the Cotonou Agreement whose trade chapter expired at the end of 2007. As distinct from previous agreements, the EPAs must be compatible with WTO rules. The eventual tariff preferences are in process of being negotiated by the ACP countries within existing regional integration initiatives and will be granted on a reciprocal basis.

3.49. Three CEMAC countries (Cameroon, the Congo, CAR) have finalized Voluntary Partnership Agreements (VPAs) within the framework of the European FLEGT (Forest Law Enforcement, Governance and Trade) initiative. Where Gabon is concerned, the process is in its final stage.

3.1.3.6 United States

3.50. Proclaimed in October 2000, the African Growth and Opportunity Act (AGOA) is a United States government initiative aimed at further opening up the United States market to products from a number of countries in Sub-Saharan Africa. All the CEMAC States, with the exception of Equatorial Guinea and the CAR, are eligible for the AGOA.

3.1.3.7 Other preferential relations

3.51. In general, the CEMAC countries are eligible for the Generalized System of Preferences (GSP) regimes of the developed countries and some developing countries. On the other hand, only Cameroon participates in the Global System of Trade Preferences among Developing Countries (GSTP)

3.2 CEMAC sectoral policies

3.2.1 Agriculture, livestock, forestry and fishing

3.52. Within CEMAC the importance of agriculture in terms jobs and contribution to GDP varies from country to country. It generally employs a substantial proportion of the total labour force, with a contribution to GDP that is small in countries such as the Congo and Gabon and relatively large in the Central African Republic, Cameroon and Chad.

3.53. Because of its range of climates and agro-pastoral resources, the region is suitable for the development of agricultural and livestock breeding activities. It possesses about 13 million hectares of arable land, 65 million hectares of grazing land and 160 million hectares of forest.

3.54. The Community initiatives in the agricultural sector form part of the CEMAC Common Agricultural Strategy (CAS) and the NEPAD Comprehensive Africa Agriculture Development Programme (CAADP/NEPAD), which is being managed at subregional level by ECCAS.

3.2.1.1 Community agricultural policies

3.55. CEMAC has adopted a common agricultural strategy (August 2003) and a Regional Food Security Programme (PRSA) (2002), drawn up with the support of the FAO. The common agricultural strategy is aimed at promoting trade in agricultural products, providing food security and reducing poverty, particularly in rural areas.

3.56. Where support for national food security programmes is concerned, it aims to strengthen the implementation of existing programmes and identify the constraints on action to improve food security. Thus, it has made possible the finalization of national agricultural strategies in Cameroon, the Congo, the Central African Republic and Chad.

3.2.1.2 Policies by subsector

3.2.1.2.1 Cotton

3.57. Cameroon, the CAR and Chad are the three CEMAC countries that produce cotton. In these countries, production is tending to decline because of the numerous difficulties facing the subsector, in particular, those relating to the price distortions due to the subsidies granted by the industrialized countries to their producers. Accordingly, to revitalize the subsector, CEMAC adopted Regulation No. 1/06-UEAC-168-CM-14 of 11 March 2006 establishing a Subregional Committee on the Coordination and Monitoring of Cotton Subsector Policies in the CEMAC zone.

3.2.1.2.2 Sugar

3.58. The sugar industry in the CEMAC zone is characterized by local production amounting, in 2010, to about 250,000 tonnes as compared with a substantially larger demand, which has been estimated at 320,000 tonnes.

3.59. A platform for technical cooperation between the producers and CEMAC was set up in January 2003. This framework envisages, in particular, the launching of new production projects and the creation of an environment capable of ensuring the continuity of the subsector's activities. Thus, in March 2006 a Common Sugar Market Organization (OCM-Sucre-CEMAC) was brought into being.

3.60. OCM-Sucre-CEMAC has the following objectives: (i) to achieve self-sufficiency in sugar for the subregion through the increased production of local sugar and/or imports and to establish a mechanism for monitoring the markets and managing sugar deficits; (ii) to establish a common strategy to make the subregional sugar industries competitive; (iii) to contribute to the campaign against fraud, smuggling and counterfeiting; and (iv) to provide a stable framework for the operations of the sector's professionals.

3.2.1.2.3 Forestry sector

3.61. With the exception of Chad, all the CEMAC countries have more or less substantial forest resources and export wood products. According to statistics compiled by the Central African Forests Observatory (OFAC) for 2010, the forested area is estimated at 18.6 million hectares for Cameroon; 17.1 million for the Congo; 22.3 million for Gabon; and 6.9 million for the Central African Republic. Pending the approval of Community regulations by the Community's decision-making bodies, all the national legislations reflect a desire to promote local wood processing.

3.62. COMIFAC, established in 2005 within the ECCAS framework, is the body responsible for formulating, harmonizing and monitoring forestry and environmental policies in Central Africa. Within this framework several measures have been adopted, in particular, a convergence plan defining the priority measures to be taken with a view to harmonizing national forestry and fiscal policies; a subregional convention on forest control and the repression of illicit activities; and a system for the collecting, processing and sharing of forestry information.

3.63. Cameroon, the CAR, the Congo and Gabon are members of the International Tropical Timber Organization (ITTO). The ITTO is an intergovernmental framework for consultation and cooperation on matters relating to the international trade in tropical timber and the sustainable management of its resource base. It is governed by the International Tropical Timber Agreement (ITTA), concluded in 1983 and revised in 1994 and again in 2006. The objective of the ITTA is "to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing forests".

3.2.1.2.4 Livestock products

3.64. Grazing land covers one third of the region's area. Chad, Cameroon and the Central African Republic are the main bovine cattle producers in the subregion, accounting for 95% of the regional herd estimated at about 16.5 million head. The other species are estimated at 6.7 million head of sheep, 37 million goats, 2.4 million pigs, and 87 million chickens and other poultry. Consequently, livestock farming is one of the pillars on which the Community is relying to increase its rate of economic growth and achieve the objectives it has set itself in its Regional Economic Programme.

3.65. The Economic Commission for Cattle, Meat and Fishery Resources (CEBEVIRHA), active since 1991, is CEMAC's implementing agency for livestock, fishing and aquaculture. Thus, in 1995, it introduced a passport for cattle and an international transhumance certificate.

3.2.1.2.5 Fishery products

3.66. The Community countries have some 553,863 km^2 of exclusive economic zone (EEZ) and 1,752 km of shoreline. Potential annual fish production is estimated at 800,000 tonnes. However, the exploitation of this potential has remained below full capacity. In 2009, cumulative fish and seafood production for all the countries, with the exception of Equatorial Guinea, was 323,037 tonnes. Post-catch losses and wastage can amount to 25 to 30% of production.

3.67. In 2011, the countries launched the Inland Fishing and Aquaculture Promotion Project (PPCA-CEMAC). Financed from Community funds (FODEC) to the tune of CFAF 5.5 billion, this project is aimed at improving inland fishing production and increasing aquacultural output.

3.68. The CEMAC countries are signatories to the international Code of Conduct for Responsible Fisheries (CCRF). In 2004, CEBEVIRHA carried out a study to assess the progress made and the obstacles encountered in applying the Code. The main conclusions of that study were as follows:

- The CEMAC member States have made significant progress in applying the principles of the Code of Conduct for Responsible Fisheries;
- There has been a remarkable response to the efforts to develop aquaculture;
- Most States have begun the process of acceptance of such international agreements as the 1993 FAO Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas and the United Nations 1995 Fish Stocks Agreement;
- In each of the CEMAC countries, responsibility for fishing and aquaculture has been assigned to a supervisory ministry, which generally includes a technical body to take charge of management, operational field services and projects.

3.69. Obstacles, mainly of a material, financial and human nature, remain to be overcome.

3.2.1.2.6 Mining and energy

3.70. The five CEMAC countries Members of the WTO are parties to the Extractive Industries Transparency Initiative (ITIE). The Central African Republic and the Congo have been recognized as being in conformity with the ITIE.

3.71. A Standing Commission for Energy and Mining (COPEM) was established in March 2006. Its mission is to prepare any measure aimed at promoting Community policies in these sectors.

3.72. The coordination of national energy policies features on the UEAC work programme (Convention governing UEAC, Article 2(d)). In this sector, the Council of Ministers is responsible for recommending the approach to be taken by the States to the formulation and implementation of a common energy policy.

3.73. Within the framework of the ACP-EU Energy Facility Programme, the European Union is cofinancing the CEMAC Energy Facility, a project that aims to improve access to electricity in peri-urban and rural areas. Launched in November 2008 for a three-year period, this project has two components: a planning component and an "intensive peri-urban electrification" component. The planning component is intended to improve energy planning capacity in the subregion by introducing a Community energy information system. It is benefiting from the technical support of the GIZ (German cooperation agency) and the IOF.

3.74. The "peri-urban intensive electrification" component includes a "Planning" chapter and a "Connection" chapter. At the planning level, the programme is financing a number of project feasibility studies. According to a report by the ECA Subregional Office for Central Africa, the following projects are being examined: the Dimoli (CAR) (120 MW), Memve'élé (Cameroon) (20 MW) and Fe II (Gabon) (36 MW) hydroelectric power plants. Under the connection chapter it is planned to make 57,000 subsidized connections, including 20,000 in Cameroon, 10,000 in the Central African Republic, 9,000 in the Congo, 5,500 in Gabon and 12,000 in Chad. The end of the project "Energy Facility I" (peri-urban intensive electrification) is scheduled for December 2013. With the technical support of the company Innovation Ėnergie et Développement (IED), CEMAC has undertaken network and connection projects estimated at 45,000 connections in the peri-urban areas of five CEMAC countries.

3.2.1.2.7 Petroleum and natural gas

3.75. With the exception of the Central African Republic, all the CEMAC countries are petroleum producers and exporters. Proven reserves of natural gas were estimated at 302 billion m^3 in 2007. Cameroon has almost half of these reserves and is followed by the Congo and Equatorial Guinea, then by Gabon. Equatorial Guinea is currently the principal natural gas producer (Chad, statistics for 2007).

3.2.1.2.8 Manufacturing sector

3.76. The industrial fabric is located mainly in Cameroon and to some extent in the Congo. According to UNIDO statistics, manufacturing sector value added accounted for 12.9% of CEMAC GDP in 2010, which is more than the African average of 10.4%. It varies over a range extending from 4.4% in Gabon to 19.7% in Cameroon. As compared with 2005, the manufacturing sector's value added as a percentage of GDP increased slightly in the Congo, stagnated in Gabon, and fell in the other countries, with the exception of Equatorial Guinea where it rose from 7.6% to 17.7%.

3.2.1.2.9 Postal, telecommunications and broadcasting services

3.2.1.2.9.1 Telecommunications and broadcasting

Overview

3.77. The mobile phone network continued to develop rapidly in the CEMAC countries during the period 2005-2011.

3.78. None of the CEMAC member States has made specific commitments on telecommunications under the General Agreement on Trade in Services (GATS). The national legislations applicable to this sector do not contain any special restrictions with respect to market access for foreign providers.

Broadcasting

3.79. The Acts of the World Radiocommunication Conference of the International Telecommunications Union (ITU), held in Geneva in 2006, instituted digital terrestrial television (DTTV) and scheduled the end of global analogue television broadcasting, in the ultrahigh-frequency (UHF) band, for 17 June 2015. In order to meet this deadline, all the CEMAC countries are drawing up and finalizing their national strategies for migration from analogue to digital terrestrial television. They are also having to prepare the related road maps and tie them into the corresponding African road map. Iterations for frequency coordination at frontier level are in process of finalization.

Community telecommunications strategy

3.80. In 2005, CEMAC adopted an information and communication technology (ICT) strategy called e-CEMAC 2010. It is aimed at "integrating the region into the information society" by carrying out the following six programmes: (1) harmonization of the regulatory and legislative frameworks; (2) development of the network interconnection infrastructure; (3) development of sectoral implementing strategies, in particular in trade, health and education; (4) promotion of the use of ICT by SME/SMIs; (5) promotion of ICT research and development; and (6) capacity building for the CEMAC Commission. Implementation of the strategy, which was to have been complete by 2010, has met with a number of operational difficulties. However, the first two subprogrammes are quite well advanced. Subprogrammes 3 and 4 are in process of implementation.

3.81. The common regulatory framework applicable to electronic communications activities is known as the "Telecom Package". Adopted in November 2008, this package defines the harmonized framework for network regulation, tariffs, the legal regime governing activities, user protection, and the universal service. It also creates a Community regulatory body, the Association of Telecommunication Regulators of Central Africa (ARTAC), responsible, in particular, for promoting cooperation between the national regulatory authorities.

3.82. The national regulatory authorities are functioning in all the CEMAC countries. The "Telecom Package" has to be supplemented by regulations or directives on cybersecurity (Directive on the fight against cybercrime, Directive on electronic transactions, Directive on the protection of personal data).

3.83. Where infrastructure is concerned, an optical fibre telecommunications network interconnection project (known as the Central African Backbone (CAB)) was launched in 2010 with the financial support of the African Development Bank and the World Bank. Its objective is to help provide the populations of the countries of Central Africa with access to a high-speed Internet connection and to reduce the costs of communication services. All the CEMAC member States have installed a CAB structure. Each country has undertaken to set up its own CAB project and the interconnections will be made on the basis of bilateral interconnection agreements (pairs of bordering countries) in the form of memoranda of understanding (MoUs) or the like. The CAB project has not yet been finalized with respect to its implementation.

Financial services

3.84. The texts governing financial services within CEMAC are as follows:

- Regulation harmonizing foreign exchange policies in the CEMAC member States, adopted on 29 April 2000;
- Regulation establishing the single approval of credit institutions in CEMAC, adopted 27 November 2001;
- Additional Act establishing the Central African Banking Commission (COBAC);
- Regulation on the conditions of exercise and supervision of the activity of microfinance.

3.85. Banking and financial activities are under the general authority of the monetary institute, namely, the Bank of Central African States (BEAC). The activities of the credit institutions are also subject to the common banking regulations stemming from the Convention establishing the Central African Banking Commission (COBAC). COBAC's mission is to monitor the operating conditions of the credit institutions and the soundness of their financial situation. The conditions of establishment are the same for foreign and domestic banks

Banking sector

3.86. On 31 December 2010, the CEMAC banking system comprised 43 active banks with a cumulative capital of CFAF 372.3 billion. The growth of the banking sector has accelerated since 2009, and with the establishment of three new banks in the Congo, Gabon and Equatorial Guinea, respectively, the number of active banks in the CEMAC zone rose to 48 in 2012.

3.87. Despite its dynamism, the CEMAC banking sector suffers from the weakness of its material and human resources. These factors are preventing it from carrying out the necessary upstream audits of enterprises that have received bank loans and thus detecting potential failures sufficiently in advance. The poor quality of the security offered by applicant enterprises is also having the effect of reducing risk-taking on the part of the subregion's banks and hence the volume of lending to the economy. Incidentally, this also explains the situation of overliquidity in which most of CEMAC's commercial banks now find themselves.

3.88. Moreover, COBAC, the sector's regulatory body, lacks the material and human resources it needs to carry out its prudential supervision missions effectively.

3.89. CEMAC also has a flourishing microcredit market due to the inability of the traditional banking system to provide financing for small and micro enterprises. There are 758 microfinance institutions in the CEMAC subregion.

Financial markets

3.90. The Central African Financial Market Supervisory Commission (COSUMAF) is the authority set up to oversee, regulate and monitor the regional financial market. It is responsible for the protection of savings invested in financial assets, investor information and the smooth functioning of the market.

3.91. The financial market is characterized by the existence of two stock markets: a Community market, the Central African Regional Stock Exchange (BVMAC) and a Cameroon market, the Douala Stock Exchange (DSX). It also has two regulatory bodies. The BVMAC is overseen by COSUMAF and the DSX by the Financial Markets Commission (CMF). The DSX and the BVMAC commenced activities in 2006 and 2008, respectively.

3.92. According to COSUMAF, the major challenges facing the development of the market include the weakness of the stock market culture, the limited dissemination of stock market information, the low level of professionalism among the players and the difficult conditions of access for SMEs.

3.93. Moreover, the coexistence of two competing stock exchanges in such a restricted financial market is another brake on its development. One of the solutions contemplated is the merger of the two exchanges. In 2010, the CEMAC Heads of State gave COSUMAF a mandate to rationalize them. It was within the context of this mandate and a technical assistance initiative that, in 2011, the African Development Bank carried out a study which made three proposals for rationalization. One of the solutions envisaged was for the regional exchange (BVMAC) to specialize in bonds and the DSX in shares

Insurance

3.94. The insurance sector makes only a marginal contribution to CEMAC GDP. In 2010, life and non-life insurance premiums written represented 1.3% of GDP in Gabon, 1.1% in Cameroon, 0.6% in the Congo, 0.3% in the Central African Republic and 0.2% in Chad. Cameroon and Gabon are the most dynamic markets in the subregion.

3.95. The CEMAC countries are all members of the Inter-African Conference on Insurance Markets (CIMA), a regional organization consisting of six CEMAC countries and eight WAEMU countries. Since 1995, the CIMA Code has been the regulatory framework for all direct terrestrial insurance in the member States. The conclusion of marine, river and air insurance and reinsurance contracts is excluded from the scope of the CIMA Code (country annexes). The CIMA Code has been amended several times since entering into force.

3.96. The establishment of a terrestrial insurance company must first be approved by the Minister in charge of insurance in each of the countries of establishment, subject to the favourable opinion of the Regional Commission for the Supervision of Insurance (CRCA). Foreign companies are treated in the same way as domestic companies, apart from having to produce a few additional documents. These concern, in particular, the appointment of a general agent or a natural person able to speak for the company at the local level and the production of a certificate attesting to the fact that the company has been established and is operating in its country of origin in accordance with the laws of that country (Article 328-6).

3.97. Companies are free to fix their own insurance tariffs. However, in motor vehicle civil liability insurance, a minimum tariff is fixed by the national authorities and then validated by the CRCA (Article 212 of the CIMA Code). Companies must obtain the approval of the Ministry in charge of insurance before applying any tariff (Article 304).

3.98. The Council of Insurance Ministers (CMA) is the supreme body of CIMA, whose Secretariat is in Libreville. The CRCA is the market regulator. It is composed of the various national insurance directors (DNAs). The DNAs authorize the exercise of the profession of insurance intermediary and supervise the mission of the technical experts. The CRCA performs the important task of stabilizing the sector, in particular by making sure that only sound companies retain their approvals. For example, between September 1995 and December 2007, 19 insurance companies had all their approvals withdrawn by the CRCA. Between 2008 and 2012, the Regional Commission for the Supervision of Insurance withdrew all the approvals granted to six (6) insurance companies.

3.99. Introduced in 2004, Community co-insurance is a step in the direction of market harmonization. It facilitates exchanges between insurance companies through reciprocity or reinsurance agreements, for certain major risks. This should make it possible for insurance companies operating in different CIMA member States to participate in the co-insurance of risks which, due to their nature or scale, necessitate the participation of several regional insurers. However, enterprises must first exhaust the national risk-covering capacity.

3.100. The only compulsory insurance under the CIMA Code is civil liability insurance. The CIMA Code does not contain any particular provisions relating to import cargo insurance. It leaves the countries free to legislate for themselves in this area. The same applies to building insurance. All the CEMAC member States have provisions that make building or contractor's all-risk insurance and import cargo insurance compulsory. The advantages of these regulations cannot be judged solely on the basis of the profit and loss accounts of the maritime or contractor's all-risk branch; the regulations have many other financial, economic, political and social advantages which, in fact, would easily compensate for any accounting deficit. It is sufficient to point out that, from the macroeconomic and financial point of view, all premiums earned in transport insurance have a positive effect on the country's trade balance.

Initiatives at CEMAC level

3.101. In addition to civil liability insurance, import cargo insurance is compulsory in all the CEMAC member States.

3.102. In 1996, the CEMAC countries introduced an international motor vehicle civil liability insurance card known as the "CEMAC pink card". Compulsory for all motorists, this card enables any driver visiting another member country to be suitably insured against the civil liability risks that he might face as a result of accidents that occur in the country of destination. It does not provide supplementary cover, but serves rather to facilitate rapid processing and a fair settlement in the event of a cross-border accident.

3.103. The CEMAC pink card is managed by a system consisting of the national offices in each country, the approved insurance companies, and an Offices Council responsible for supervision and coordination. The cost of the card is determined by the national offices. The resources generated by this operation fully offset their operating costs and those of the Permanent Secretariat of the Offices Council.

Professional services

3.104. Where professional services are concerned, there has been harmonization with respect to the issuing of approvals to exercise certain professions. In fact, the initiatives to harmonize the conditions governing a number of professions go back to the time of UDEAC, whose patrimony was taken over by CEMAC. A fee is charged for handling the approval dossiers for certain Community-regulated professions. This fee is CFAF 250,000 for natural persons and CFAF 1 million for legal persons of Community origin. The rate is twice as much for persons of non-Community origin. The following professions are subject to Community regulations: inter-State general road haulage operator; tax consultant; accountancy professional (chartered accountant, statutory auditor, and legal expert in accountancy), and approved customs clearing agent.

3.2.2 Challenges to be faced in implementing trade policy and sectoral instruments in CEMAC

3.105. Although CEMAC has indeed harmonized several trade policy and sectoral instruments which are being effectively implemented in its member States, it must be also be acknowlegded that a number of distortions still remain. In particular:

- The disparities and distortions in the implementation of the Common External Tariff, since States sometimes apply reduced rates and exemptions unilaterally;
- Non-application of the Community provisions on compensation for loss of revenue due to implementation of the Generalized Preferential Tariff at the zero rate. Whence the need to harmonize and improve the collection and processing of trade statistics in the CEMAC member States in order to guard against challenges by member States linked with contradictory statistical data intended to serve as the basis for calculating compensation;
- Unilateral increases in the rate of VAT by member States, which have led the region to adopt a range within which the member States are free to choose;
- The practice of double taxation involving the imposition of a second tax on a product which has been released for consumption and taxed in a first country. Thus, when the product is transferred to another Community country, it is taxed again. This means that there is no free circulation in the CEMAC subregion: to offset the effects of this distortion, a study has been initiated with a view to adopting an appropriate compensation mechanism;
- The existence of non-tariff barriers along the transit corridors and at the borders;

- The inadequate interconnection of the customs administrations of the various member States is impeding the operation of the Community transit regime, as is the ineffectiveness of the means used to monitor cargoes along the corridors.

4 OUTLOOK

4.1. In 2010, to supplement the achievements described above and confront the challenges thrown up by the process of regional integration and, in particular, the above-mentioned distortions of the trade policy instruments, sectoral policies included, CEMAC drew up a Regional Economic Programme (PER). The aim of this programme is "to make CEMAC, by 2025, an emerging integrated economic area, in which security, solidarity and good governance reign, at the service of human development".

4.2. This ambition to emerge makes it necessary not only to speed up the current rate of growth but, above all, to transform the very nature of that growth. Over the last two decades, growth has averaged 4.8% per year. Emergence in 2025 presupposes the doubling of this rate during the next 12 years. CEMAC's GDP per capita will then be more than three times the current level and the poverty rate will have been halved. To achieve this goal, CEMAC must undergo a profound transformation from an undiversified economy with low value added to a diversified economy with high value added. Whereas today it relies on the export of unprocessed raw materials, tomorrow it will be based on three sturdy pillars: the Energy pillar, the Agriculture and Forestry pillar, and the Mining and Metallurgy pillar. If successful, this diversification will change CEMAC's competitive position: its enterprises will have access to a vast regional market of 260 million people covering ECCAS and Nigeria, to which they can export electricity (to Nigeria and West Africa), chemical fertilizers (petrochemistry), refined petroleum products, and liquefied petroleum gas (LPG), various metal products, in particular for building and public works (BPW), and processed tropical products (fruit juice, fresh fruit and vegetables, aquaculture products, meat, wooden furniture, non-ligneous forest products, etc.). Moreover, for international investors the CEMAC zone will become a competitive platform for exports to Europe and the Middle East, particularly for liquefied natural gas (LNG), metallurgical products (aluminium, direct-reduced iron, steel and alloys, particularly ferro-manganese) and tropical agricultural products (hevea, palm oil, cocoa, coffee, forest products).

4.3. Finally, CEMAC will draw upon the extensive resources of its forests, a major carbon sink preserved thanks to the maintenance of its biodiversity, the generalization of sustainable logging and a comprehensive campaign against the phenomena of degradation, with the participation of the people who live along the fringes of the forest.

4.4. In short, by 2025, at sectoral policy level (4.1) CEMAC will be a triple power: an energy power (4.1.1), a metallurgical power (4.1.2) and a green power (4.1.3), while at trade policy level (4.2), certain reforms will be undertaken, in accordance with the agenda (4.3), the components (4.4) and the implementation strategy (4.5.) described below.

4.1 At sectoral policy level

4.1.1 As an energy power, CEMAC aims to create 600 enterprises that will generate some 15,000 direct jobs.

4.5. The **electricity generation sector** will form the basis for this pillar. Developing CEMAC's potential will make it possible to generate 25,000 MW in 2025, enough to make CEMAC self-sufficient and provide a surplus for export, mainly to Nigeria and all of West Africa (accessible thanks to the West African electricity trading system). Within this framework, some 50 power stations will be built, thanks to major upstream investment in hydroelectric dams, affording optimum conditions (in terms of production costs and durability) with the downstream insertion of independent private operators (IPP, Independent Power Producer). Heavy investment in the electricity transport infrastructure, in the form of three high-tension lines, will make it possible to supply the hinterland (Chad, CAR, Northern Nigeria) and Nigeria's coastal zone (Calabar) and thus connect CEMAC to the West African Power Pool (WAPP).

4.6. Where **refining** is concerned, rather than expand national refineries, which are too small, obsolete and often expensively subsidized, the CEMAC member States are opting to pool their resources and create a large, modern and competitive regional refinery on the necessary scale (with an annual production capacity of 8 to 10 million tonnes) backed by a storage platform sufficient to meet their needs and allow them to export to the region. All the CEMAC member States are invited to participate in this regional multinational, together with the oil majors, the regional private sector and CEMAC citizens via the regional stock exchange. This unit will be managed along strictly commercial lines, with governance that conforms to international standards.

4.7. The construction of this regional refinery unit will make possible the parallel development of regional LPG production, with a dozen new industrial units (domestic and industrial LPG bottle assembly units, LPG bottling units). A refined petroleum product storage platform will be added for exporting to the regional market.

4.8. In the **gas sector**, the present liquefaction plant in Equatorial Guinea is capable of becoming a prominent player on the world market if it can achieve a significant increase in scale. This assumes that instead of relying solely on Equatorial Guinea's considerable but insufficient gas reserves it also makes use of regional reserves, particularly those of Cameroon. Equatorial Guinea, while retaining a majority stake, could then open up the share ownership to other countries of the subregion, in particular those contributing to the gas supply requirements. New regional LNG centres could then progressively emerge in the wake of targeted prospecting and gas discoveries in the member States, eventually making CEMAC a benchmark for LNG production.

4.9. In the short term, gas will make it possible to produce enough electricity until the hydroelectric dams are built and operating.

4.10. This exploitation of regional gas could also be put to good use by building a regional petrochemicals industry for producing NPK fertilizer, with the construction of one or more units based on potassium and phosphate resources (the Congo), in addition to synthetic urea (Gabon).

4.11. The following tables give an overview of the major projects of the Energy pillar within the framework of the PER. Among the projects listed below, some have been carried out and some are in the course of being completed, while there are others which, for various reasons, have not been carried out.

Table 1 Major industrial projects in the energy sector (electricity excluded)

Subsector	Project	Location	Completion
Oil refining	Regional refinery and storage infrastructure (annual capacity 8 to 10 MT)	Congo	2015
LPG	Regional centre for the manufacture of gas bottles and LPG bottling	Congo	2016
Petroleum product distribution	Petroleum product storage, transport and distribution enterprises	CEMAC countries	2016
LNG	Liquefaction trains, annual capacity 8 MT	Equatorial Guinea	2015
Petrochemicals	Petrochemical plants for the production of fertilizers, annual capacity 500 kt	Gabon, Congo	2015

Table 2 Major hydroelectricity projects

Subsector	Project	Power (MW)	Location	Completion
Electricity	Hydroelectric dam, Boali 2 and Boali 3_Extension	20	Central Africa	2010
Electricity	Hydroelectric dam, Imboulou	120	Congo	2010
Electricity	Hydroelectric dam, Natchigal	300	Cameroon	2015
Electricity	Retaining dam, Lom Pangar	130	Cameroon	2015
Electricity	Hydroelectric dam, Lancreno	64	Central Africa	2015
Electricity	Hydroelectric dam, Dimoli	180	Central Africa	2015

Subsector	Project	Power (MW)	Location	Completion
Electricity	Various hydroelectric facilities	75	Central Africa	2015
Electricity	Hydroelectric dam, Grand Poubara	160	Gabon	2015
Electricity	Hydroelectric dam, Djibloho	120	Equatorial Guinea	2015
Electricity	Hydroelectric dam, Songmbengue	1,000	Cameroon	2017
Electricity	Hydroelectric dam, Song Ndong	280	Cameroon	2020
Electricity	Hydroelectric dam, Meme'ele	200	Cameroon	2020
Electricity	Hydroelectric dam, Kikot	500	Cameroon	2020
Electricity	Hydroelectric dam, Warak	75	Cameroon	2020
Electricity	Hydroelectric dam, Chollet	600	Congo	2020
Electricity	Hydroelectric dam, Liouesso	13	Congo	2020
Electricity	Hydroelectric dam, Sounda	1,000	Congo	2020
Electricity	Hydroelectric dam, Mourala	50	Congo	2020
Electricity	Hydroelectric dam, Loufoulakari	60	Congo	2020
Electricity	Hydroelectric dam, Djoué II	13	Congo	2020
Electricity	Additional hydroelectric dams	11,531	CEMAC	2025

Table 3 Identified thermal power projects (gas-fired power stations)

Subsector	Project	Power (MW)	Location	Completion
Electricity	Gas-fired power station, Kribi	150	Cameroon	2010
Electricity	Gas-fired power station, Pointe Noire	450	Congo	2010
Electricity	Gas-fired power station, Limbé	400	Cameroon	2020

Table 4 Renewable energy and energy efficiency projects

Subsector	Project	Power (MW)	Location	Completion
Electricity	Biomass projects	750	CEMAC	2010-2025
Electricity	Energy efficiency projects		CEMAC	2010-2025
Electricity	Solar thermal projects	500	CEMAC	2020

4.1.2 CEMAC metallurgical power will be built up in collaboration with large mining groups ready to engage in a partnership for the local processing of the raw materials

4.12. Local processing has already been begun by large foreign mining groups. It needs to be reinforced to exploit the iron resources of Gabon, Cameroon and Congo. Within this context, it is planned to build a metallurgical plant in the Mbalam (Cameroon)-Bélinga (Gabon) area to produce a variety of products ranging from direct-reduced iron (DRI) to steel and ferro-alloys for export. Downstream from this plant, the manufacturing of a broad range of metal building products (reinforcing steel, galvanized products, agricultural equipment, etc.) for the regional BPWmarket will be developed. Thus, downstream of these large metallurgical units, a web of local enterprises will be created to produce a multitude of iron and aluminium-based goods for export to the large subregional markets destined to feed the boom in infrastructure (Angola, DRC, Nigeria and West Africa, etc.).

4.13. Between now and 2025, this emergence of CEMAC as a metallurgical hub will be reflected in the establishment of about 100,000 enterprises generating 1 to 1.5 million direct, indirect and induced jobs. Some 50 SMEs will be set up to manufacture metal products, in particular for BPW and infrastructure (reinforcing steel and other metal products), aluminium-based building-frame and cladding products (profiles, aluminium panels, etc.), and cast iron for making gas bottles and kitchen utensils. These will be supplemented by thousands of micro and small enterprises in BPW-linked trades and services.

4.14. The following table gives an overview of the major projects of the Mining and Metallurgy pillar within the framework of the PER.

Table 5 Major projects in mining and metallurgy

Subsector	Project	Location	Completion
Mining and metallurgy	Extension of the Edea aluminium production unit (400,000 tonnes)	Cameroon	2015
Mining and metallurgy	Moanda metallurgical plant (manganese metal, silicomanganese)	Gabon, Cameroon	2015
Mining and metallurgy	Micro, small and medium-sized trading and service enterprises supplying building materials and kitchen utensils	CEMAC	2016
Mining and metallurgy	Aluminium processing centre (profiles, panels, frames, kitchen utensils)	Cameroon	2016
Mining and metallurgy	Aluminium production plant (port of KRIBI)	Cameroon	2018
Mining and metallurgy	Iron and steel plant (production of directly reduced ore, steel and ferro-alloys)	Gabon, Cameroon	2020
Mining and metallurgy	Iron processing centre (construction materials for BPW projects)	Gabon, Cameroon	2020

4.1.3 CEMAC "Green Power" will flow from the sustainable development and full utilization of the economic potential of the forest and agricultural areas

4.15. The diversified potential of the green economy subsectors (forestry, agriculture and agrifood industries, livestock and fishing) will be fully utilized, while seeking to ensure the sustainable management of resources and the preservation of the environment, as well as international recognition for the Congo forest basin as a major carbon sink, together with fair remuneration for its role in carbon capture.

4.16. At forest economy level, sustainable management will be based on:

- Generalization of the practice of sustainable development of forestry operations, in particular small-scale logging permits managed by indigenous people. To optimize this process and share costs, modern management, monitoring and land use tools will be deployed at regional level: geomatic plan, area mapping, surveying.
- Development of reserves and biodiversity parks and marine protected areas, particularly in lagoon and maritime areas.
- Development of non-ligneous forest product (NLFP) value-enhancing activities for the benefit of the local population.
- Establishment of technology centres, true centres of innovation and knowhow (dissemination of research results, technological innovation, partnership management, etc.). Four such centres are envisaged: the Forestry Technology Centre; the Agropastoral Technology Centre of the Savannahs; the Technology Centre for Tropical Plantation Agriculture; and the Fisheries and Aquaculture Technology Centre (Box 1).

4.17. This will lead to the creation of a million jobs by 2025 in the green economy subsectors as a whole. Many jobs will come from the generalization of wood processing, with the development of veneer exports and expansion of the production of timber for the BPW industry and furniture-making, thanks to a parallel effort to provide training, integration and support for equipment.

4.18. The livestock and fishery subsectors will involve a multitude of micro- and small enterprises. Thus, 50,000 enterprises, ranging from industrial-type SMEs to small-scale workshops will be set up in various sectors: meat processing (abattoirs, butcher's and cooked-meat shops, small-scale processing, tanneries), intensive livestock breeding (pigs, poultry, small livestock), transport-storage-logistical activities, and trading and services activities. These subsectors will benefit from the support of training and apprenticeship schemes that will make it possible to professionalize the small-scale processors and improve the organization of the entire value chain, particularly marketing.

4.19. Moreover, more than 20,000 graduates of training institutions (agricultural colleges issuing HNDs and vocational baccalaureates) will find jobs in the agriculture, livestock, fishing and aquaculture subsectors. They will form the basis of a population of modern indigenous farmers working alongside the large farms managed by the agricultural multinationals, which will play a key role by providing guidance and knowhow. An Institute of Food Technology will be set up to serve as an applied research centre providing training and mentoring in the processing of agricultural, fishery and livestock products.

4.20. The following table gives an overview of the major green economy projects within the framework of the PER.

Table 6 Major projects in agro-industry, livestock breeding, fishing and aquaculture

Subsector	Project	Location	Completion
Livestock and Fishing	Intensive livestock breeding development centres (poultry, pigs, etc.)	Cameroon, Congo, Gabon, Equatorial Guinea	2015
Forestry	National platforms for wood processing and NLFP valorization	CEMAC	2017
Livestock and Fishing	Regional platform for the development of cattle/meat and derivatives	Chad (Ndjamena)	2017
Livestock and Fishing	Regional platform for inland fisheries development and trade	Central Africa (Bangui)	2017
Livestock and Fishing	Processing platforms for sea and lagoon fishery products	Gabon, Equatorial Guinea	2017
Agriculture and Agro-industries	National centres for agricultural and food product processing	CEMAC	2020
Agriculture and Agro-industries	Centres for tropical plantation agriculture products	Cameroon, Central Africa, Congo	2020

Box 1: Four technology centres for speeding up the development of the CEMAC green economy

The **"Forestry Technology Centre"** will be responsible for: (i) assembling and producing the expertise necessary to develop the Congo Basin forest; (ii) managing a system for providing information on the state of the forest and improving the effectiveness of the means of control; (iii) supporting with expertise and guidance the sustainable development of the forestry industry and assisting with the certification process (FSC type); (iv) and establishing a training and apprenticeship system to speed up the development of the tropical timber sector.

The objective of the **"Agropastoral Technology Centre of the Savannahs"** will be to develop the cattle/meat subsector in the Chad-Cameroon-CAR area, for purposes of CEMAC self-sufficiency and export to the densely populated countries of the region (Nigeria, DRC, Angola). The centre will organize an epidemiological surveillance system and a vaccination system for effectively protecting cattle against the principal diseases endemic in the region (trypanosomiasis, contagious bovine peripneumonia, rinderpest, brucellosis, small ruminant pest, etc.), develop an intensification process involving animal housing and breed improvement, with the breeders being offered economical artificial insemination. There will be a laboratory for manufacturing, purchasing and storing vaccines. The technological facility will be supplemented by the construction of a cross-border cattle/meat development cluster comprising:

A model regional cattle market equipped with a water supply and watering system, animal pens, a veterinary inspection centre, a physical market, etc.);
An industrial park for adding value to the cattle, including a compound feed manufacturing plant;
A large-capacity abattoir for ruminants, with a cold storage-maturation system for the meat;
An area adjacent to the abattoir, fitted out and equipped to house SMEs and small meat preparation and marketing enterprises (charcuterie, dried and smoked meat, etc.);
A well-equipped tannery handling up to 6,000 hides a day, exported "wet blue".

Another feature of the Agropastoral Technology Centre of the Savannahs is a facility devoted to the agriculture of the Sudan-Sahel savannah zone. This facility, managed by PRASAC, will be responsible for the subsector support programmes (cotton, market-garden crops, dry cereals). It will experiment with various cultivation methods (rain-fed cultivation, flood recession cultivation and irrigated crops), so as to provide the farmers in the member States with technological packages and technical recommendations.

The **"Tropical Plantation Agriculture Technology Centre"** is intended to promote and develop a competitive export agriculture. The exports targeted are tropical agriculture products (palm oil, rubber, cocoa, coffee, tropical fruits, cut flowers, etc.). Given its potential in terms of agricultural land and water resources and climatic diversity, CEMAC could become the third largest exporter of tropical agrioculture products after South and Central America and South-East Asia. The technology centre will play a key role in this process by:

- Assisting States to set up rural survey services to identify and allocate land for different uses and to select national subsectors;
- Managing partnerships with research institutions (CGIAR, for example) and large international companies that produce and trade in tropical products and have technical solutions at their disposal;
- Maintaining a large area of agricultural land for use as experimental and variety-breeding nurseries for the various targeted crops;
- Operating as a network and in partnership with the national research establishments and agricultural development and extension institutions. These different institutions will be represented on the technology centre's supervisory board;
- Providing capacity-building training for trainers and technicians from the member States.

The **"Fisheries and Aquaculture Technology Centre"** is intended to serve as a benchmark and provide support for the implementation of regional fishery and aquaculture policies. It will be the means of organizing the common and pooled management of CEMAC territorial waters, with the use of satellite techniques, aerial surveillance and patrols. It will oversee the harmonization of the conditions of approval of fishing vessels and the transition to a single approval system, the build-up of a Community fleet, a coordinated policy for the protection of mangrove swamp and delta ecosystems, the promotion of protected marine areas and the reconstitution of fish habitats. It will handle the technical aspects of fishery agreement negotiations. It will encourage the equipping of landing sheds and industrial and small-scale fish storage and processing platforms. Finally, it will build platforms for the unloading and small-scale processing of fishery products, in particular near river port landing stages.

4.21. Between now and 2025, the PER will make it possible to redefine physical development in the CEMAC area, with the emergence of six large regional economic hubs. The six regional hubs are:

(1) The industrial Petroleum Products Refining hub, including the regional refining unit and an LPG and industrial gas bottling centre, and the creation of SMEs engaged in a wide range of related activities.

(2) The LNG and Petrochemicals hub, with LNG plants, NPK synthetic fertilizer (urea, etc.) manufacturing and a whole series of related activities.

(3) The Aluminium hub, with bauxite mining in Adamawa province (Cameroon), a large port with a world-class aluminium smelter; and downstream an industrial platform producing various building materials and cladding products, in particular for the regional BPW market (aluminium panels and profiles, frames, cladding, etc.).

(4) The Steel and Ferro-Alloys hub, with one or two iron and steel plants producing direct reduced iron (DRI), steel and ferro-alloys and, downstream, SMEs manufacturing a wide range of metal building materials, in particular for the BPW and infrastructure markets (reinforcement, galvanized products, agricultural equipment, etc.).

(5) The Savannahs agro-industrial regional hub will cover the agro-pastoral activities of the northern regions of Cameroon and the CAR and Chad. The support provided by a dedicated technology centre will serve to speed up the processes of intensification of livestock farming and ruminant valorization, with the construction of a platform for slaughtering the cattle and adding value to the meat and byproducts. The technology

centre will include a department devoted to the development of dry cereals and protein crops, the revitalization of the cotton subsector, and the production and export of market-garden products such as onions and potatoes.

(6) The Inland Fishery Products hub, in Bangui, will be a regional platform for inland fishery and aquaculture product processing, grouping and trading, sited on the river Congo-Oubangui. This hub will profit from the availability of river transport to group the fishery products from various processing centres adjacent to the landing stages and make it possible to reach a wide market covering a large part of the RDC and Angola and the markets of Chad, north Cameroon and Nigeria. This hub will form part of a huge platform including a well-equipped river port, a dry port and a market of regional importance for the trade in agricultural products, meat and fishery products. Bangui will be the most economical platform for supplying the huge markets of the RDC and Angola. It will be linked by river with Brazzaville and by rail and road with the ports of Cameroon.

4.22. To these regional hubs must be added national hubs designed to exploit the specific potential of each member State, which must be taken into account in the national development strategies.

4.23. The regional hubs will emerge thanks to the development of **Special Economic Zones** around them. This will make it easier to attract private investment and establish enterprises (Box 2).

Box 2: The Special Economic Zones (ZES)

(1) A role as precursor to an investment-friendly business environment:

The ZES is designed to make it easy to set up businesses by making available areas well provided with transport infrastructure (road, rail, etc.), access to factors of production such as electricity, water, industrial fluids (steam, compressed air, etc.), and logistical and telecommunications services.
In addition, there are incentives such as a zone administration that helps businesses to solve their problems and represents them in their dealings with the authorities, a window to facilitate startups, an attractive tax regime, the availability of labour, the possibility of repatriating profits, and access to the regional market.

(2) A role as regional integration accelerator:

The status of Special Economic Zone within the CEMAC PER will specifically concern the six large regional economic hubs. The ZES will make it possible to attract an array of businesses to each hub. It will provide powerful support for regional integration, by guaranteeing access to the markets of the countries of the region for the hub enterprises, which will be free to employ labour from all the CEMAC countries, without distinction.
The Special Economic Zone will generally be close to the resources to which it adds value. It may be located in the interior of a country (for example, the establishment of a Special Economic Zone devoted to aluminium processing around the port of Kribi). It may be sited in a cross-border geographical area that overlaps two or more countries. An example of a cross-border ZES is the proposed metallurgical hub in the Mbalam-Bélinga zone, which is intended to tap the iron ore resources of Gabon, Cameroon and Congo.

A feasibility study will define the implementation procedures for each ZES.

4.2 At trade policy level

4.24. The first strategic objective is to speed up the implementation of the common market, through three programmes:

4.25. **The programme for liberalizing and expanding intra-Community trade and strengthening competition (programme 27)** aims to make the CEMAC market an open and competitive economic space. This presupposes the reform of the Community texts on trade, the revision, where necessary, of certain common trade policy instruments with account for the challenges facing the member States in accordance with their national development plans, the revision and application of the texts on the rules of origin, temporary compensation for the loss of revenue associated with the liberalization of regional trade and, finally, the updating and application of the regional regulations on competition. Thus, studies are being made at regional level concerning the impact of a possible reduction in the Common External Tariff, the conditions of establishment of free circulation and a mechanism for compensating for the resulting loss of revenue, respectively.

4.26. **The programme for the facilitation of transport and transit (programme 28)** aims to remove the constraints on the development of intra-Community trade, by establishing juxtaposed border checkpoints and interconnecting customs administrations, as a continuation of and supplement to the current Central African Transit Facilitation and Security Programme (FASTRAC). The objective of the project is to interconnect the customs systems at three levels: interconnection between the customs offices along the transit corridors; between the customs services of the member States; and between the CEMAC Commission, the customs services of the member States, and the Inter-State Customs Academy (EIED). Transit routes along the Cameroon-Central Africa and Cameroon-Chad corridors have been chosen for the pilot phase of the project.

4.27. **The programme on free movement for persons and the right of establishment (programme 29)** aims to make free movement for persons, goods and capital effective by introducing the Community biometric passport.

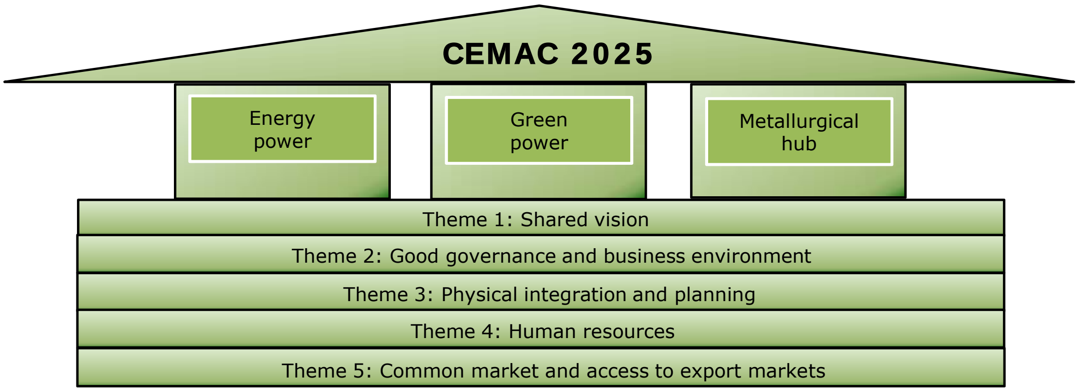
4.3 The emergence agenda

4.28. The next five years must make it possible, under the PER, to lay the foundations for the emergence of CEMAC.

4.29. Within this framework, no development action will be sustainable unless CEMAC evolves within an environment of peace and security. Moreover, the effective implementation of the ongoing projects of the CEMAC Institutional Reform Programme is also a prerequisite for the success of the PER.

4.30. As with any house, the building of Maison CEMAC 2025 means beginning with the foundations and the next five years will be exclusively devoted to installing these priority underpinnings, in accordance with a plan based on five main themes: a shared vision, good governance and a favourable business environment, physical integration and planning, human resources and, finally, the common market and access to export markets. The following chart shows how, by 2015, the pursuit of these themes will make it possible to support the subsequent emergence of the sectoral pillars and the erection of an emergent CEMAC by 2025.

Chart 3 Five foundation stones for the Maison CEMAC to be laid by 2015

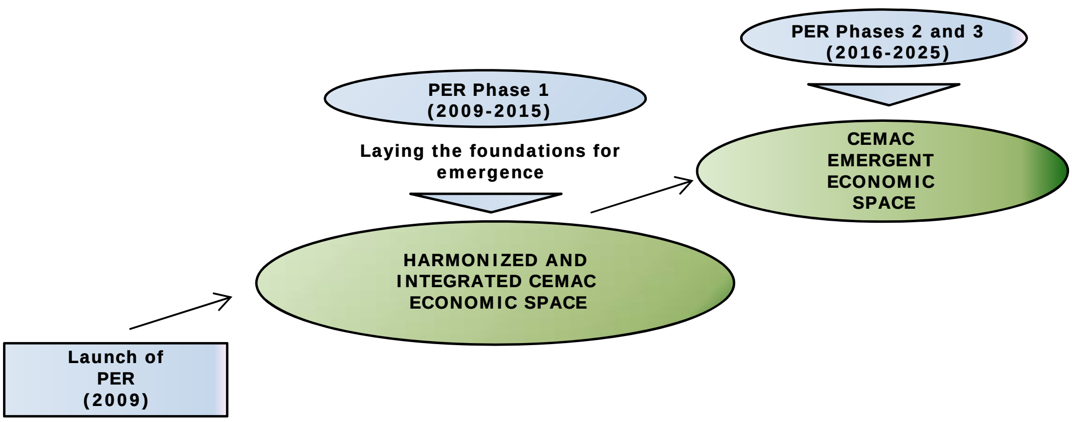


4.31. The period 2010-2015, phase 1 of the CEMAC PER, will therefore form the first stage of the emergence process.

4.32. Thus, the construction of an emergent space by 2025 will proceed by stages, beginning with the laying of the foundations and ending with the establishment of a harmonized and integrated space thanks to a shared vision, a harmonized and more attractive business environment, an integrated physical space, stronger human resources, and a single CEMAC market in partnership with its main target markets.

4.33. The first PER (2010-2015) will therefore constitute phase 1 of the PER and, by 2025, will have been followed by two other PERs: PER phase 2 (2016-2020) and PER phase 3 (2021-2025). The following chart illustrates these stages.

Chart 4 The stages of emergence during the period up to 2025



4.4 Components of the CEMAC PER Phase 1 (2010-2015)

4.34. The CEMAC PER Phase 1 (2010-2015) consists of a precise, complete and consistent set of programmes designed to support the advance of the CEMAC zone towards emergence. It can be broken down into five themes, 12 strategic objectives, 31 programmes and 88 action files. The programme as a whole is summarized below.

Theme 1, shared vision: 3 strategic objectives and 4 programmes

4.35. First and foremost, the CEMAC PER represents a new vision of regional development. This vision must be shared by all the actors (CEMAC citizens, Community institutions, development partners, international investors) in order to strengthen their commitment and mobilize all their resources to work towards the same goal. To achieve that goal, this theme sets out three strategic objectives and four programmes.

4.36. The first strategic objective is to ensure the widespread dissemination of vision CEMAC 2025 and the PER, whether directly through presentations and exchanges involving the regional and national actors and key international partners (programme 1) or indirectly through institutional communication (programme 2).

4.37. The second strategic objective aims to ensure the roll-out and appropriation of the PER at the level of each member State, by drawing up a country PER (programme 3). This country PER is indispensable to ensure the genuine implementation of the PER, by establishing the necessary consistency between the CEMAC PER and the national development strategies. It will enable the member States and the Community to share the same development agenda and to act in synergy and coordination.

4.38. The third strategic objective is to provide for the effective management of the PER through an appropriate institutional implementation framework (programme 4), at both regional and national levels. Within this framework, a monitoring and follow-up/assessment system involving all the actors should be set up and strictly applied.

Theme 2, governance and business environment: 3 strategic objectives and 10 programmes

4.39. One of the major challenges facing CEMAC is how to improve the governance of the Community institutions and establish a harmonized and more attractive business environment. Without such an environment, CEMAC cannot build a competitive economy and the sustainable emergence of the zone would be inconceivable. The response to this challenge involves three strategic objectives and ten programmes.

4.40. The first strategic objective is to strengthen good governance. CEMAC decisively began this project by initiating, in 2006, the CEMAC Programme of Institutional Reform (programme 5). These reforms must be implemented and the capacities of the Community's institutions, bodies and specialized institutions must be built up. Likewise, the government procurement system must be reformed (programme 6), in order to ensure the best possible management of the Community's resources. Finally, transparency in the management of raw materials must be improved (programme 7), in accordance with the international commitments of the CEMAC oil States.

4.41. The second strategic objective is to expand economic integration to arrive at a genuine common market. This will be achieved by strengthening the regional statistical system (programme 8) and the multilateral surveillance system (programme 9) and introducing tax reforms (programme 10).

4.42. The third strategic objective is to improve the business environment and promote investment. In laying the foundations for emergence the hardest battle will probably be fought in connection with the CEMAC business environment, currently relatively unattractive. There are four programmes designed to upgrade it. The reform and harmonization of the institutional and regulatory frameworks for financial services and the utility sectors (programme 11), on the one hand, and the establishment of a regional institutional and regulatory framework for investment and private/public partnership (PPP) (programme 12), on the other, will enable CEMAC to make up for the delays in building basic infrastructure (electricity, transport, telecommunications, water, etc.) by launching large-scale infrastructure projects financed by PPP. In this connection, a genuine strategy for the mobilization of financial resources, domestic and foreign (programme 13), should enable CEMAC to avoid the usual bottlenecks associated with project financing difficulties. Finally, the programme "Entrepreneurship in the CEMAC Zone" (programme 14) will aim to develop the spirit of enterprise, in an area in which the entrepreneurial culture is still too weakly implanted.

Theme 3, physical integration and planning: 2 strategic objectives and 8 programmes

4.43. This third theme of the PER is intended to enable CEMAC to accelerate the catchup process in the area of physical infrastructure, through two strategic objectives and eight programmes.

4.44. The first strategic objective is to make the transition from a compartmented to an integrated Community space. To achieve this, four programmes will be put in place. The regional electrical interconnection programme (programme 15) will interconnect the six CEMAC member States so as to guarantee an adequate supply in each State, but will also connect CEMAC with Nigeria as a market for any surpluses. The purpose of the regional transport infrastructure development programme (programme 16) is gradually to install an integrated multimodal infrastructure, tied in with the big regional corridors and designed to promote the consistent and coordinated development of the CEMAC area (Table 7 and Chart 5).

4.45. The CEMAC digital programme (programme 17) will enable CEMAC, through the "Central Africa Backbone" project, to reduce the digital divide by linking all the CEMAC countries together by means of fibre-optic cable in a two-phase process (Cameroon, the CAR and Chad in the first phase, then Congo, Gabon and Equatorial Guinea in the second). Finally, a special landlocked countries programme (programme 18) will facilitate the meshing together of the entire CEMAC area, with specific infrastructure projects in the CAR and Chad in the transport, electricity, telecommunications and water sectors. As a token of solidarity with the landlocked countries, 10% of the PER infrastructure budget will be devoted to this programme.

4.46. The second strategic objective is to protect the CEMAC environment and to manage and make efficient use of the forest and agricultural areas, on the basis of four programmes.

4.47. The CEMAC geospatial information system programme (programme 19) is intended to equip CEMAC with modern tools for land-use and environmental management. It provides for the establishment of a supranational cartographic system, based on georeferencing standards common to all the players (member States and CEMAC). Thus, it will be possible, using the same sets of digital maps, to perform cross-analyses in order better to preserve the environment, increase surveillance of the strategic areas and optimize physical planning. A regional unit of three or four experts will be set up within the CEMAC Commission to design and implement this project.

4.48. The forest and agricultural land management programme (programme 20) is intended to give the Congo Basin the means of playing a sustainable leading role in the absorption of greenhouse gases. It provides for capacity building in relation to the management of projects to be submitted to the Carbon Fund and the REDD mechanism, the generalization of forest management (biodiversity reserves, sustainable logging, including for small-scale permits), capacity building for people living on the fringes of the forest, the development of non-ligneous forest product value-adding projects, the 100% valorization of CEMAC tropical timber, and the reafforestation and regeneration of the degraded agricultural lands of the savannah areas.

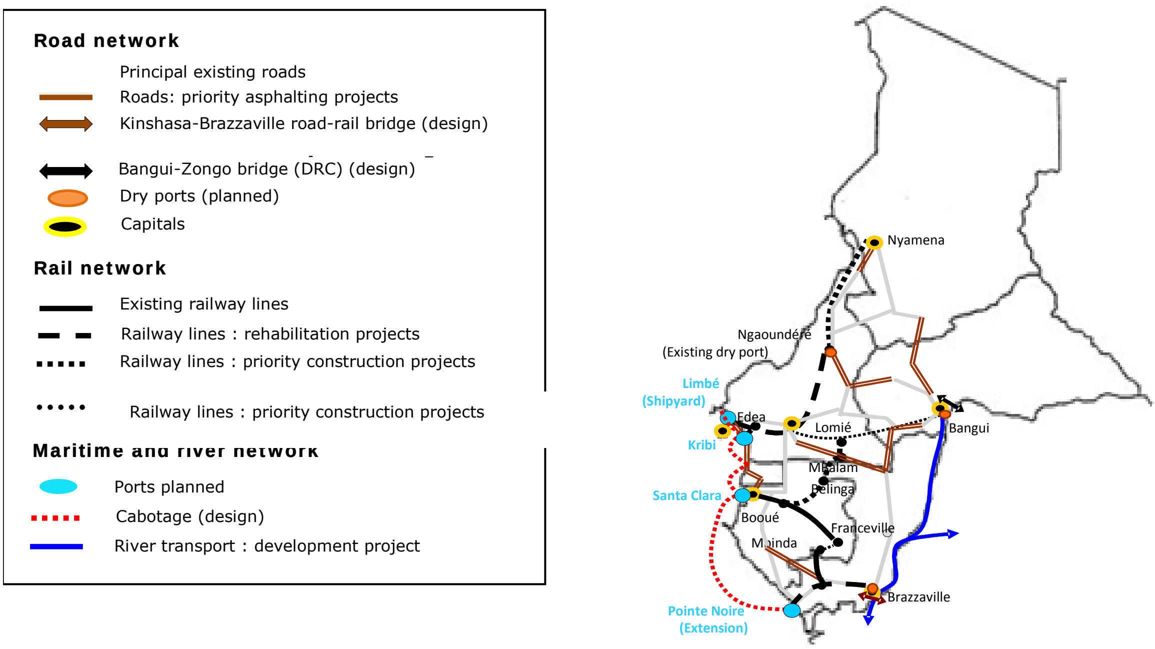
4.49. The regional housing development programme (programme 21) is aimed at supplementing physical planning through an appropriate mechanism for supporting the development of regional housing, ranging from the development of local building material production chains to the production of the housing itself.

4.50. Finally, the programme for the development of regional competitiveness clusters (programme 22) will make it possible to define the procedures for establishing special economic zones and thus facilitate the emergence of the six regional competitiveness clusters identified.

Table 7

A	Roads: improvement and asphalting
1	Bossembele / Bossangoa / Bekay (CAR) / Mbaikoro (Chad)
2	Ouesso / Bomassa (Congo) / Bayanga / Nola / Mbaiki (CAR)
3	Sangmelima (Cameroon) / Souanke / Ouesso (Congo)
4	Libreville / Medouneu (Gabon) / Akurenam / Evinayong (EG)
5	Ngaoundéré / Garoua-Boulaï (Cameroon) / Bouar (CAR)
6	Mouila / Ndende (Gabon) / Dolisie (Congo)
7	Bata (EG) / Kribi / Douala (Cameroon)
8	Maroua (Cameroon) / N'Djamena (Chad)
B	**Railways**
9	Construction of the N'Djamena - Ngaoundéré line
10	Improvement / rehabilitation of the Ngaoundéré - Edéa line
11	Improvement / rehabilitation of the Brazzaville - Pointe Noire line
12	Construction of - Booué + Ntoum - Santa Clara
13	Construction of the Mbalam - Bélinga line
14	Construction of the Lomié - Mbalam line
C	**Other transport integration projects**
15	Development of the Congo - Oubangui river network
16	Kinshasa-Brazzaville road-rail bridge
17	Dry port at Brazzaville
18	Dry port at Bangui
19	Cabotage company (containers)
20	Maritime transport company (passengers and bulk goods)
21	Air CEMAC
22	Deep-water port of Kribi
23	Deep-water port of Santa Clara
24	Extension port of Pointe Noire
25	Limbe shipyard and industrial site
26	Preparation of a transport master plan for the CEMAC zone 2015-2025

Chart 5 Priority physical infrastructure projects



Theme 4, human resources: 2 strategic objectives and 4 programmes

4.51. Strengthening its human resources is one of the big challenges facing CEMAC. Emergence is inconceivable if the sectors that are driving growth lack the necessary skilled workforce. Accordingly, preparations for the structural expansion of higher education and the strengthening of the Community's human resources in general should be begun immediately in order to obtain significant results within ten to twenty years. The purpose of this theme is to assist the CEMAC member States with these preparations through two strategic objectives and four programmes.

4.52. The upskilling of the human resources is the first strategic objective and this will be achieved by means of two programmes.

4.53. The programme of support for the emergence of regional centres of excellence in higher education (programme 23) is intended to promote the development within CEMAC of financially sound higher education institutions which meet international quality standards, particularly in the area of management and in the areas corresponding to the designated main pillars of growth, namely:

The Industrial Petroleum Product Refining hub;
The LNG and Petrochemicals hub;
The Aluminium and Bauxite hub;
The Savannahs Agro-industrial hub and;
The Inland Fishery Products hub.

4.54. Within this framework a support system will be set up to promote the potential centres of excellence identified, on the basis of the best international practice.

4.55. The Programme for the development of vocational training and apprenticeships (programme 24) is intended to provide the member States with the middle managers and skilled workers required to develop such sectors as BPW, electricity, telecommunications, petroleum, gas, agriculture, the agrifood industries and industrial subcontracting. Within this framework, CEMAC will implement a regional policy targeted at vocational training and the development of apprenticeships, in support of the national policies.

4.56. The second strategic objective is to strengthen the regional health system by means of two programmes.

4.57. The regional programme to combat the major endemic diseases (AIDS, malaria, Ebola fever, tuberculosis, etc.) (programme 25) will enable CEMAC to strengthen coordination between the member States and optimize the impact of the measures taken to combat the major endemic diseases. Within this framework, in 2010, the CEMAC specialized institution responsible for combating the major endemic diseases, OCEAC, based in Yaoundé, was made a CEMAC Agency (under the ongoing Programme of Institutional Reform). This will make it possible to improve its operational synergy with the CEMAC Commission, while maintaining its operational flexibility.

4.58. A regional high-level specialized care network (programme 26) will be established by identifying benchmark health structures and helping to strengthen them through various forms of support (Community support, ad hoc subsidies, facilitation of international technical partnerships, etc.).

Theme 5, common market and access to export markets: 2 strategic objectives and 4 programmes

4.59. Theme 5 of the PER should make it possible to give material expression to CEMAC's ambition to become the driving force behind a regional market of 260 million people (including ECCAS and Nigeria) and a competitive platform for exports to Europe and the Middle East. This will be achieved by means of two strategic objectives and four programmes.

4.60. The first strategic objective is to speed up the implementation of the common market, through three programmes.

4.61. The programme for the liberalization and growth of intra-Community trade and the strengthening of competition (programme 27) is designed to make the CEMAC market an open and competitive economic area. This will mean reforming the Community texts relating to trade, revising, where necessary, certain common trade policy instruments with account for the challenges facing the member States in accordance with their national development plans, revising and applying the texts on the rules of origin, providing temporary compensation for the loss of revenue associated with the liberalization of regional trade and, finally, updating and applying the regional regulations on competition. The CEMAC Commission will assume the powers of initiative and the role of Community arbitrator conferred on it by this new legislation. Thus, studies are being carried out at regional level on the impact of a possible reduction of the Common External Tariff, the conditions of establishment of free circulation and a mechanism to compensate for the consequent loss of revenue, respectively. The same applies to the proposals for closer harmonization and monitoring of the procedures used by the member States to grant derogations from the common customs and internal tax instruments.

4.62. The programme for the facilitation of transport and transit operations (programme 28) aims to remove the constraints on the development of intra-Community trade, by establishing juxtaposed border checkpoints and interconnecting customs administrations, as a continuation of and supplement to the current Central African Transit Facilitation and Security Programme (FASTRAC). The objective of the project is to interconnect the customs systems at three levels: interconnection between the customs offices along the transit corridors; between the customs services of the member States; and between the CEMAC Commission, the customs services of the member States, and the Inter-State Customs Academy (EIED). Transit routes along the Cameroon-Central Africa and Cameroon-Chad corridors have been chosen for the pilot phase of the project.

4.63. The programme concerning free movement for persons and the right of establishment (programme 29) is intended to make free movement for persons, goods and capital effective by introducing the Community biometric passport. In order to ensure integrated freedom of movement within CEMAC, it is planned to apply free movement for persons in Gabon and Equatorial Guinea progressively as follows:

- the application of the legal instruments on free movement already adopted and introduced;
- effective free movement for the categories of persons indicated in Decision No. 02/08-UEAC-CM-17 of 20 June 2008 in conformity with the provisions of the UEAC Convention;
- the creation and establishment of a Monitoring and Evaluation Committee responsible for overseeing the enforcement of the Community decisions on free movement and proposing all the measures deemed necessary;
- the creation of centres for police, customs and environmental cooperation between the CEMAC States;
- the creation of a CEMAC data collection centre to facilitate judicial investigations at Community border level throughout the CEMAC area;
- the extension of the I-24/7 network to all the CEMAC member States at INTERPOL national central bureau (NCB) level;
- the connection of all the CEMAC member States through the installation at the border posts of FIND and MIND integrated solutions, thus enabling access to the INTERPOL stolen and lost travel document database;
- the strengthening of the activities of the Central African Police Chiefs Committee (CCPAC) through the organization of a meeting of air and border police commissioners to assess the difficulties of implementing free movement in the subregion;
- the activation of the Central African Criminal Investigation Training Centre within the framework of the Central African Police Chiefs Committee;
- the creation and setting up in each member State of a wanted persons and missing objects database and a database on the various types of identity and travel documents (civil status certificates, national identity cards and passports) and the activation of biometrics throughout the CEMAC area;
- the formulation and implementation of the common emigration/immigration policy;

- the consolidation of the Community's external borders with third countries, in particular by strengthening the border control procedures;
- the introduction and issuing to third-country nationals of a CEMAC area entry visa, or CEMAC visa;
- the amendment of Regulation No. 1/00-CEMAC-042-CM-04 concerning the introduction and conditions of granting of the CEMAC Passport, to incorporate new provisions governing the issuing of this Community travel document before it is put into circulation.

4.64. Moreover. the freedom of establishment should be progressively reinforced through regional coordination and agreements between the various professional bodies, in particular those representing architects, doctors and pharmacists, under the aegis of the CEMAC Commission.

4.65. Strategic objective 12 aims to improve the competitiveness of CEMAC enterprises and facilitate their access to export markets, through two programmes.

4.66. The programme to promote export sector competitiveness (programme 30) aims to bring the CEMAC economic fabric up to the standards of the international competition in the major export subsectors. These include, in particular, electricity, timber, hydrocarbons, metallurgy, cattle/meat, plantation agriculture, intensive livestock breeding and food crops. Each subsector will receive support aimed at capacity building or at improving the structure of its value chain.

4.67. Finally, the programme for strengthening regional and international cooperation and partnerships (programme 31) is aimed at adapting the economic and trade diplomacy of CEMAC and the member States to the requirements of the new vision of an emergent CEMAC. Within this framework, the Economic Partnership Agreements (EPA) in course of being negotiated with the European Union will have to contribute to the accelerated deployment of the PER. Likewise, stronger partnerships will have to be established with countries or regions capable of playing a strategic role in the implementation of the PER (ECCAS, Nigeria, China, India, Brazil, etc.).

4.5 Implementation strategy

4.5.1 The PER financing strategy

4.68. Between now and 2025 the PER will require about CFAF 20,000 billion of financial resources (provisional estimate), including 56% of private resources, 37% of concessional resources and 6% of trust resources. The actual implementation of the PER would thus make it possible to boost private investment and develop foreign direct investment (FDI) in the CEMAC zone. However, pump priming using public resources appears inevitable in order to attract private investment. The trust resources themselves will account for 39% of the resources required in the first year before progressively declining to 4% in 2015.

4.69. Where will these startup resources come from? At this stage two recommendations are being considered:

- To dedicate all of the TCI revenue to the PER trust resources and use this mechanism to finance at least 10% of the trust resources required. In this case, there would be an immediate need to correct the distortions linked with the TCI and collect the TCI in full. Moreover, the CEMAC Commission will have to undertake a study to identify sources of financing to replace a TCI destined to dry up in an international context of tariff dismantling.
- To set up a regional investment fund, the CEMAC Emergence Fund, financed by a levy on oil income. The resources of this Fund would be entrusted to specialized fund managers, with three sectoral windows: (i) an energy window; (ii) an infrastructure window (excluding electricity); and (iii) a general window (mining and metallurgy, BPW, agriculture, timber, etc.).

4.5.2 The institutional framework for implementing the PER

4.70. The PER is a clear and consistent plan, resulting from a long-term vision and a detailed process of breakdown into programmes and projects. Thus, CEMAC has won the first battle, that of good planning. It still has to win the more problematic second battle, that of implementation.

4.71. The effective implementation of the PER requires the creation of an appropriate institutional framework, responsible for the management and follow-up/evaluation of the programme, with the participation of all the stakeholders involved, whether they be member States, Community bodies and institutions, private sector operators or development partners. The management system will be built around three key components: a management committee, a regional expert committee and the national units of the PER. A PER Implementation Support Unit, with technical backup, will assist the Management Committee so as to provide, on a day-to-day basis, all the systems and tools required for the effective monitoring and dynamic leadership of the programme. Development partners and technical advisers could be consulted, where necessary.

4.72. The effectiveness of this PER management and implementation system will also depend on its capacity to provide dynamic leadership for the whole of the Programme, with the rapid dissemination of information, continuous coordination with all the key players and a high degree of mobility and flexibility to meet the requirements of the regional and international partners. In this connection, the quality of the technological environment (electricity, high-speed telecommunications, etc.) and the geographical accessibility of the Commission for all the regional and international partners (international airport, regional hub, hotel infrastructure, etc.) will be critical. This prerequisite for the success of the PER makes it indispensable for the CEMAC Commission to open a representative office in Douala to house the system needed to implement the PER (offices and meeting rooms for the various institutions and accommodation for the PER Implementation Monitoring Unit and the new implementing services and structures).

4.5.3 The timetable for the implementation of phase 1 of the PER

4.73. At this stage, the capacity of the CEMAC Commission, the driving force behind the implementation of the PER, is still limited and will evolve with its ongoing capacity-building programme. On this basis and taking into account the progressive deployment of the PER, four phases have been identified for the period up to 2015: a start-up phase (three months), a take-off phase (2010-2011), an altitude-reaching phase (2012-2013), and cruising speed (2014-2015).

TABLE OF ANNEXES

Annex 1 Components and timetable for the implementation of phase 1 of the PER

Themes	Strategic objectives	Programmes	Implementation timetable						
			2009	2010	2011	2012	2013	2014	2015
THEME 1 Shared vision	SO1 Ensure the widespread dissemination of Vision CEMAC 2025 and the PER	P1 – Dissemination and sharing of the CEMAC PER							
		P2 – CEMAC PER institutional communication programme							
	SO2 Ensure the roll-out and appropriation of the CEMAC PER at the level of each member State	P3 – Development of a CEMAC country PER for each member State							
	SO3 Ensure the effective implementation and management of the PER	P4 – Establishment of the institutional framework for the implementation and management of the PER							
THEME 2 Good governance and business environment	SO4 Strengthen good governance	P5 – Implementation of institutional reforms and Community institution capacity building							
		P6 – Reform of government procurement							
		P7 – Greater transparency in the management of raw materials							
	SO5 Expand economic integration	P8 – Strengthening of the regional statistical system							
		P9 – Strengthening of the multilateral surveillance system							
		P10 – Reform of the tax system							
	SO6 Improve the business environment and promote investment	P11 – Reform and harmonization of the institutional and regulatory frameworks of the financial services and public utility (electricity, transport, telecommunications) sectors							
		P12 – Establishment of a regional institutional and regulatory framework for investment and public/private partnership							
		P13 – Mobilization of domestic and foreign resources for the implementation of the PER							
		P14 – "Entrepreneurship in the CEMAC Zone" programme							

Themes	Strategic objectives	Programmes	Implementation timetable						
			2009	2010	2011	2012	2013	2014	2015
THEME 3 Physical integration and planning	SO7 Build an integrated CEMAC space	P15 – Regional electrical interconnection development programme							
		P16 – Regional transport infrastructure development programme							
		P17 – CEMAC digital programme							
		P18 – Special landlocked country infrastructure programme							
	SO8 To protect the CEMAC environment, manage and make efficient use of forest and agricultural land	P19 – CEMAC geospatial information system programme							
		P20 – Forest and agricultural land management programme							
		P21 –Regional housing development programme							
		P22 – Programme for the development of regional competitiveness clusters							
THEME 4 Human resources	SO9 Develop human resources	P23 – Support for the emergence of regional centres of excellence in higher education							
		P24 - Development of vocational training and apprenticeships							
	SO10 Reinforce the health systems	P25 – Regional programme to combat the major endemic diseases (AIDS, malaria, etc.)							
		P26 – Regional high-level specialized care network							
THEME 5 Common market and access to export markets	SO11 Speed up the implementation of the common market	P27 – Liberalization of intra-Community trade and strengthening of competition							
		P28 – Facilitation of transport and transit operations							
		P29 – Free movement for persons and right of establishment							
	SO12 Promote competitive production and facilitate access to export markets	P30 – Promotion of export competitiveness							
		P31 – Strengthening of regional and international cooperation and partnerships							

Orange: Preparatory phase.

Annex 2 Theme 1 PER: Shared vision - 3 SO and 4 programmes

THEME 1 Shared vision	SO1 To ensure the widespread dissemination of the vision CEMAC 2025 and the PER	**P1 - Dissemination and sharing of the CEMAC PER**
		Dissemination and exchange among the Community institutions
		Dissemination and exchange in each member State
		Dissemination and exchange among partners (bilateral, multilateral, international private sector, foundations, etc.)
		P2 – CEMAC institutional communication programme
		Development of a PER institutional communication strategy
		Implementation of the communication strategy
	SO2 To ensure the breakdown and appropriation of the CEMAC PER at the level of each member State	**P3 - Development of a CEMAC country PER for each member State**
		Development of the CEMAC national PER
		National validation seminar
		Updating of the regional CEMAC PER document (programmes)
	SO3 To ensure the effective implementation and management of the PER	**P4 - Establishment of the institutional framework for the implementation and management of the PER**
		Signature of the decree establishing the institutional framework for the implementation of the PER
		Establishment of the institutional framework (regional and country levels)

Annex 3 Theme 2 PER: Good governance and business environment - 3 SO and 10 programmes

THEME 2 Good governance and business environment	SO4 To consolidate good governance	**P5 - Implementation of institutional reforms and Community institution capacity building**
		Securing of the TCI
		Rationalization of the specialized institutions
		Capacity building for the CEMAC Commission
		Improvement of the governance of the Community bodies and institutions (BEAC, BDEAC, COBAC, Court of Justice, Parliament)
		P6 - Reform of government procurement
		Establishment of the framework for implementing the reform of government procurement
		Implementation of the reform of government procurement
		P7 - Greater transparency in the management of raw materials
		Regional policy for the monitoring and evaluation of the Extractive Industries Transparency Initiative (ITIE)
		Strengthening of the regulatory framework and the transparency of transactions in the raw materials sector in Central Africa (REMAP-CEMAC)
	SO5 To expand economic integration	**P8 - Programme to strengthen the regional statistical system**
		Development of a programme to strengthen the regional statistical system
		Study on the future financing of the Community and implementation
		Project implementation under the programme to strengthen the regional statistical system
		P9 – Strengthening of the multilateral surveillance system
		Harmonization of the legislative and regulatory frameworks for the public finances
		Building the human and material capacities of the national multilateral surveillance units
		Organization of regional meetings of the delegates of the States and Community institutions

		P10 – Reform of the tax system
		Development of the taxation harmonization programme
		Implementation of the taxation harmonization programme
	SO6 To improve the business environment and promote investment	**P11 - Reform and harmonization of the institutional and regulatory frameworks for financial services and the public utility (electricity, transport, telecommunications) sectors**
		Reform and regional harmonization of the institutional and regulatory frameworks for financial services
		Reform and regional harmonization of the institutional and regulatory frameworks for the electricity sector
		Reform and regional harmonization of the institutional and regulatory frameworks for the transport sector
		Reform and regional harmonization of the institutional and regulatory frameworks for the telecommunications sector
		P12 - Establishment of a regional institutional and regulatory framework for investment and public/private partnership
		Establishment of a model regional legal and regulatory framework for PPP
		Harmonization of the various sectoral codes (mining, gas, petroleum)
		Establishment of a regional agency to promote investment and infrastructure
		P13 - Mobilization of domestic and foreign resources for the implementation of the PER
		Setting up of the CEMAC Emergence Fund and rationalization of the existing funds
		Donors' Round Table for financing the PER
		P14- "Entrepreneurship in the CEMAC Zone" programme
		Development of the programme "Entrepreneurship in the CEMAC Zone"
		Implementation of the programme "Entrepreneurship in the CEMAC Zone"

Annex 4 Theme 3: Physical integration and planning - 2 SO and 8 programmes

THEME 3 Physical integration and planning	SO7 To build an integrated space in the CEMAC area	**P15 - Regional electrical interconnections development programme**
		Interconnection North Cameroon-Chad-CAR-Nigeria
		Interconnection Brazzaville-Calabar
		P16 - Regional transport infrastructure development programme
		Roads
		Railways
		P17 - CEMAC digital programme
		Cable project phase 1
		Cable project phase 2
		P18 – Special landlocked countries infrastructure programme
		Identification / validation / project organization
		Implementation
	SO8 To protect the CEMAC environment, manage and make efficient use of forest and agricultural land	**P19 – CEMAC geospatial information system programme**
		Establishment of a regional unit responsible for the cartography project
		Development and implementation of the cartography project and setting up of the SIG
		P20 - Forest and agricultural land management programme
		Capacity building for the management of the projects to be submitted to the Carbon Fund and the REDD mechanism

		Generalization of forest management (biodiversity reserves, sustainable logging for both large and small-scale permits)
		Management of agricultural land (fragmentation, rural survey, rural infrastructure, etc.)
		Capacity building for people living on the fringes of the forest, the development of non-ligneous forest product value-adding projects
		Reafforestation and regeneration of the degraded agricultural land of the savannah areas
		P21 – Regional housing development programme
		Capacity building in the housing field
		Establishment of a regional support mechanism for financing housing
		Establishment of a PPP consultation and promotion framework for housing development
		Promotion and development of social housing and reconstruction of makeshift housing
		P22 – Regional competitiveness cluster development programme
		Choice of regional competitiveness clusters
		Definition of the institutional and regulatory framework of the Special Economic Zones and technology centres
		Feasibility and impact study and establishment of regional competitiveness clusters

Annex 5 Theme 4: Human resources - 2 SO and 4 programmes

THEME 4 Human resources	SO9 To develop human resources	**P23 - Support for the emergence of regional centres of excellence in higher education**
		Formulation of a regional CEMAC centres of excellence policy
		Implementation of the regional CEMAC centres of excellence policy
		P24 – Development of vocational training and apprenticeships
		Formulation of a regional policy on the development of vocational training and apprenticeships
		Implementation of the regional policy on the development of vocational training and apprenticeships
	SO10 To strengthen the health systems	**P25 – Regional programme to combat the major endemic diseases (AIDS, malaria, etc.)**
		Harmonization of the systems for preventing and combating the major endemic diseases
		Regional IEC campaigns: strategy formulation and implementation
		Provision of resources for generalizing care: stocks of vaccines, drugs, screening tests, etc.
		Capacity building for health workers within the framework of the campaign against the major endemic diseases
		P26 - Regional high-level specialized care network
		Feasibility study for the establishment of a regional high-level specialized care network
		Formulation of the operating strategy of the regional high-level specialized care network (management methods, coordination and follow-up mechanisms, promotion)
		Implementation of the intervention strategy of the regional high-level specialized care network

Annex 6 Theme 5: Common market and access to export markets - 2 SO and 5 programmes

THEME 5 Common market and access to export markets	SO11 To speed up the implementation of the common market	**P27 - Liberalization of intra-Community trade and strengthening of competition**
		Organization of missions to monitor and verify the application of the Community texts on trade reform
		Revision of the rules of origin
		Temporary compensation for loss of revenue
		Regional competition regulations
		P28 - Facilitation of transport and transit operations
		Construction of juxtaposed checkpoints
		Interconnection of customs administrations
		P29 – Free movement for persons and right of establishment
		Introduction of the CEMAC passport and biometric data
		Common policy on emigration and immigration
		Strengthening of freedom of establishment for professionals (doctors, accountants, etc.)
	SO12 To promote competitive production and facilitate access to export markets	**P30 – Promotion of export competitiveness**
		Electricity generation and energy efficiency
		Wood subsectors
		Cattle/meat subsectors (agro-pastoral development programme)
		Intensive livestock breeding and food product subsectors (cereals, root crops, poultry, aquaculture, etc.)
		Plantation agriculture subsectors (coffee, cocoa, oil palm, hevea, fruit farming, sugar, etc.)
		Hydrocarbon subsectors (oil refining, LNG, LPG, petrochemicals, fertilizers)
		Metallurgical subsectors and BPW products (aluminium, ferro-alloys and manganese, building materials)
		P31 – Strengthening of regional and international cooperation and partnerships
		Setting up of a regional framework for the evaluation, monitoring and negotiation of cooperation and partnership agreements

REPORT BY CAMEROON

1 INTRODUCTION

1.1. Since 2007, the year when Cameroon's trade policy was last reviewed by the World Trade Organization, the Government has taken a broader and more global approach to its development policies, in order to strengthen and sustain the incipient economic recovery.

2 RECENT TRENDS IN THE CAMEROONIAN ECONOMY

2.1. The growth rates of Cameroon's economy are increasing but still below the target set by the Government (5.5%).

2.2. Cameroon's main trading partners are: France, Netherlands, Nigeria, Italy, Spain, Belgium, China, Germany, United Kingdom, and United States.

2.3. The structure of Cameroon's trade has not changed much since the last Trade Policy Review. The main exports are: petroleum, wood, cocoa, bananas, cotton, rubber, and coffee.

2.4. These traditional products are generally exported in the raw state, without much value added. Petroleum exports exert a significant influence on the balance of trade, which is still structurally in deficit.

2.5. Thus, the economy continues to have supply-side deficiencies, which tend to worsen from year to year.

2.6. Cameroon continues to import manufactured products, petroleum oils and substantial quantities of cereals.

2.7. Local industry is still characterized by high production costs, which make the products relatively uncompetitive. There is therefore a real need to build capacity and upgrade the production system.

3 DEVELOPMENT OBJECTIVES

3.1. In 2009, the authorities adopted a Shared Vision of Development for the period up to 2035 and a Growth and Employment Strategy Paper (DSCE). The DSCE is the action plan for the Vision for the period 2010-2020.

3.1 Vision objectives

3.2. The Vision adopted is expressed as follows: "Cameroon: an emerging, democratic country united in its diversity".

3.3. The will to become an emerging, democratic country united in its diversity embraces four general objectives, namely:

- to reduce poverty to a socially acceptable level;
- to become a middle-income country;
- to reach the Newly Industrialized Country (NIC) stage;
- to strengthen national unity and consolidate the democratic process.

3.2 Objectives of the growth and employment strategy

3.4. The DSCE is focused on the acceleration of growth, formal job creation and poverty reduction. It therefore aims to:

- to raise growth to an annual average of 5.5% over the period 2010-2020;

- to reduce underemployment from 75.8% to below 50% by 2020 with the creation of tens of thousands of formal jobs a year over the next ten years;

- to reduce the monetary poverty rate from 39.9% in 2007 to 28.7% in 2020.

3.3 Key considerations for the implementation of the DSCE

3.5. To achieve the above objectives, the Government is implementing, in a consistent and integrated fashion: (i) a growth strategy, (ii) an employment strategy, and (iii) a strategy to improve governance and the strategic management of the State.

3.6. Certain basic elements may be regarded as central and essential to the implementation of the DSCE:

- gradually to raise the share of public investment in total State expenditure from 20 to 30% (by 2020);
- to allocate massive resources to the major projects in order to end the generalized shotgun approach to public investment;
- considerably to lighten the procedures for awarding contracts;
- to expand economic policy options, in particular by taking advantage of all the opportunities for using monetary policy.

4 GROWTH STRATEGY

4.1 Infrastructure development

4.1. Convinced of the importance of the role of high-quality infrastructure in trade facilitation and the promotion of strong and sustainable growth through the competitiveness that it generates, the Government of Cameroon will be investing massively in infrastructure during the period of implementation of the strategy.

4.2. **Energy.** By carrying out programmes to maintain, rehabilitate and develop the country's energy capacity, Cameroon expects progressively to reduce the structural deficit in energy requirements to achieve the anticipated growth objectives, become an exporter of electricity and thus help to bring the trade balance into equilibrium. This will mean raising the country's production capacity to 3,000 MW by 2020.

4.3. The development programme for the energy subsector includes projects for achieving the specific objectives set out above. In particular, it is worth mentioning the ongoing construction of the Lom Pangar, Memve'ele and Mekin dams, the Yassa thermal power station and the Kribi gas-fired power station.

4.4. The construction of the Nachtigal, Song Mbengue, Warak, Colomines and Ndockayo power stations and the development of several sites with energy export potential are also planned. The overall cost of this ten-year programme is estimated at nearly CFAF 5,853 billion for the electricity generation and grid transport works and CFAF 663 billion for the rural electrification programme.

4.5. **Building and public works.** In the road subsector, the Government's medium and long-term policies over the period covered by the strategy are consistent with the ambitious scenario of the Highway Master Plan and the sectoral strategy. Over the term of the strategy, road maintenance operations will bring about a distinct improvement in the standard of service (55% of the network in good condition), thanks to the implementation of an effective intervention strategy. These measures will be supplemented by the rehabilitation of the road network (2,000 km of asphalted roads to be rehabilitated between 2010 and 2020) and by the intensified asphalting of dirt roads (more than 3,500 km by 2020). Priority will be given to large-scale industrial and agro-pastoral projects, the regional corridors (trans-African, north-south corridors, CEMAC network), the main road network, and large-scale infrastructure projects in support of the private sector (second bridge on the Wouri, the Yaoundé-Douala-Bafoussam-Yaoundé motorway loop, access east and west of Douala). This strategy will have to be backed by major institutional reforms.

4.6. Thus, special emphasis is being placed on:

- strengthening the highway contracting authority and making it accountable;
- strengthening planning and programming by drawing up and implementing an intervention strategy that gives observing standards precedence over a shotgun approach;
- enlarging the pool of earthmoving equipment;
- organizing the private sector to provide a web of efficient companies and design offices;
- research into materials and methods capable of extending the life of the works, particularly in road maintenance;
- recourse, as far as possible, to highly labour-intensive (HLI) techniques to reduce costs and promote employment.

4.7. **Transport.** The transport system will have to be based on the country's undeniable assets in order to contribute effectively to economic growth and poverty reduction. A multimodal approach will systematically be given precedence, in order to build, at lower cost, an integrated and efficient transport network criss-crossing the entire national territory and firmly open to the neighbouring countries. The Government will stress the development of new port and rail infrastructure to support the priority projects that promise to bring growth. This mainly concerns the following projects in course of construction:

- the deepwater port at Kribi;
- the deepwater port of Limbe;
- the Limbe petroleum yard.

4.8. To this should be added the development of new railway lines (more than 1,000 km) built to international standards.

4.9. **Information and communication technologies.** The strategic ICT objectives for the period up to 2020 will be, in particular:

- to raise fixed teledensity to 45% and mobile teledensity to 65%;
- to equip 40,000 villages with modern telecommunications facilities;
- to make 2 Mb/s access available to the public in all the towns with a digital exchange;
- to multiply by 50 the number of direct and indirect jobs.

4.10. **Mail and postal financial services.** In this area, the strategy will make it possible to organize the public and private supply of postal services and, by 2020, to make it significant enough to fully satisfy the demand, in quantity and quality, at affordable prices. Thus, two programmes need to be carried out:

- to densify the network and improve national postal coverage with a view to providing geographically balanced postal services;
- to develop the universal postal service in order to promote access to postal services for all.

4.11. **Urban development and housing infrastructure.** Here the challenge is to create an integrated national economic space. It is a question not only of controlling the development of the towns and cities (urbanization rate of 57.3% in 2020) and making them into the centres of production and consumption necessary for the industrial sector to flourish, but also of promoting the emergence of the peripheral built-up areas and the development of medium-sized or secondary cities capable of structuring economic activities within the urban space and helping to develop the surrounding rural areas.

4.12. To achieve these objectives, six strategies have been identified:

- the maintenance and rehabilitation of the urban infrastructure;
- the development of the urban infrastructure (construction of 150 km of roads and 17,000 social housing units);
- improved access to basic urban services;
- land use management;

- protection of vulnerable social groups;
- institutional capacity building for the sector.

4.13. **Water and sanitation.** In the rural areas access to drinking water and basic sanitation infrastructure is still limited. The Government therefore intends to improve the situation and raise the level of access to drinking water to 75% by 2020 by:

- rehabilitating the existing infrastructure, for the most part more than 20 years old;

- extending the existing networks which have failed to keep pace with urban and demographic expansion; and

- promoting the implementation of large-scale connection programmes.

4.14. The main objectives of supply policy are:

better planning of the works by responding to the demand, increasing the coverage of the services and avoiding inconsistencies;
making investment go further by improving maintenance, guaranteeing financing and providing renewal financing;
less dependence on the State in order to base the development of the sector on all the resources available.

4.15. In the cities, the Government's preferred option, as stated in particular in the letter on urban water engineering policy of April 2007, is public-private partnership and the creation of two entities responsible for infrastructure and distribution, respectively.

4.16. **Management of State lands.** Within the context of Cameroon's emergence, the authorities intend to develop a national strategy for the management of the nation's property assets, specifically those administered or managed by the State. The DSCE aims to eliminate the hindrances to the rational management of these assets by defining the following global objectives:

- remove the constraints on land to facilitate infrastructure development and improve the business climate;

- rationalize the allocation of land resources and improve the governance of State assets;

- build the capacity of the administrations in charge of State lands, property matters and State assets; and

- facilitate regional integration and support the implementation of decentralization.

4.2 Modernization of the production system

4.17. **Rural sector.** Following the adoption of the rural sector development strategy in 2005 and its subsequent implementation, the Government intends to make the transition to second-generation agriculture. This involves a vast programme designed to increase agricultural production in order to satisfy not only the food requirements of the people but also those of the agro-industries. It is therefore proceeding with the modernization of the production system. This means:

- making the factors of production accessible and available, in this instance land, water and agricultural inputs;
- promoting access to technological innovations mainly by strengthening the link between research and extension;
- developing the competitiveness of the production chains.

4.18. The Government expects to stress the development of large-scale farming in the various regions of the country in accordance with their specific agro-ecological characteristics in order to achieve economies of scale and substantially increase production. These measures will be accompanied by a major effort to open up access to the production areas to enable small farms and plantations to flourish.

4.19. **Mining.** The choice of objectives in this sector is intended to promote and encourage exploration, exploitation and the local processing of at least 15% of the mining resources needed by the country for its economic and social development. In order to make efficient use of the existing potential, the authorities intend, in particular, to set up a national mining company responsible for arranging joint ventures with private partners, improving the geological and mining information available to domestic and foreign private investors and developing programmes for training nationals in mining industry trades.

4.20. **Industry and technological development.** Cameroon intends to make its manufacturing sector more competitive by:

- expanding the local processing of agricultural and forest raw materials;
- developing and implementing a business upgrade programme;
- developing and implementing a national standardization programme, with the construction of support infrastructure such as a National Reference Laboratory, in order to ensure that products have access to the international market; and
- applying the new and more ambitious Incentives Code, to attract foreign direct investment in Cameroon.

4.21. **Craft industry and the social economy.** The Government's objective is to improve the performance and the profitability of the social economy. This involves: (i) creating a political, institutional, legal and regulatory environment that favours the development of collective entrepreneurship in Cameroon, (ii) developing human resources capable of driving the growth of this component, and (iii) promoting collective, group entrepreneurship, as one of the reliable strategies for the creation and expansion of viable social economy organizations and enterprises that make it possible effectively to combat poverty while promoting economic growth. Moreover, the Government is determined to make the craft industry more attractive by supporting the organization and structuring of the sector, building the capacities of the craft workers strengthening the craft enterprise within its economic environment, and improving the marketing system. The recent creation of the SME bank is part of this process.

4.22. **Industry and services.** The Government is proceeding with the reforms required to make the environment of these sectors more attractive and then put in place an operational system of incentives and support for private investment, so that it can effectively play its role as a driver of economic growth. This involves, in particular, closing the infrastructure gap, facilitating access to financing, and deploying – over the long term – a general production chain development programme and – over the medium term – in liaison with some of the development partners specific programmes to boost competitiveness in certain subsectors with a high potential for growing and upgrading businesses, in particular SMEs and SMIs. The creation of the SME Promotion Agency in April 2013 is part of this plan.

4.23. More specifically with regard to tourism, Cameroon's objective in this subsector is to develop integrated tourism products in order to be able to welcome, by 2020, at least two million international tourists a year and six million domestic tourists. Moreover, in cooperation with the private sector and the municipalities, to which certain powers have been transferred under decentralization, the authorities are endeavouring to offer domestic and international visitors a diversified, secure and high-quality range of tourism opportunities in order to promote Cameroon as a destination in the various areas from which tourists are known to come. It will also be necessary to improve the legal framework by adapting it to the current context of competitiveness.

4.24. With regard to the development of tourism and leisure facilities, special emphasis is being placed on: (i) the continued development of tourist sites; (ii) the continued construction of hotels and tourist centres; (iii) the construction of holiday villages, museographic villages, theme parks and leisure parks; (iv) support for the design of integrated tourism products by private operators; and (v) tourism and leisure enterprise approval, grading and re-grading operations.

4.25. The promotion of tourism and leisure activities will be based on: (i) the creation of a National Tourism Office; (ii) participation in fairs and shows; (iii) the organization of tourism fairs in Cameroon; and (iv) the codification of Cameroonian cuisine.

4.26. The main activities to strengthen the institutional framework of the tourism and leisure sector relate specifically to: (i) the establishment of a tourism satellite account; (ii) the finalization of the revision of the tourism and leisure development strategy; (iii) the creation of a hotel and restaurant trade training centre; and (iv) support for the creation of pilot offices at commune level.

4.3 Human development

4.27. The social sector development strategies will not only make it possible to raise the standard of living but will also provide a reliable reserve of human resources capable of supporting economic growth. Thus, the authorities intend to continue making investments on behalf of the different social categories in the areas of health, education and vocational training with special attention being given to young people and women and to the supervision and care of other disadvantaged groups.

4.28. **Health.** Improving the health of the people remains an objective for both social development and economic growth. The Government expects to achieve this objective by implementing an updated sectoral health strategy in conformity with the MDGs. Essentially, this strategy aims to provide universal access to quality health care and services by improving the supply and financing the demand. The goal is to reduce the disease burden by a third among the poor and the most vulnerable groups; reduce the mortality rate for children under five by two thirds; maternal mortality by three quarters; the prevalence of HIV/AIDS by 50%; and the death rate associated with malaria to less than 10% by the end date of the strategy.

4.29. **Education and vocational training**. The Government intends to stress human capital formation, in particular through (i) high-quality basic education covering the primary cycle and the first cycle of the secondary system; (ii) high-quality second-cycle secondary education based on a dynamic equilibrium between general and technical education and designed to prepare the students for higher education in the fields prioritized for development; (iii) vocational education based on a modernized and much strengthened system capable of providing students who have completed the basic and secondary education cycles with a comprehensive package of knowledge centred on mastery of the skills required on the job market and preparing the beneficiaries for job creation; (iv) a vocationalized university education; (v) extended further training backed by a system for making good use of the experience acquired; and (vi) the genuine staff management indispensable for ensuring the quality of the education, which presupposes the definition of a transparent and credible system of flow regulation, the strengthening of the educational guidance system and improved pay scales for the technical trades.

4.4 Regional integration and trade diversification

4.30. In order to support sustainable and job-creating growth, Cameroon's development and trade diversification policy was incorporated in the sectoral strategy of the Ministry of Trade adopted in 2011. This policy is part of a plan to strengthen subregional and regional integration, consolidate market share on the traditional markets (Europe and America) and then seek outlets on the emerging markets. It will mainly be based on the products of the soil by taking advantage of the fairly favourable environment and ecology and, above all, by progressing from the raw product to the processed product stage.

4.31. **Regional integration.** The first challenge is the consolidation of the CEMAC space by taking maximum advantage of the provisions of the treaties on the free movement of persons and goods. In this respect, the Government of Cameroon continues to take full responsibility for driving integration forward and assuming its leadership role in the subregion without more ado. The second challenge is the ECCAS market, which includes markets with great development potential such as those of the Democratic Republic of the Congo and Angola.

The third challenge is that of intensifying and formalizing economic relations with Nigeria. Trade development policy could then be extended to the subregions of West Africa, North Africa, Southern Africa and East Africa, in particular with a view to the establishment of the Continental Free Trade Area by 2017, as recommended by the Conference of Heads of State and Government of the African Union in January 2012.

4.32. **North-South cooperation.** The authorities will promote the consolidation of the European markets with trade in "traditional" products consisting of raw materials and products that have undergone initial processing (wood, cocoa, coffee, bananas, hevea, rubber, pepper, etc.). Where the North American market is concerned, Cameroon now intends to do everything it can to take advantage of those provisions of the AGOA which offer export opportunities, especially in the textile and so-called cultural product sectors.

4.33. **Trade with the emerging countries.** The South American and Asian markets will have to be explored and negotiated within the context of the emerging countries seeking strategic positioning and political and diplomatic influence. The option of win-win cooperation advocated by the countries forming part of this group (China, Brazil, India, Korea, Indonesia, etc.) and their high population densities make them an excellent choice for partnership in trade development.

4.5 Financing of the economy

4.34. **Taxation.** Aware that no sustainable economic recovery can be envisaged without a real policy on investment financing, the Government has just had the National Assembly enact a Law establishing an investment incentive code, the application of which will be accompanied by the implementation of the Investment Charter.

4.35. **Banking system.** Alongside its CEMAC partners, the State intends to make every effort to absorb the excess liquidity in the banking system so that it can be used for medium and long-term investment credit. If necessary, the State will propose to the monetary regulator incentivizing and persuasive measures to increase the banks' interest in giving the financing of private investment precedence over their ordinary banking services. Thus, the new banks for financing SMEs and agriculture are opening up new horizons.

4.36. **Micro-finance.** With a view to strengthening and extending basic financial services and improving the quality of the services provided by the micro-finance establishments (EMF), the Government intends: (i) to intensify the action taken to train EMF promoters, managers and employees; (ii) to establish a first level of supervision and control of the EMF by the National Monetary Authority, compatible with the COBAC regulations; and (iii) to further strengthen the monetarization of the economy, in particular by extending the automation of the payment systems to the EMF.

4.37. **Greater mobilization of national savings.** The main courses of action under this policy will include: (i) steering the micro-finance institutions towards retail bank status, (ii) dynamizing the local financial markets, (iii) increased mobilization of the resources of the diaspora; and (iv) the creation of specialized financial institutions.

5 EMPLOYMENT STRATEGY

5.1. The growth and employment strategy addresses the question of employment by proposing three main courses of action, namely: (i) increasing the supply of decent jobs; (ii) job matching; (iii) improving the efficiency of the market.

5.1 Increasing the supply of jobs

5.2. **Dependent employment.** The Government is counting mainly on the development of SMEs to meet the huge challenge of employment. In particular, it intends to tackle visible underemployment, estimated at 11% of the employed labour force. The objective for 2020 is to absorb visible underemployment completely and to maintain the broader unemployment rate at less than 7%. The introduction of programmes to create jobs specifically for the most disadvantaged (young people, women, vulnerable groups and disabled persons) and in the civil service will supplement the supply of decent jobs.

5.3. **Targeted self-employment.** The Cameroon authorities are counting on promoting self-employment to support the development of the growth sectors, particularly in the rural sector, the craft industry and services. Specifically, this is expected to make an important contribution to the reduction of visible underemployment to below 50% and to the migration from the informal to the formal sector of the economy. In the rural sector, in conformity with the policy of developing large farms, incentive measures have been taken to make it easier for graduates of agricultural colleges to enter farming by: (i) providing training in how to set up larger-scale agricultural projects; (ii) facilitating access to credit; and (iii) facilitating access to modern agricultural inputs.

5.4. Moreover, the implementation of some large projects often involves the development of related activities, from which the people living nearby should be able to benefit. Thus, specific training courses, depending on the nature of the project, will be developed to facilitate the integration of these people into the activities in question. In view of the immense potential of the craft industry, the Government intends to revalorize it in all its components in order to turn it into a truly attractive sector that generates jobs, income and growth.

5.5. In the services sector, specific programmes, in support of the strategy to develop promising branches such as made-up products, tourism, wood, fruit and vegetables, etc., will be implemented to encourage the integration of young people from vocational training establishments.

5.6. **Migration from the informal to the formal sector.** The strategy mainly involves helping the players in the informal sector to organize their activities in very small enterprises (VSEs) by means of: (i) flexible tax regulations; (ii) facilitation of administrative registration, including social security; (iii) training aimed at helping these players to keep better track of their activities through light bookkeeping; and (iv) start-up assistance and aid with financing.

5.7. **Establishment of a general incentive framework.** The strategy adopted in order to enable the private sector to play its economic part in terms of job creation consists of two components: (i) reactivation of the tripartite framework for cooperation between the economic departments, the various private sector players and civil society, in order to review and remove the obstacles to job creation; and (ii) implementation of a series of incentive measures to facilitate job creation.

5.8. **Implementation of the strategy of promoting HIMO approaches.** Four (4) components have been identified: (i) development of an institutional policy environment that favours HIMO approaches; (ii) capacity building for the players involved; (iii) promotion of the application of HIMO approaches in public investment; and (iv) improved knowledge of HIMO approaches. In particular, in the BPW sector, the strategy calls for the use of HIMO approaches in, for example, rural road maintenance and civil engineering.

5.2 Job matching

5.9. The strategy is based on augmenting and diversifying the training supply by: (i) improving and standardizing training benchmarks with the creation of about 30 training benchmarks a year; (ii) diversifying training methods and pathways with account for the growth sectors; (iii) reducing disparities in access (geographical areas, gender, specific groups) through the reform and in-depth restructuring of the chart of public vocational training institutions; and (iv) developing training for trainers by establishing a skills development centre. The second pillar of the job matching strategy will consist in optimizing the internal and external efficiency of the training system. The Government is also counting on improving the management of the vocational training system, in particular by seeking the participation of trade associations and businesses.

5.3 Improving the efficiency of the employment market

5.10. The aim is to make the employment market transparent and to succeed in finding employment for the largest possible number of job seekers. This will require: (i) getting increasing numbers of enterprises to express their human resource requirements in a more articulated way and through formal channels, in order to maximize their chances of finding the required profiles on the market; (ii) helping job seekers to define their career plan and thus increase their chances of finding a job quickly; and (iii) ensuring the good communication of employment market trends and developments and keeping the players well informed. The strengthening of the formal placement channels will involve the intensification of the business survey campaigns organized by the National Employment Fund (FNE) and other bodies and rigorous monitoring of the placements made. Incentives and, if necessary, binding arrangements should be put in place to get businesses to give priority to making their labour requirements known to the public and approved private services responsible for assisting jobseekers. With regard to jobseeker reception and support, one of the first priorities is to build reception and vocational guidance capacity through cooperation between the FNE and other public bodies, so as to create employment agencies in every department in the country and staff them with qualified personnel. Finally, a mechanism for the implementation and monitoring/evaluation of the employment strategy will be set up at both strategic and operational levels.

6 GOVERNANCE AND STRATEGIC MANAGEMENT OF THE STATE

6.1 Governance and the rule of law

6.1. Two major objectives are being pursued within the context of governance and the rule of law: (i) a universal guarantee of greater respect for individual rights and civil liberties; and (ii) strengthening of the management of public affairs. To achieve these objectives, the authorities are intending to follow four courses of action, namely: (a) strengthening the rule of law and the safety of persons and property; (b) improving the business environment; (c) intensifying the campaign against corruption and embezzlement; and (d) improving the citizen's knowledge and oversight of the management of public affairs.

6.2. **Strengthening of the rule of law and the safety of persons and property.** In order to improve the socio-political environment and re-establish confidence and calm among citizens and investors, Cameroon is working to:

- improve the electoral system, with the development of a biometric electoral register;
- improve access to and the quality of the justice service;
- strengthen the national system for the promotion and protection of human rights;
- reinforce the maintenance of order and security on the borders.

6.3. **Improvement of the business environment.** Where the framework for business is concerned, Government action is directed, in particular, towards better follow-up and further development of the dialogue on the business climate with the private sector, continued harmonization of the legal framework with OHADA law, and the implementation of the Investment Charter and the new Law on the Incentives Code.

6.4. **A significant reduction in corruption.** The Government is intensifying its action to combat the phenomenon by strengthening the anti-corruption machinery, with the effective involvement of the executive, the legislature and the judiciary.

6.5. **Improved access to information for the citizen.** The authorities are concentrating on: (i) strengthening participatory oversight of the management of public affairs, (ii) systematically disseminating information about public initiatives, particularly development projects and follow-up/evaluation and audit reports, and (iii) increasing the number of rural community radio stations.

6.2 Strategic management of the State

6.6. **Expansion of the decentralization process.** In addition to the effective establishment of the regions, the Government intends to complete, as quickly as possible, the process of transferring powers and resources to the Decentralized Local Authorities (CTD), build the capacity of the elected members and technical staff of the CTD to create a genuine local civil service and administration in charge of decentralization, and strengthen the economic role of the CTD. In particular, planning, a function allocated by law to the regions and communes, will be promoted by the systematic introduction of development plans for the communes and the regions, plans which will provide a framework for dialogue, for ensuring consistency and for receiving central State support for regional and local development.

6.7. **Continued modernization of the public services.** Cameroon is continuing to modernize the public services so as to turn them into a tool for development, specifically by improving the institutional framework, administrative management and governance. Here, the stress is on capacity building in the areas of strategic planning (sectoral strategies and medium-term expenditure framework (CDMT)), local development plans, project cycle management, regulation of the economy and management of the public finances. The new public finances regime with the programme budget came into operation in financial year 2013.

6.8. **Management of the State's human resources**. Control of staff levels in the civil service and the public sector wage bill, to reduce costs and improve performance, remains an objective yet to be achieved considering the action that still needs to be taken in this field. In this connection, the authorities are continuing with their ongoing and planned initiatives aimed at modernizing the civil service and making it more efficient by improving the institutional framework, smartening up the administrative management procedures and promoting good governance.

6.9. **Protection of the national economic space.** In response to the phenomena associated with illicit trade, which are impeding the development of the national production system, the authorities intend, within the framework of this strategy, to reinforce the machinery for combating fraud, smuggling and large-scale international trafficking, with the triple objective of facilitation, safety and quality standard control.

7 MACROECONOMIC AND BUDGETARY PLANNING

7.1. Macroeconomic and budgetary planning makes it possible to analyse the implications, expressed in figures, of the policies adopted in the DSCE concerning: (i) the global growth profile, together with sectoral contributions, investment levels, and the financing of the economy as a whole; (ii) the public expenditure profile associated with the allocation of budgetary resources to the sectors to finance the priority programmes identified; and (iii) the prospects for job creation and poverty reduction. This analysis consists of three stages: (i) the simulation of a frame of reference; (ii) the simulation of a more "proactive" variant based on the vision of making Cameroon an emerging country by 2035; and (iii) a risk analysis.

7.2. Simulation of a frame of reference. Under the reference scenario, the annual rate of growth of non-petroleum GDP should reach an annual average of 5.7% between 2010 and 2020 as compared with 4% in the course of the last ten years, i.e. show a gain of more than 1.7 points per annum. The primary sector should grow by an annual average of 5% over the period 2010-2020 with a peak of 5.5% in 2015.

7.3. Food-producing agriculture in the main driver of this growth and alone accounts for 70% of sector GDP. The contribution of the secondary sector would be steady over the period 2010-2020 with average annual growth of 5.2%, mainly due to the implementation of the large-scale energy projects and the revival of activity in the building and public works sector, which in the medium term will give fresh impetus to manufacturing. The tertiary sector will be energized by the increased activity in the other sectors. The improvements in highway and port infrastructure will boost transport activity. The introduction of fibre-optic cables will have a similar effect on telecommunications.

7.4. Thus, it is anticipated that this sector will grow at an annual average rate of 6% between 2010 and 2020, as compared with 5.5% during the last ten years.

7.5. Economic growth will continue to be sustained by domestic demand. At the same time, public and private consumption will remain strong over the period, private consumption as a percentage of GDP being estimated at 70.1% in 2020. Where foreign trade is concerned, the decline in oil production contributed to the slowdown in exports up until 2010, but this trend should be offset by the prospect of new fields coming into production and increased production of the main export crops thanks to the good performances expected in industrial and export agriculture. In volume terms, it is forecast that imports will progress by 6.2% over the period 2010-2020 due to the implementation of the large-scale infrastructure projects. There is likely to be a deterioration in the balance of trade over the period as a consequence of the importation of capital goods. Inflation will be maintained at a level below 3%, which is one of the multilateral surveillance criteria that Cameroon is required to meet.

8 CONCLUSION

8.1. Today, trade policy is an important aspect of Cameroon's economic policy, as set out in both the Vision of Development for the period up to 2035 and the Growth and Employment Strategy Paper (DSCE).

ANNEXES

Table 1 Trade balance, 2007-2012

(Quantities in tonnes and values in CFAF million)

Item	Jan.-Dec. 2007		Jan.-Dec. 2008		Jan.-Dec. 2009	
	Q	V	Q	V	Q	V
Exports	**7,102,036**	**2,017,270**	**6,763,420**	**2,358,594**	**6,330,883**	**1,667,119**
Exports, excluding oil	3,029,697	1,139,413	2,832,028	1,243,522	2,553,487	980,676
Crude oil	4,072,339	877,857	3,931,392	1,115,072	3,777,396	686,444
Hydrocarbon	5,093,694	1,177,630	4,776,646	1,402,754	4,559,259	856,158
Imports	**4,987,723**	**2,229,290**	**5,831,830**	**2,563,718**	**5,296,105**	**2,086,751**
Imports, excluding oil	3,566,117	1,542,035	3,918,199	1,893,092	3,960,913	1,779,926
Crude oil	1,421,606	687,255	1,913,631	670,626	1,335,193	306,825
Hydrocarbon	1,627,136	742,127	2,076,330	729,923	1,590,124	369,846
Trade balance		**-212,020**		**-205,124**		**-419,632**
Trade balance, excl. oil						
Coverage in %		**0.9**		**0.9**		**0.8**
Coverage excluding oil, in %						

Item	Jan.-Dec. 2010		Jan.-Dec. 2011		Jan.-Dec. 2012	
	Q	V	Q	V	Q	V
Exports	**5,789,110**	**1,924,213**	**5,554,356**	**2,133,608**	**5,751,766**	**2,340,784**
Exports, excluding oil	2,801,193	1,225,851	2,856,004	1,372,369	2,594,662	1,243,681
Crude oil	2,987,917	698,362	2,698,352	761,239	3,157,104	1,097,104
Hydrocarbon	3,804,907	949,386	3,584,381	1,111,390	3,778,208	1,371,954
Imports	**6,040,230**	**2,502,962**	**7,071,726**	**3,209,779**	**7,129,169**	**3,325,168**
Imports, excluding oil	4,338,167	1,989,741	5,208,006	2,445,330	5,661,146	2,661,211
Crude oil	1,702,064	513,222	1,863,720	764,449	1,468,022	663,957
Hydrocarburon	2,097,032	662,490	2,024,974	835,972	2,168,384	1,009,430
Trade balance		**-578,749**		**-1,076,171**		**-984,383**
Trade balance, excl. oil						
Coverage in %		**0.8**		**0.7**		**0.7**
Coverage excluding oil, in %						

Table 2 Principal customers of Cameroon

Rank	2007			2008		
		Value	Share		Value	Share
1	Italy	373,934	18.5%	Spain	447,180	18.9%
2	Spain	362,409	18.0%	Italy	314,475	13.3%
3	France	352,053	17.4%	United States	288,368	12.2%
4	United States	106,423	5.3%	China	209,140	8.9%
5	Netherlands	99,480	4.9%	Netherlands	180,978	7.7%
6	Equatorial Guinea	60,921	3.0%	France	145,044	6.1%
7	India	57,673	2.9%	Gabon	102,534	4.3%
8	Not specified	52,862	2.6%	Other Asian countries, n.e.s.	81,101	3.4%
9	Democratic Republic of the Congo (DRC)	48,633	2.4%	Chad	64,906	2.8%
10	Nigeria	47,143	2.3%	India	40,151	1.7%
	Total countries listed	1,561,530	77.4%	Total countries listed	1,873,878	79.4%
	Grand total	**2,018,553**	**100.0%**	**Grand total**	**2,359,987**	**100.0%**

Rank	2009			2010		
		Value	Share		Value	Share
1	Other Europe, n.e.s.	296,756	17.8%	Spain	353,516	18.4%
2	Netherlands	251,446	15.1%	Netherlands	260,017	13.5%
3	Spain	141,983	8.5%	Italy	185,590	9.6%
4	Italy	141,152	8.5%	China	162,619	8.5%
5	China	137,186	8.2%	United States	134,205	7.0%
6	France	110,972	6.6%	France	118,939	6.2%
7	United States	70,445	4.2%	Chad	93,251	4.8%
8	Chad	66,789	4.0%	India	68,261	3.5%
9	India	42,718	2.6%	Gibraltar	55,007	2.9%
10	Belgium-Luxembourg	32,657	2.0%	Uruguay	38,816	2.0%
	Total countries listed	**1,292,105**	**77.4%**	**Total countries listed**	**1,470,220**	**76.4%**
	Grand total	**1,668,982**	**100.0%**	**Grand total**	**1,923,872**	**100.0%**

Rank	2011		
		Value	Share
1	Spain	313,250	14.7%
2	Netherlands	214,501	10.1%
3	China	192,406	9.0%
4	France	171,772	8.1%
5	Italy	158,786	7.4%
6	United States	129,102	6.1%
7	India	103,913	4.9%
8	Chad	81,700	3.8%
9	Democratic Republic of the Congo (DRC)	79,671	3.7%
10	Portugal	77,668	3.6%
	Total countries listed	**1,522,768**	**71.4%**
	Grand total	**2,133,608**	**100.0%**

Table 2 Principal suppliers of Cameroon

Rank	2007			2008		
		Value	Share		Value	Share
1	Nigeria	723,865	32.5%	Nigeria	461,701	18.0%
2	France	411,523	18.5%	France	365,846	14.3%
3	China	348,192	15.6%	China	271,079	10.6%
4	Germany	109,473	4.9%	Germany	95,046	3.7%
5	United States	109,383	4.9%	Côte-d'Ivoire	82,354	3.2%
6	Italy	93,954	4.2%	Japan	77,002	3.0%
7	Thailand	92,092	4.1%	Thailand	76,530	3.0%
8	Belgium-Luxembourg	84,385	3.8%	Belgium-Luxembourg	76,117	3.0%
9	India	83,664	3.8%	United States	72,449	2.8%
10	Japan	80,863	3.6%	India	64,599	2.5%
	Total countries listed	**2,137,393**	**95.9%**	**Total countries listed**	**1,642,723**	**64.1%**
	Grand total	**2,229,452**	**100.0%**	**Grand total**	**2,563,731**	**100.0%**

Rank	2009			2010		
		Value	Share		Value	Share
1	France	326,055	15.6%	Nigeria	476,714	19.0%
2	Nigeria	255,112	12.2%	France	371,781	14.9%
3	China	207,678	10.0%	Equatorial Guinea	204,185	8.2%
4	Belgium-Luxembourg	82,582	4.0%	China	179,425	7.2%
5	Germany	82,314	3.9%	United States	120,027	4.8%
6	Thailand	79,863	3.8%	Netherlands	106,079	4.2%
7	United States	70,138	3.4%	Germany	85,410	3.4%
8	Japan	64,908	3.1%	Belgium-Luxembourg	76,388	3.1%
9	Equatorial Guinea	59,852	2.9%	Brazil	75,432	3.0%
10	Italy	54,353	2.6%	Thailand	69,698	2.8%
	Total countries listed	**1,282,854**	**61.5%**	**Total countries listed**	**1,765,139**	**70.5%**
	Grand total	**2,086,691**	**100.0%**	**Grand total**	**2,502,962**	**100.0%**

Rank		2011	
		Value	**Share**
1	Spain	313,250	14.7%
2	Netherlands	214,501	10.1%
3	China	192,406	9.0%
4	France	171,772	8.1%
5	Italy	158,786	7.4%
6	United States	129,102	6.1%
7	India	103,913	4.9%
8	Chad	81,700	3.8%
9	Democratic Republic of the Congo (DRC)	79,671	3.7%
10	Portugal	77,668	3.6%
	Total countries listed	**1,522,768**	**71.4%**
	Grand total	**2,133,608**	**100.0%**

Table 3 Principal exports

HS4	Description	2007	
		Value	**Share**
27.09	Petroleum oils, crude	877,837	43.5%
27.10	Fuels and lubricants	301,076	14.9%
44.07	Sawn wood	169,290	8.4%
18.01	Cocoa beans, raw	102,929	5.1%
76.01	Aluminium, unwrought	78,718	3.9%
52.01	Cotton, raw	50,858	2.5%
09.01	Coffee	41,237	2.0%
44.03	Wood in the rough (logs)	34,420	1.7%
44.08	Veneer sheets	30,754	1.5%
84.79	Machines and mechanical appliances	29,812	1.5%
	Total countries listed	**1,716,932**	**85.1%**
	Grand total	**2,018,553**	**100.0%**

HS4	Description	2008	
		Value	**Share**
27.09	Petroleum oils, crude	686,357	41.1%
18.01	Cocoa beans, raw	255,012	15.3%
27.10	Fuels and lubricants	171,658	10.3%
44.07	Sawn wood	99,821	6.0%
44.03	Wood in the rough (logs)	45,184	2.7%
52.01	Cotton, raw	42,175	2.5%
08.03	Bananas, including plantains	33,487	2.0%
76.01	Aluminium, unwrought	32,146	1.9%
40.01	Rubber, raw	26,707	1.6%
09.01	Coffee	24,661	1.5%
	Total countries listed	**1,417,209**	**84.9%**
	Grand total	**1,668,982**	**100.0%**

HS4	Description	2009	
		Value	**Share**
27.09	Petroleum oils, crude	761,239	35.7%
27.10	Fuels and lubricants	345,922	16.2%
18.01	Cocoa beans, raw	241,596	11.3%
44.07	Sawn wood	135,922	6.4%
44.03	Wood in the rough (logs)	66,826	3.1%
40.01	Rubber, raw	61,901	2.9%
52.01	Cotton, raw	53,742	2.5%
76.01	Aluminium, unwrought	44,515	2.1%
08.03	Bananas, including plantains	41,828	2.0%
09.01	Coffee	34,321	1.6%
	Total countries listed	**1,787,811**	**83.8%**
	Grand total	**2,133,608**	**100.0%**

HS4	Description	2010	
		Value	**Share**
27.09	Petroleum oils, crude	1,115,121	47.3%
27.10	Fuels and lubricants	289,028	12.2%
18.01	Cocoa beans, raw	180,158	7.6%
44.07	Sawn wood	170,205	7.2%
76.01	Aluminium, unwrought	74,301	3.1%
89.05	Vessels	72,258	3.1%
44.03	Wood in the rough (logs)	64,014	2.7%
08.03	Bananas, including plantains	36,631	1.6%
44.08	Veneer sheets	29,964	1.3%
09.01	Coffee	29,904	1.3%
	Total countries listed	**2,061,584**	**87.4%**
	Grand total	**2,359,987**	**100.0%**

HS4	Description	2011	
		Value	**Share**
27.09	Petroleum oils, crude	698,363	36.3%
18.01	Cocoa beans, raw	301,410	15.7%
27.10	Fuels and lubricants	247,006	12.8%
44.07	Sawn wood	123,044	6.4%
44.03	Wood in the rough (logs)	71,227	3.7%
76.01	Aluminium, unwrought	48,437	2.5%
40.01	Rubber, raw	47,155	2.5%
08.03	Bananas, including plantains	40,520	2.1%
52.01	Cotton, raw	40,117	2.1%
09.01	Coffee	32,976	1.7%
	Total countries listed	**1,650,254**	**85.8%**
	Grand total	**1,923,872**	**100.0%**

HS4	Description	2012	
		Value	**Share**
27.09	Petroleum oils, crude	1,097,104	46.9%
27.10	Fuels and lubricants	269,308	11.5%
18.01	Cocoa beans, raw	201,567	8.6%
44.07	Sawn wood	142,823	6.1%
52.01	Cotton, raw	73,365	3.1%
44.03	Wood in the rough (logs)	62,190	2.7%
40.01	Rubber, raw	62,039	2.7%
09.01	Coffee	44,565	1.9%
08.03	Bananas, including plantains	38,190	1.6%
76.01	Aluminium, unwrought	26,871	1.1%
	Total countries listed	**2,018,022**	**86.2%**
	Grand total	**2,340,784**	**100.0%**

Table 4 Principal imports

HS4	Description	2007	
		Value	**Share**
27.09	Petroleum oils, crude	687,417	30.8%
10.06	Rice	87,809	3.9%
03.03	Fish, frozen	59,598	2.7%
30.04	Medicaments	52,605	2.4%
28.18	Aluminium oxide	45,581	2.0%
87.04	Motor vehicles for the transport of goods	44,523	2.0%
87.03	Motor cars	40,853	1.8%
25.23	Clinkers Portland cement, other than white	37,587	1.7%
10.01	Wheat and meslin	35,101	1.6%
73.04	Tubes, pipes and hollow profiles, or iron or steel	28,704	1.3%
	Total countries listed	**1,119,776**	**50.2%**
	Grand total	**2,229,452**	**100.0%**

HS4	Description	2008	
		Value	Share
27.09	Petroleum oils, crude	670,639	26.2%
10.06	Rice	113,061	4.4%
89.05	Vessels	105,956	4.1%
10.01	Wheat, other than for seed	85,170	3.3%
03.03	Fish, frozen	78,377	3.1%
30.04	Medicaments	52,460	2.0%
87.03	Motor cars	50,685	2.0%
28.18	Aluminium oxide	48,740	1.9%
25.23	Clinkers and Portland cement, other than white	45,084	1.8%
87.04	Motor vehicles for the transport of goods	41,272	1.6%
	Total countries listed	**1,291,446**	**50.4%**
	Grand total	**2,563,731**	**100.0%**

HS4	Description	2009	
		Value	Share
27.09	Petroleum oils, crude	306,764	14.7%
10.06	Rice	118,582	5.7%
03.03	Fish, frozen	112,765	5.4%
30.04	Medicaments	61,445	2.9%
10.01	Wheat, other than for seed	58,252	2.8%
25.23	Clinkers and Portland cement, other than white	55,064	2.6%
87.03	Motor cars	54,411	2.6%
87.04	Motor vehicles for the transport of goods	42,285	2.0%
63.09	Worn clothing	32,816	1.6%
27.10	Fuels and lubricants	31,436	1.5%
	Total countries listed	**873,820**	**41.9%**
	Grand total	**2,086,691**	**100.0%**

HS4	Description	2010	
		Value	Share
27.09	Petroleum oils, crude	513,222	20.5%
27.10	Fuels and lubricants	110,550	4.4%
10.06	Rice	96,730	3.9%
03.03	Fish, frozen	93,017	3.7%
30.04	Medicaments	72,324	2.9%
87.03	Motor cars	64,372	2.6%
10.01	Wheat, other than for seed	61,060	2.4%
25.23	Clinkers and Portland cement, other than white	60,124	2.4%
87.04	Motor vehicles for the transport of goods	59,286	2.4%
63.09	Worn clothing	32,730	1.3%
	Total countries listed	**1,163,414**	**46.5%**
	Grand total	**2,502,962**	**100.0%**

HS4	Description	2011	
		Value	Share
27.09	Petroleum oils, crude	764,449	23.8%
03.03	Fish, frozen	148,013	4.6%
10.06	Rice	134,955	4.2%
30.04	Pharmaceutical products	88,838	2.8%
10.01	Wheat, other than for seed	84,375	2.6%
87.03	Motor cars	73,987	2.3%
87.04	Motor vehicles for the transport of goods	71,224	2.2%
25.23	Clinkers and Portland cement, other than white	60,331	1.9%
85.02	Electric generating sets and rotary converters	53,734	1.7%
84.31	Parts for use with machinery	38,591	1.2%
	Total countries listed	1,518,496	47.3%
	Grand total	3,209,779	100.0%
27.09	Petroleum oils, crude	663,957	20.0%
27.10	Fuels and lubricants	288,369	8.7%
10.06	Rice	156,613	4.7%
03.03	Fish, frozen	122,171	3.7%
10.01	Other wheat and meslin	99,573	3.0%
30.04	Medicaments	92,222	2.8%
25.23	Clinkers and Portland cement, other than white	87,824	2.6%

HS4	Description	2011	
		Value	**Share**
73	Articles of iron or steel	83,674	2.5%
39	Plastics	78,247	2.4%
87.03	Motor cars	75,060	2.3%
	Total countries listed	**1,747,710**	**52.6%**
	Grand total	**3,325,168**	**100.0%**

REPORT OF THE CONGO

1 INTRODUCTION

1.1. The Congo's first Trade Policy Review took place in September 2006, at the time when it was holding HIPC negotiations with the World Bank and the IMF. It was the occasion for an in-depth appraisal of the economic strategies and management mechanisms established in the wake of the socio-political conflicts the country had experienced from 1997 to 1999.

1.2. The recommendations stemming from that first Review were put to use in the preparation of the National Development Plan 2008-2011, with the adoption of a range of structural reforms aimed in particular at improving political, economic, legal and administrative governance as well as the business climate.

1.3. Implementation of these reforms brought about a qualitative transformation of the management of various economic sectors. Overall the Congo has made remarkable economic and social progress. Its annual growth rate averaged 7% in 2008-2011, leading the World Bank to classify it as one of the best performing economies of sub-Saharan Africa.

1.4. Notwithstanding these encouraging results, many challenges remain for the Congolese economy to enjoy steady and sustainable economic growth. The fundamental goal naturally remains a general improvement in living conditions and hence poverty reduction.

1.5. With regard more specifically to trade, the non-oil trade balance and low level of foreign direct investment remain central concerns. The Congo is well aware of the importance of trade policy as a key component of national economic policy, and for some years has therefore been engaged in an irreversible process of liberalization and opening up to the rest of the world. The Government intends to pursue: (i) the elimination of non-tariff trade barriers; (ii) the streamlining of foreign trade procedures; and (iii) the introduction of a more business and investment-friendly environment. This second Trade Policy Review will thus provide an opportunity to highlight not only the economy's potential but also the additional reforms which the Government proposes to carry out with the aim of improving the business climate.

2 MAIN FEATURES OF THE ECONOMY

2.1 Economic growth

2.1. In 2008-2011 the Congolese economy averaged a growth rate of about 7% annually, fuelled by both the oil sector (9.6%) and the non-oil sector (4% in 2009, 6.4% in 2010 and 8% in 2011).

2.2. The non-oil sector growth was driven by telecommunications (10%), agriculture (7.3%), manufacturing (7%), and transport and trade (6%). This sustained performance stemmed from the structural reforms undertaken together with the efforts to strengthen economic infrastructure.

2.3. GDP per capita reached US$1,581.5 in 2011.

2.4. These successes were acknowledged by the international financial community and enabled the Congo to reach the completion point of the HIPC Initiative in January 2010, which led, among other benefits, to substantial external debt relief (over CFAF 3 billion, or about 32.4% of GDP).

2.5. The encouraging performance of the oil sector and the upturn and development of the non-oil sector augur well for sustained growth in the coming years.

2.2 Inflation

2.6. Inflation has been brought under control relatively well and structural trends are encouraging. After the surge caused by soaring world food and oil prices in 2008 (6.3%), inflation eased appreciably in 2009 (4.7%) before stabilizing at around 4% between 2010 and 2011. Nevertheless it remains above the Community norm (3% in 2011).

2.7. Three factors together account for this fall in inflation: (i) the imported component of inflation declined in 2010 and 2011, with a slower rise in food and petroleum product prices; (ii) the structural component (factor and transaction costs) also weakened through the combined effects of structural reforms and the programme of infrastructure improvement; and (iii) the monetary component was controlled thanks to Community monetary policy and the Government's prudent fiscal policy.

2.3 Employment

2.8. The upwards trend in economic growth in 2008-2011 had a positive impact on employment. Nevertheless, youth unemployment (under 29 years of age), with a high rate of about 40%, remains a central concern for the Government.

2.9. Agriculture and forestry employ a high proportion of the population (37.8%), followed by trade (23.1%) and services (10.9%).

2.10. Surveys show that jobs are generally precarious or concentrated more heavily in low-income sectors. Less people are employed in sectors where jobs are more stable and relatively better paid, such as the civil service (11.4%), SMEs (7.7%), and large private enterprises (4.8%). Petroleum, mining and quarrying, where the best paid private-sector jobs are to be found, are the industries employing the fewest Congolese workers (0.9%).

2.4 Trade balance

2.11. Trade is certainly one of the main engines of Congolese growth. Thus, foreign trade represented 138.6% of GDP over the last five years, reflecting the high degree of openness of the economy. This is also substantiated by the appreciable rise in the share of exports of goods and services in nominal GDP, which now stands at almost 80%.

2.12. The Congo has had a large, structural surplus in its trade balance for a number of years.

2.13. Like the country's production structure, foreign trade is heavily based on hydrocarbons (especially crude oil), which accounts for the trade surplus and a very comfortable import coverage ratio. The ensuing foreign exchange inflows enabled the country to ride the international economic crisis and pursue its public investment programmes, in particular in infrastructure projects.

2.5 Budgetary situation

2.14. Public finance data for the period 2008-2011 indicate a clear improvement in the main budget indicators. The share of non-oil revenue increased from 22.5% to 27.4% of non-oil GDP from 2008-2011. This led to the stabilization and even improvement of the overall balance, which moved from a deficit of 4.1% of GDP in 2008 to a surplus of 15.9% in 2011.

2.15. Debt has declined considerably thanks to the achievement of the HIPC completion point in January 2010. It fell from 65.5% of GDP in 2008 to 23% of GDP in 2011, with debt servicing down from 5.2% of exports in 2008 to 3.4% in 2010.

2.16. Fiscal policy has aimed at restoring financial balance by emphasizing better non-oil revenue collection while slowing the growth rate of current spending. This policy has enabled the Government to raise investment spending while continuing to save the bulk of oil revenue in the interests of financial stabilization.

2.6 Public investment

2.17. For some years the Congo has been carrying out structural projects aimed at creating a virtuous leverage effect for the national economy. There has thus been a significant increase in the rate of public investment, to about 16.5% in 2011 compared with an average of 11% for the previous five years.

2.6.1 Transport

2.18. The Government has undertaken an extensive infrastructure improvement programme in the road, rail, air and maritime transport sectors.

2.6.1.1 Road transport

2.19. Since the previous Trade Policy Review, the Congolese Government has multiplied and strengthened programmes for asphalting and rehabilitating the road network, with encouraging results. Several asphalting programmes are currently underway (about 1,500 km).

2.20. Despite these efforts, major challenges remain for the modernization of the road network as a whole, bearing in mind in particular: (i) the scale of the deterioration of the existing network; (ii) the inefficiency of road maintenance services; and (iii) the institutional weaknesses of the vehicle inspection services.

2.6.1.2 Maritime transport

2.21. A large-scale investment programme has been devoted to the Pointe-Noire deep water port with a view to strengthening its capacity in terms of storage, ship loading and unloading and other port facilities. The major rehabilitation work underway will improve the port's capability and competitiveness and enable it to become a regional hub.

2.6.1.3 Rail transport

2.22. The Government has made a great effort to strengthen rail infrastructure. The CFCO rehabilitation and equipment programme launched in 2007 is continuing with tangible results. However, the irregular nature of rail traffic and the level of service delivery are not yet such as to ensure optimal exploitation conditions.

2.6.1.4 Air transport

2.23. The Congo has made significant progress in airport construction and modernization throughout the country.

2.24. Thanks to major modernization and extension investment, the international airports of Brazzaville and Pointe-Noire have become real regional hubs. New airports have also been opened, including the international airport of Ollombo and the secondary airports of Ouesso, Dolisie, Impfondo, Owando and Ewo.

2.25. The strengthening of airport infrastructure has gone hand in hand with the overhauling of their operation, and concessions have been awarded for running the international airports of Brazzaville, Pointe-Noire and Ollombo.

2.26. Despite this progress, there are still major challenges to be tackled in order to make the most of the installed capacity. The economic and social impact of this infrastructure should soon be optimized by the creation of special economic zones and industrial and tourism zones in the surrounding areas.

2.6.1.5 River transport

2.27. The Government has made efforts in this area, in particular with the construction of Lékéty port and the rehabilitation of some secondary ports, as well as the improvement of the navigability of inland waterways.

2.28. However, these efforts have not been accompanied by better organization of traffic, in particular in the port of Brazzaville, where formalities for arriving travellers remain relatively time-consuming (about 45 minutes on average compared with an international standard of ten minutes). Navigability problems in some affluents of the Congo River continue to lead to the diversion of some goods transport.

2.6.2 Energy and water

2.29. The Congo has vast hydroelectric potential (estimated at about 14,000 MW), but this potential is as yet insufficiently exploited (about 700 MW). Given the shortage of electric power, over recent years the Government has invested heavily in this sector through a number of programmes to strengthen generation, transport and distribution capacity. These efforts include the construction of the Imboulou hydroelectric power plant (120 MW), the Ndjeno gas turbine plant (50 MW) and that of Côte Matève (300 MW), the rehabilitation of transport lines and their transformer substations, rehabilitation of the electricity distribution networks of Brazzaville and Pointe-Noire, and the intensification of rural electrification based on the Imboulou power plant.

2.6.3 Telecommunications and new technologies

2.30. The telecommunications sector has grown strongly and steadily every year. The interest of foreign operators in the Congolese telecommunications market stems from the liberal policy adopted by the Government. Today four operators share the Congolese telecommunications market under the supervision of the postal services and electronic communications regulatory authority (ARPCE).

2.31. Like the mobile telephony operators, the Government has made major investments in heavy infrastructure. Capacity has consequently increased, with a national coverage rate of 90% (100% in urban areas and 72% in rural areas), soaring subscriber rates and communication costs that are among the lowest in all sub-Saharan Africa.

2.32. Unlike mobile telephony, however, access to ICTs remains confined to a small sector of the population owing to the excessive cost of services and supplies.

3 TRADE POLICY ASPECTS

3.1. The Government's trade policy is based on the following pillars:

- Promotion of domestic trade activities;
- Compliance with the rules of competition and the other provisions of trade regulations;
- Promotion of the Congo's exports;
- Guaranteeing regular supply of the domestic market; and
- Support for economic operators in the trade sector.

3.2. It is continuing with its trade policy reforms in order to create the necessary conditions for the development of Congolese trade.

3.3. The current regulatory framework is as follows:

3.1 Access to the profession of trader

3.4. Commercial activity in the Congo is open to any Congolese or foreign national who meets the conditions laid down by OHADA law and domestic regulations.

3.5. There is a single window for carrying out the necessary formalities, representing all the administrative services concerned.

3.2 Regulation of imports and exports

3.6. Imports and exports are governed by Law No. 3-2007 of 24 January 2007. The law abolished import licensing and established an import or export declaration system for everyday consumer goods together with a special authorization regime for imports or exports of goods covered by special rules (quotas etc.).

3.7. Imports and exports are subject to preshipment inspection by inspection companies as well as various other national control measures.

3.3 Prices and competition

3.8. Consumer prices of goods and services of all kinds are subject to the general regime of free pricing.

3.9. Special rules, however, particularly as regards approval and taxation, apply in the case of essential goods in order to combat speculation.

3.10. A competition law is being drafted to ensure the consistency of domestic legislation with the WTO principles of transparency and non-discrimination.

3.11. A consumer protection law is also being drafted.

3.4 Regional trade agreements

3.12. The Congo's trade policy takes into account the country's commitments in the framework of subregional and regional integration. Thus, the treaties and other directives of the community institutions to which the Congo belongs complement domestic laws and regulations.

4 ONGOING REFORMS

4.1. Since its previous Trade Policy Review, the Congo has been fully committed to a reform policy aimed at improving the investment climate and providing a secure business framework, in line with the Government's determination to make the country a real regional investment and export platform. These reforms focus in particular on the following:

4.1 Legal and judicial governance

4.2. The Government's main goal in this area is to guarantee impartial, effective and diligent justice in the service of the population and of development. With this end in mind, the Government has taken steps to: (i) modernize justice; (ii) protect human rights; (iii) fight corruption and impunity; and (iv) effectively apply OHADA law.

4.3. This action has led in particular to: (i) the strengthening of the physical capacity of the judiciary; (ii) utilization of new information and communication technologies; (iii) training of judges and magistrates, civil servants and other judicial officers; and (iv) the review of legal texts.

4.4. In addition, in order to facilitate dispute settlement proceedings a good practice guide for judges is being drafted, and action is being taken to bring domestic legal texts into line with OHADA law. A draft Commercial Code is also being prepared.

4.5. An arbitration and mediation centre has also been set up.

4.2 Economic governance

4.6. In 2006-2011 the Congo took a number of steps to improve economic governance, in particular: (i) a new classification of budget expenditure in line with international rules and standards; (ii) two action plans dealing respectively with the improvement of public finance management (PAAGFP) and public investment (PAAGIP); (iii) a new government procurement code; (iv) a new government expenditure chain; and (v) a set of strategic planning and budgeting tools, including a medium-term expenditure framework (MTEF) and the integrated revenue and expenditure monitoring system (SISRD).

4.7. The Government has adopted a new State finance regime, including, in the context of programme budgeting, a results-based approach in line with the directives of the Central African Economic and Monetary Unity.

4.8. The Government has also improved governance of the oil sector through the quarterly certification of oil revenues and their transfer to the Treasury within 45 days of the removal date of oil cargos.

4.9. Furthermore, the Government has liberalized the financial sector by reforming the banking system and the insurance and reinsurance market.

4.3 Administrative governance

4.10. Despite the efforts that have been made, serious malfunctions continue to plague the efficiency of the public administration. These include in particular: (i) out-of-date texts governing civil service employees and their social security system; (ii) tasks, jobs and staffing levels that are not in line with the needs of the current government structure; (iii) difficulties in controlling the civil service wage bill; (iv) lack of an attractive remuneration policy; and (iv) an ageing civil service and an obsolescent career path system.

4.11. With a view to rebuilding the public administration in the interests of serving development and the public, the Government intends to modernize and resize it according to development needs. The major programmes that have been launched include: (i) reforming the legal framework of the civil service; (ii) human capacity building; (iii) reorganization of government services and development of results-based management tools; (iv) introduction of a remuneration system that contains performance incentives and boosts efficiency; and (v) introduction of a local government civil service.

4.4 Tax reform

4.12. Permanent adjustments were made in the tax system in the period 2006-2011 in order to turn it into an instrument that genuinely encourages investment and production.

4.13. Thus, the Government took steps to simplify and ease taxation, particularly through measures aimed at developing the private sector. For example, corporation tax was cut from 38% to 33% during this period, and a single payroll tax replaced the four previous taxes (flat-rate payroll tax, apprenticeship tax, national habitat fund tax, and employers' contribution to the National Employment and Manpower Office).

4.14. Four special economic zones will soon be set up in the country. The favourable tax regime for these zones is currently being drawn up.

4.15. The Government also launched tax reforms aimed at strengthening the public-private sector partnership through: (i) the introduction of service contracts or award of concessions for certain public services to the private sector; (ii) use of BOT (Build-Operate-Transfer) methods for infrastructure construction; (iii) establishment of joint private-public companies; and (iv) direct contributions by the general public for the financing of some sectors.

4.16. The Government has also taken measures to reduce the cost and time of cross-border transactions under the strategic plan for the Congolese customs over the period 2012-2016. In order to promote competition and reduce distortions, the Government eliminated special exemptions, and computerized procedures for the grant and management of exemption certificates. It also reviewed the customs privileges in government procurement contracts, agreements and other texts.

5 OUTLOOK

5.1 Business climate

5.1. In order to expand the production base, develop services and improve governance of the financial sector, the Government intends to step up its efforts through: (i) improving the supply of public services to support economic activity; (ii) improving the business climate; (iii) modernization of the management of public-sector enterprises and the administration; (iv) delegation of the supply of some public services to the private sector; and (v) piloting an integrated economic diversification strategy.

5.2. To this end, the main programmes and key measures aimed at easing the constraints impairing the business climate concern: (i) promotion of a competitive economic environment through the liberalization and regulation of markets; (ii) revitalizing the High Council for Public-Private Dialogue, creation of an investment promotion agency and a Subcontracting Exchange; and (iii) the strengthening of private-sector finance institutions with in particular the creation of the Promotion, Guarantee and Support Fund (FIGA) and other economic financing institutions.

5.3. With regard to the modernization of the customs, flagship measures include: (i) introduction of a single window for customs clearance (GUD) for integrated management of operations at the border, and optimization and streamlining of customs clearance procedures, paving the way for the introduction of a single window for cross-border operations (GUOT) whose parameters are currently being established; (ii) migration from the Sydonia ++ computer system to the Sydonia World version; (iii) introduction of a strict management system for electronic waybills; (iv) introduction of a genuine risk analysis system, including a laser scanner inspection system for containers; (v) implementation of a training policy geared to needs and better management of human resources; (vi) ratification of the revised Kyoto Convention; and (vii) implementation of a genuine partnership between the customs and the economic operators.

5.2 Infrastructure

5.4. With regard to transport, the Government plans: (i) to pursue and complete the projects it has already begun, including the rehabilitation of agricultural roads to facilitate access to major production areas; (ii) pay greater attention to maintenance and protection of the ensuing road network; (iii) take further measures to improve/expand the inter-urban network and also to accelerate the development of urban infrastructure; and (iv) undertake the construction of regional integration links. In addition to strengthening infrastructure - construction, rehabilitation and maintenance - the Government intends to pursue its programme of road transport facilitation and measures to ensure more fluid traffic flows. This will involve strengthening traffic regulations (rules, road signs and signals, etc.) and ensuring that they are applied strictly, as well as the liberalization of traffic by dismantling non-tariff barriers. The construction of bus stations, resting areas, service stations etc. also falls within this framework.

5.5. The Government intends to pursue the development of the merchant marine sector through: (i) the improvement of port infrastructure and installations; (ii) the acquisition of maritime navigation, security and safety equipment and facilities; and (iii) the implementation of a maritime transport facilitation policy.

5.6. The Government is also committed to enhancing the security of the railway network through: (i) the rehabilitation of track, stations and maintenance workshops; (ii) improvement of traction and transport equipment; (iii) replacement and expansion of staff; and (iv) revival of the CFCO privatization procedure, and in particular the award of a concession.

5.7. Lastly, the Government will pursue its air transport modernization programme through: (i) the development of airport facilities throughout the country; (ii) the strengthening of navigation systems and safety equipment and facilities; (iii) densification of the network of weather stations; and (iv) monitoring of the activities of air transport operators (travel agencies, tour operators, airline companies, etc.).

5.8. In order to tackle the many challenges in the energy sector and ensure sustainable socio-economic development, the Government has drawn up a new strategy including: (i) enhancement of electricity generation, transport and distribution capacities; (ii) intensification of rural electrification; (iii) reform of energy sector governance; and (iv) the development of renewable energy resources.

5.9. With regard to telecommunications and new technologies, the Government intends: (i) to strengthen the institutional and legal framework of the postal services and telecommunications sector; (ii) restore local postal services and develop fixed telephony;

(iii) develop and implement a flexible policy adapted to ICTs; (iv) strengthen information-producing bodies; and (v) improve national media coverage.

5.3 Sectoral level

5.10. The Congo is continuing efforts to boost a number of priority sectors in view of their impact on national economic development.

5.11. Thus, the Government has just adopted a National Development Plan (NDP) 2012-2016, which is a road map for leading the country to emergence.

5.12. In order to tackle the challenge of industrialization, the Government has a diversification and industrialization strategy based on seven clusters of activities with cross-cutting strategies in order to enhance sectoral competitiveness. The programme concerns: (i) agriculture and the agrifood chain; (ii) forestry and the wood industries; (iii) oil and hydrocarbons; (iv) mining; (v) buildings and building materials; (vi) tourism and hotel services; and (vii) financial services.

5.13. The Government intends to boost its industrial strategy through the establishment of Special Economic Zones (ZES) to boost investment, ensure local processing of products and increase exports. To this end it plans to develop the following sectors: (i) the food crop sector around urban centres; (ii) the export-oriented agriculture sector; (iii) the mining sector, particularly iron ore and other ores (polymetals, potash, magnesium, etc.); and lastly (iv) the petroleum and hydrocarbon sector.

5.4 Agriculture and agrifood chain

5.14. The Congo has over ten million hectares of arable land, over 90% of which are still unexploited. As it is situated on the Equator, the Congo is geographically well placed for year-round agricultural production. In addition, two major basins (Congo River and Kouilou-Niari basins) offer great fishery potential.

5.15. Despite all this potential, the agricultural sector remains very weak, although world markets offer a promising outlook for agricultural and fishery products. A number of factors together account for this situation, in particular: (i) the dominance of small family farms; (ii) lack of skilled manpower; (iii) limited use of non-production methods; (iv) lack of financial resources; and (v) rural exodus and ageing of the rural economically active population.

5.16. The Government has developed a multi-sectoral programme focusing on agriculture, in order to make the most of its potential and turn it into one of the engines for transforming the Congolese economy. The programme will have the following thrusts:

- Modernization of family agriculture;
- Development of industrial agriculture and aquaculture;
- Organization of production and distribution of inputs; and
- Land concessions for large-scale industrial farming.

5.17. This strategy is expected to yield major results in terms of agricultural GDP growth and poverty reduction by 2015.

5.4.1 Environment, forestry and wood industries

5.18. The forestry sector is the country's second sector, accounting for 5.6% of GDP, and 10% of foreign trade, as well as nearly 11,000 direct jobs and about 30,000 indirect jobs. Even so, the country is not yet extracting enough revenue from its forests, given the inadequate level of processing, its small share of the value chain and inappropriate taxation.

5.19. The strategy for this sector is set out in the "wood and forestry" plan, which aims at: (i) better forestry governance; (ii) generalization of sustainable forestry management; and (iii) introduction of a real industrial strategy focusing on the forestry cluster.

5.20. The main programmes comprise the following:

5.21. With regard to sustainable management and development of forestry and fauna resources: (i) development of production forests (9,519,690 ha); (ii) enhancement of the value-added of the wood industry (second and third degree processing); (iii) reforestation and regeneration of forest resources (1 million ha of plantations); and (iv) development of parks and protected areas (3,680,424 ha).

5.22. With regard to sustainable development: (i) strengthening the legal framework through the formulation of a sustainable development strategy; and (ii) setting up of a National Sustainable Development Commission.

5.23. With regard to environmental protection: (i) protection of the environment and conservation of biodiversity; and (ii) promulgation and dissemination of the law on the environment and management of wetland areas.

5.4.2 Petroleum and hydrocarbons

5.24. The Congo has large reserves of crude petroleum, which recent estimates place at about 2 billion barrels or the equivalent of 40 years of production at the current rate. In addition to the high quality of its crude, the Congo is also competitive in terms of exploration and exploitation costs, which could even improve as a result of the measures to reform the sector and major planned investments. This combination of high potential in terms of both capacity and competitiveness promises to make this a real flagship sector with a greater contribution to the financing of the government budget as well as to job creation.

5.25. The country also has gas reserves which are amply sufficient to cover the nation's needs (about 100 billion m^3), or the equivalent of 20 years of production at the current rate.

5.26. The Government will develop an ambitious three-pronged programme to enhance the economic value of the hydrocarbons industry, as follows:

a. increasing refinery capacity through the creation of a new refinery of more than 4 million tonnes/year in order to ensure regular supply of petroleum products throughout the country, while also promoting the petrochemical sector by setting up petrochemical processing plants.

b. better management of exploration-production through the implementation of the new legal and tax framework for the "downstream petroleum sector", with the adoption and implementation of a petroleum code and a gas code, and optimization of measures to combat pollution resulting from oil exploitation.

c. creation of a petroleum and gas engineering school and continuation of the programme to modernize and densify infrastructure in the Pointe-Noire area.

5.4.3 Mining

5.27. The Congo has large mining reserves which remain underexplored and underexploited. Mining is essentially non-industrial, although there was an industrial period in the past. Several projects to exploit potash, polymetals and iron ore could soon begin.

5.28. The Government intends to promote small-scale mining by the organization of the diamond and gold subsectors, and to encourage foreign investment and industrial development in the mining sector with a view to promoting exploration, production and local processing of minerals. It also intends to organize subcontracting activities through the creation of a subcontracting exchange.

5.29. With regard to infrastructure and other support services, the Government plans to: (i) strengthen basic infrastructure in order to facilitate access to exploitation areas (means of transport, energy and water supply); (ii) set up a mining institute in partnership with producers; (iii) implement the reforms aimed at enhancing institutional support and in particular implementation of the mining code adopted in 2005; (iv) protect the environment and take account of the interests of the population living in the vicinity of mining production areas, ensuring that the enterprises concerned comply with their social responsibilities; and (v) strengthening the protection of the country's mining assets by drawing up an inventory of the mining potential and a geological and mining map.

5.4.4 Buildings and construction materials

5.30. Implementation of the programme for strengthening infrastructure and the high growth of private housing construction offer opportunities for the development of the construction industry. However, a number of constraints affecting all components of the sector hinder the exploitation of this potential. These constraints are: (i) shortage of building firms; (ii) unreliable building quality; and (iii) organizational shortcomings, including as regards rules and standards.

5.31. Development of the "buildings and construction materials" cluster will be based on three strategic pillars, namely: (i) improvement of the performance of the building industry; (ii) development of human resources in the sector; and (iii) development of private-sector capacity and competitiveness.

5.32. Flagship measures include: (i) densification of the interurban network; (ii) further development of basic urban infrastructure and construction of social housing; (iii) organization of the real-estate sector through appropriate regulation; and (iv) promotion of local building materials, including wood.

5.4.5 Tourism and hotel industry

5.33. The Congo has natural assets for the development of its tourism industry, in particular ecotourism and leisure activities. However, the growth of the tourism sector is severely handicapped by major constraints, in particular: (i) the absence of a sectoral development strategy; (ii) inadequate hotel infrastructure; (iii) shortcomings of other infrastructure services, in particular transport, which raise access costs; (iv) low level of human resources and training institutions; and (v) lack of development and difficulty of access of tourism sites.

5.34. In order to increase the contribution of tourism to economic growth and poverty reduction, the Government has undertaken to launch a development programme focusing on: (i) strengthening of hotel infrastructure; (ii) implementation of various studies for the development of tourist sites and the necessary investment for this purpose; (iii) enhancement of human capacities in this sector, including training schools; and (iv) improvement of tourist facilitation and reception conditions at the border.

5.35. This programme will make it possible: (i) to develop and promote tourism; (ii) boost foreign exchange flows into the country; and (iii) also contribute to local and environmental development.

5.4.6 Financial services

5.36. With the restructuring of the financial sector, the banking sector has densified, with a relatively high level of deposits (46% of GDP), and is increasingly competitive. However, despite recent favourable developments, the financial system remains undiversified and heavily dominated by commercial banks, with a clear lack of: (i) business or investment banks; (ii) development banks; and (iii) specialized banks and financial establishments. The level of credit (15% of GDP) and the low rate of use of the banking system (about 3%) are still too weak.

5.37. In view of the foregoing, the Government has decided to set up a *Caisse de dépôts et consignations* (Official Deposits and Consignments Fund) to recycle savings collected by social security funds on a long-term basis to finance projects of public interest. This fund will serve as a financial institution to support local authorities and a guarantee fund for enterprises.

5.38. In the period 2012-2016 the Government will also devote particular attention to the creation of specialized institutions.

5.4.7 Trade

5.39. The Congo is a "corridor country" situated on the Equator between the coastal (Atlantic) zone and the Sahelian zone. It is a neighbour of the Democratic Republic of the Congo (DRC), which has a population of 65 million inhabitants and is a member of the SADC (200 million inhabitants), of which South Africa, the continent's biggest economy, is also a member. Above all the Congo is a member of the CEMAC and close to the Economic Community of West African States (ECOWAS). This unique position, bolstered by the Government's strategies of opening up the economy, boost the scale of the domestic market for investors and for exports.

5.40. To supplement the supply-side development plans in the industrial, agricultural and services sectors, the Congo is implementing an action plan for the development of trade and export promotion. The goal of this plan is to increase significantly the volume of trade, and measure the particularly concentrated on the promotion of priority product-market pairs that have previously been identified.

5.4.7.1 New trade policy framework of the Congo

5.41. The Government has embarked on the formulation of a new policy which should provide clear and transparent guidelines for the implementation of its programme relating to domestic and foreign trade. Trade policy is thus developed through a comprehensive and integrated process based on extensive analysis and broad consultations with stakeholders, including the private sector and civil society. The main goal is to favour a coherent and stable environment in which the private sector operates efficiently and safely.

5.42. The basic principle underlying trade policy is that the private sector is the engine of growth while the government creates a favourable environment for trade in order to stimulate private-sector initiative. The strategic orientations relate to six thematic areas that are the pillars of the policy. These areas and the issues involved are as follows.

5.43. **International trade**: Multilateral trade issues (WTO participation); regional and subregional integration (CEMAC, ECCAS) and continental integration (African Union); bilateral trade agreements, including the economic partnership agreement being negotiated with the EU and the United States AGOA.

5.44. **Import-export regime**: tariff and non-tariff measures; rules of origin; quotas and tariff quotas; import control; export incentives.

5.45. **Trade facilitation**: customs clearance, transit trade; TBT and SPS measures; and export financing.

5.46. **Domestic trade and distribution**: setting of domestic prices; encouragement of domestic trade; trade credit; trade infrastructure; development of trade and services; and promotion of local manufactured products.

5.47. **Consumer protection and fair trade**: consumer health and safety; economic interests of consumers; access to appropriate information; consumption and the environment; consumer representation; and competition and government procurement policy.

5.48. **Intellectual property rights**: protection of intellectual property rights and technology transfer.

5.4.7.2 National Trade Development Programme

5.49. The National Trade Development Programme (PNDC) that is being formulated is a three-year strategic plan (2014-2016) to support the trade sector aimed at the implementation of the measures contained in the national trade policy. Its goals are to enhance the Congo's competitiveness on international and domestic markets, and improve the legal, regulatory and operational business environment.

5.50. The PNDC comprises a set of measures relating to the various components of trade policy. Their aim is to promote accelerated growth underpinned by two parallel strategies:

- export promotion; and
- industrialization geared to the domestic and regional market.

5.51. Some of the main objectives of the programme focus on:

5.52. **Improving the domestic commercial environment** in particular by: (i) improving conditions of access to the profession of trader; (ii) implementation of competition and consumer protection law; (iii) creation of a mediation and arbitration institution; (iv) introduction of a fair and transparent import-export regime; (v) reducing the burden of parafiscal measures; and (vi) trade facilitation.

5.53. **Taking advantage of regional integration and international trade cooperation**, in particular by: (i) strengthening the integration of the CEMAC area; (ii) strengthening the integration of the ECCAS area; and (iii) strengthening international trade cooperation.

5.54. **Strengthening trade policy instruments** in particular by: (i) implementation of an export strategy for better support to enterprises in winning external markets; (ii) establishment of trade defence instruments (anti-dumping, anti-subsidy, quotas, obstacles to trade); (iii) creation of quality control laboratories; (iv) establishment of certification bodies for standards and metrology; (v) improvement of distribution; (vi) construction of storage and conservation facilities for products; (vii) revitalization of the chambers of commerce; (viii) construction of exhibition centres; and (ix) revitalization of trade in services.

6 CONCLUSION

6.1. Many observers concur that the Congolese economy has made great progress over the last five years in terms of improving the governance of the various sectors of activity, improvement of the country's public finances and stabilization of growth.

6.2. The efforts thus accomplished need to be pursued in order to consolidate these gains and also to bring about a further transformation of the economic and social environment.

6.3. The Poverty Reduction Strategy Paper (PRSP), National Development Plan 2012-2016, which lays down the guidelines for the coming years, is set in this context and will doubtless provide the Congolese economy with the boost it is still lacking in order genuinely to take off.

6.4. The trade policy to be implemented from this perspective also seeks to strengthen the harmonization on the Congo's trade legislation with the WTO Rules. To this end the Congo needs support through Aid for Trade so that it can better deal with the constraints linked with the implementation of the WTO agreements, in particular the notifications mechanism and the trade-facilitation agreement.

REPORT BY GABON

1 INTRODUCTION

1.1. Since its last Trade Policy Review in 2007, Gabon has continued and even increased the strategic reforms needed to diversify its economy and improve the well-being of its people.

1.2. Although it has abundant natural resources which have raised average per capita income to the level found in upper middle-income countries, Gabon still faces important economic and social development challenges. The national economy is still highly dependent on oil, making it vulnerable to the volatility of international prices.

1.3. In order to address these challenges, in 2009 the new Gabonese authorities launched an ambitious development plan called the Strategic Plan for an Emerging Gabon (PSGE), which aims to turn Gabon into a diversified emerging economy by 2025.

1.4. After the death, in June 2009, of President Omar Bongo Ondimba, who had led the country for several decades, the election of the current Chief of State, His Excellency Mr Ali Bongo Ondimba, in August of the same year, set the course of Gabon's future on the path of political renewal marked by a firm resolve to ensure peace, political stability, and socio-economic development grounded in strong, diversified, and employment-creating growth. The underlying vision of the Future with Confidence social project, on the basis of which the current president was elected, rests on three concepts: i) industrial Gabon, focused on local processing of forest and mining resources; ii) service-centred Gabon, focused on the development of high value-added services; and iii) green Gabon, focused on the development of environmental and agricultural resources.

1.5. The objective of the major projects under way is to equip the country with effective economic infrastructure and to turn it into a regional platform, to diversify the economy based on high value–added projects, and to reform the business environment to make Gabon more attractive to investors.

1.6. Thoroughly convinced of the importance of an open economy and of trade to a nation's prosperity, Gabon, very early on, committed to an irreversible process of liberalization and openness to the world, chiefly through the following:

- The furthering of regional integration in Central Africa through CEMAC and ECCAS;
- the establishment of an environment favourable to business development and investment;
- the expansion and diversification of the country's trade and economic relationships with its main partners;
- the simplification of its foreign trade procedures; and
- its belief in the multilateral trading system.

1.7. Gabon has thus enjoyed renewed strong economic growth despite the global crisis. It has been able to maintain its macroeconomic balance by launching large structuring projects and establishing sectoral strategies aimed at reconfiguring and diversifying its exportable supply based on its significant potential and the new requirements of the world market.

1.8. Having attracted a significant influx of foreign direct investment (FDI) in recent years, Gabon has been able to implement these proactive strategies, which are based on the development of its energy, mining, forestry, tourism, farming, and agro-industrial potential.

2 MACROECONOMIC ACHIEVEMENTS AND PERSPECTIVES

2.1 National economic growth: Strong growth in the diversification process

2.1. Since 2010, the Gabonese economy has performed well. During the 2010-2012 period, economic activity experienced sustained growth, with an average GDP (gross domestic product) growth rate of 6.4%, or five points above the average for the 2007-2009 period. This improvement in economic activity was underpinned by the robust performance of the non-oil sector (9.6% on average for the period), which benefitted from the confirmed climate of stability and the ambition on the part of the new authorities to diversify the sources of growth. The major projects and reforms undertaken translated into a substantial rise in activity in the building and public works sector (30.6%) and the wood industry (49.7%), and increased investment in the mining sector, which posted 25.9% growth.

2.2. Nevertheless, the Gabonese economy still shows a low degree of diversification and remains largely dependent on oil production and the international market for wood and manganese, which are the primary engines of growth.

2.3. Since 2009, the new authorities have decided to focus on stimulating the private sector as an engine of growth. In this regard, significant progress was made during the 2010-2011 period. This included a move toward liberalization and economic openness, which translated into the opening of several sectors to competition within a regulated framework. The institutional and regulatory frameworks are being strengthened with, chiefly, the establishment of structures such as the Business Development Centre (CDE) and the Agency for the Promotion of Investment and Exports (APIEX), which will facilitate the process for investors.

2.2 Streamlined management of public finances

2.4. The Government has improved management of public resources through State spending cuts, medium-term expenditure frameworks (MTEFs), and better spending options through priority targeting of the social and infrastructure sectors.

2.5. In addition, the fight against corruption and misappropriation of funds and the promotion of transparency and good governance have become cardinal values in public service.

2.6. As regards public and semi-public enterprises, an assessment of privatization is planned. The lessons drawn will enable shortcomings to be remedied and contracts to be renegotiated where necessary within the framework of a new private-public partnership.

2.2.1 Ongoing budget reform: significant progress

2.7. The budget reform on which Gabon embarked some years ago has made significant headway. The adoption in 2010 of the Organic Law on the finance and budget execution laws (LOLFEB), the development of a medium-term expenditure framework on a central, sectoral, and institutional level, and the repositioning of the Central Directorates of Financial Affairs (DCAF) as decentralized units of the General Budget Department all bear witness to the progress made. Along the same lines, substantial advances were made in establishing the first MTEF, which will serve as the basis for subsequent budget planning exercises. This instrument, which was already tested out for the preparation of the 2012 budget, also enables the PSGE to be implemented and the budget to be brought into line with this development strategy. In order to work towards the goal of better governance of public finances, the various administrations now have a formal framework within which to plan the use of their budget appropriations, pursuant to the principle of financial commitment planning underpinned by procurement plans, so as to clarify disbursement forecasts for public auditors, on the basis of consistent and realistic cashflow plans.

2.8. Since 2009, the authorities have also endeavoured to substantially improve budget management and the quality of public spending. These efforts have led the Government to adopt effective instruments and create an institutional framework suitable for development-results-based management.

2.2.2 Budget revenue

2.9. In 2011, budget revenue amounted to CFAF 2,646.8 billion and total costs to CFAF 2,092 billion, making a surplus of CFAF 554.8 billion.

2.10. Own resources increased by 30.4% to CFAF 2,511.24 billion, CFAF 1,460.1 billion of which was oil revenue (58.14% of government revenue). Non-oil revenue amounted to 1,062.3 billion at the end of 2011, representing an increase of 25.2% in comparison with 2010. This increase was essentially due to an 82.5% increase in direct duties and taxes, which amounted to CFAF 428.6 billion, in contrast to 234.9 billion in 2010.

2.11. New credit in 2011, exclusively in the form of loans related to investment projects, greatly exceeded forecasts (CFAF 249.8 billion compared with CFAF 85.6 billion).

2.2.3 Budget expenditure

2.12. During the 2010-2012 period, the State budget experienced growth sustained by the major projects which had been launched since 2010 in order to implement the objective of making Gabon an "emerging" country by 2025. Significant budgetary progress was noted, with 24.6% growth expected for the period 2010-2012, reflecting increased public investment and improved living conditions. Over the same period, expenditure forecasts rose from 2,214.8 billion to 2,759.6 billion, broken down as follows: 43.4% in current expenses, 37.9% in capital expenses, 17.4% in debt servicing, and 1.2% in loans, deposits, and advances.

2.13. Actual budget expenditure increased from 2,325.7 billion in 2010 to 2,405.8 billion in 2011, broken down as follows: 39.6% in current expenditure, 38.8% in capital expenditure, and 21.4% in debt servicing. The increase in budget expenditure during the period was driven by current expenses, which grew by 25.9% as a result of the following: (i) measures taken to improve the purchasing power of operators (a rise in the guaranteed minimum inter-occupational wage (SMIG), housing allowance, and travel allowance); (ii) increased access to healthcare (operational phase of the National Health Insurance and Social Security Fund (CNAMGS)); (iii) improvement of students' living conditions (student grant increase and its level-based adjustment); (iv) the budgetary impact of organizing the 2012 African Cup of Nations and the recurrent costs incurred by the related infrastructure); and (v) recruitment in the defence and security forces and in the education and health sectors.

2.14. Growth in spending responded to the need to increase the resources devoted to the implementation of key measures and projects within the framework of the PSGE and poverty reduction. To that end, capital expenditure during the 2010-2012 period was primarily dedicated to basic infrastructure (roadways, education, and health).

2.2.4 Debt

2.15. Execution of national debt obligations is part of the ongoing implementation of measures to reduce the State's foreign and domestic debt. In 2011, aside from debt cancellation, debt servicing totalled 364.1 billion against a forecast of 396.2 billion, i.e. an execution rate of 91.9%. Conversely, in 2010, debt servicing totalled 639.9 billion against a forecast of 444.8 billion. This overspending demonstrates the need for the Government to restore its credibility *vis-à-vis* its creditors.

2.2.5 Prices and inflation control

2.16. To combat inflation, prices are checked monthly for a sample of 166 common consumer products in 120 sales outlets in Libreville, with a view to determining the average quarterly, half-yearly and annual variation in the consumer price index.

2.17. Despite a significant increase in food prices in mid-2012, inflation, at an annual average of approximately 3%, remains under control and complies with the CEMAC's convergence criteria. To counter the high cost of living, in September 2012, the Gabonese Government decided to temporarily suspend taxes and customs duties on nine categories of staple products. This daring measure has already produced positive effects, reversing the price trend since its introduction. A tripartite commission composed of economic operators, associations of economic operators, and consumer associations has thus been established.

2.18. In addition, the Directorate-General of Competition and Consumer Affairs sees to improved regulation of the market by competition.

2.2.6 Wages

2.19. The overall payroll in the modern sector rose by 8.1% to CFAF 1,349.1 billion, compared with CFAF 1,248.4 billion in 2011, reflecting the wage increase in the private sector (10.6%) and in public administration (3.2%).

2.2.7 Employment

2.20. The employment situation is relatively precarious. The oil sector, a pillar of the Gabonese economy, has had only a marginal impact on the employment sector. The unemployment rate remains worrisome. It is estimated at over 20%. 15 to 24 year olds remain the most affected, followed by 25 to 34 year olds. The Government has accordingly been recruiting in public administration (health, education, and the defence and security forces). The launch of major infrastructure work, the exploitation of new mineral deposits, and the decision to ban the export of logs encouraged job creation during the 2010-2012 period.

2.21. In 2011, there was a 12.6% increase in the overall level of employment, mainly due to the increase in public sector employees, especially in the social sectors (education, health, and social affairs), defence, and security.

2.22. Private sector employment increased by 8% in 2011. This variation was mainly due to the increase in employment in the wood industry and in public works and civil engineering.

2.2.8 Balance of payments

2.23. The overall balance of payments showed a significant increase in 2011, going from CFAF -54.4 billion to CFAF 240.9 billion. This change was due to an improvement of the deficit in capital movements, despite a decline in current account transactions.

2.24. The trade surplus rose by 29.4% to CFAF 3,249.1 billion in relation to 2011. The rise in exports (+26.6%), greater than that in imports (+20.7%), explains this trend. The increase in the value of exports was mainly related to improved oil and manganese sales, which grew by 26.6% and 46.2% respectively. The trend in imports was the result of increased expenses of oil-sector operators (+24%, or CFAF 52.8 billion).

2.3 Recent good governance initiatives

2.25. In terms of governance, Gabon has recently taken a certain number of initiatives aimed at developing sound democratic practices and ensuring transparent management of public resources.

2.26. To this end, the action plan of the National Programme for Good Governance and Capacity Building (PNBGRC) was updated and validated on 6 July 2011.

2.27. The objectives of the PNBGRC are as follows:

- To accelerate the State reorganization process, in order to clarify the missions of the public service, the private sector, and civil society;
- to rationalize the status and functions of ministries and public institutions having specific missions in order to avoid overlaps, redundancies, and misuse of public resources;
- to ensure organizational and technical capacity building for the Legislature and the Judiciary and advisory institutions;
- to improve the electoral system through a comprehensive reform of the institutional and technical framework for revision of the electoral lists, the introduction of biometrics, and the issuance of elector cards;
- to revise legal texts and build up the capacities of judicial institutions with a view to making the justice system more efficient, independent, and credible;
- to advance the decentralization process, so as to ensure the effective accountability of local elected officials and the professionalization of local authorities; and
- to ensure capacity building in the private sector and civil society organizations.

2.28. On 21 October 2011, the Gabonese authorities signed a memorandum of understanding in preparation for the launch of the African Peer Review Mechanism (APRM) process within the framework of the New Partnership for Africa's Development (NEPAD).

2.4 Gabon's strong drawing power for foreign direct investment

2.29. To ensure the development of its natural resources, Gabon adopted, very early on, an attitude and legal texts conducive to foreign investment. Its oil-based economic prosperity, its advantageous geographical location, its political and social stability, its membership in the franc zone, and the quality of its investment facilities are the reasons for which Gabon has been able to attract numerous foreign investors in several sectors.

2.30. Since 2009, the new authorities have intended to forge ahead on this path and encourage the diversification of economic partners and investment by further facilitating administrative procedures. A legal and regulatory framework favourable to public-private partnerships will promptly be established in order to promote major involvement of the domestic and foreign private sector in all the country's major projects. In this respect, the Investment Charter is no longer a functional and effective tool. It is currently being amended in keeping with the new public policy on investment. APIEX, which should be provided with an SME support fund, today provides crucial leverage for the implementation of this new policy through promotional measures, forums primarily aimed at potential investors. Gabon has thus hosted large events such as the New York Forum Africa (NYFA), which in June 2012 brought to Libreville more than 600 investors from every continent. The second edition of NYFA will also be held in the Gabonese capital in 2013.

2.5 Incentive measures for investment promotion

2.31. The promotion of investment in all priority economic sectors requires a certain number of facilities in order to attract FDI. Significant land-use regulatory reforms are currently under way for this purpose. They chiefly concern:

- Reducing waiting times for obtaining deeds of property;
- simplifying the procedure (reducing it from 164 steps to eight steps); and
- creating an agency for urban planning, the land registry, and topographic works which provides a single window to facilitate land-use operations.

2.32. These measures will provide potential investors with appropriate venues for business development as expeditiously as possible.

2.33. Gabon's strategy consists of giving investors incentives which translate into advantages granted to companies wanting to set up in special economic zones (Nkok special economic zone, Franceville agricultural zone, and Mandji Island economic zone) or operate in certain industry sectors (e.g., agriculture, tourism, housing and wood).

2.34. These advantages consist primarily of a ten-year tax exemption on profits, full exemption from VAT and customs duties, and the freedom to repatriate 100% of funds. Incentives are also granted in special economic zones, as well as the tax concessions provided for in the General Tax Code and in specific codes (e.g., agriculture, tourism, mining, hydrocarbons, housing), which are a practical examples of implementation of the plan in support of businesses seeking to set up in Gabon.

2.35. In total, since 2010, these reforms have attracted more than US$4 billion in FDI under contracts signed with American, Asian, European, and other companies. For example, the Gabonese State signed a strategic partnership agreement with Olam International. Between 2011 and 2022, the Singaporean group expects to invest nearly US$2.5 billion in various sectors in Gabon, including the development of special economic zones, wood processing, and palm oil cultivation.

2.36. These significant investments are expected to have major spin-offs throughout Gabonese territory with a record of success in wood processing and manganese mining. The other sectors positively affected by these public policies are ports, airports, and roadways, which, consequently, benefit from an upgrading to international standards. The resulting infrastructure raises the profile of the PSGE and is a source of wealth and employment in the national economy.

2.6 Steady rise in the Human Development Index (HDI)

2.37. According to the last UNDP Human Development Report, published on 14 March 2013, Gabon ranks 106 out of 189 countries. This is the best HDI in sub-Saharan Africa, and the country's average (0.683) is nearly the same as the world average (0.694). Between 1980 and 2012, Gabon's HDI increased by an annual average of 1.5%; however, major progress has been made since 2010 as a result of solidarity initiatives such as those relating to the effectiveness of CNAMGS services. Other national human development indicators, such as those indicated below, have also improved.

2.38. There has been a marked increase in Gabonese life expectancy, which today is 63.1 years. The average length of schooling is stable at 7.5 years, while nearly 13 years of schooling are expected in the near future.

2.39. Despite significant progress with a view to attaining certain objectives, the third national progress report on the Millennium Development Goals (MDGs) noted uncertainty as regards the achievement of the poverty-related and health-related MDGs (MDG 1 and MDGs 4 and 5, respectively).

3 TRADE POLICY OBJECTIVES AND INSTRUMENTS

3.1 General trade policy objectives

3.1. Gabon continues to deal with structural constraints. It is a net importer of food products, exports are concentrated and little diversified, the cost of living is high, the economy is not very competitive, and the local market is narrow. To remedy these constraints, the Government's trade policy pursues the following general objectives:

- To adequately supply domestic markets and satisfy domestic needs;
- to ensure regulation of and competition in domestic and foreign markets;
- to promote the services sector (e.g., financial services, telecommunications, ecological services, business services);
- to promote a policy of industrialization, tourism and crafts;
- to effectively protect Gabonese consumers;
- to increase subregional integration; and
- to develop a strategy aimed at making better use of the multilateral trading system.

3.2 Gabon's participation in the international trade negotiations

3.2. As a founding Member of the WTO, Gabon is involved in the ongoing negotiations at the WTO, in accordance with the Doha Development Agenda. In these negotiations, Gabon, standing by the positions of the African Group and the Group of 77 (G-77), places particular emphasis on the following matters:

- The progressive liberalization of trade in services, which constitutes an important pillar of the country's development;
- the building up of production and supply capacities, including the diversification of developing countries' exports;
- the effective implementation of the Aid for Trade initiative stemming from the Hong Kong Ministerial Conference; and
- the simplification and harmonization of preferential rules of origin.

3.3. Like the other CEMAC member countries, the Democratic Republic of the Congo, and Sao Tome and Principe, Gabon is also a participant in the negotiations on an economic partnership agreement (EPA) with the European Union (EU). These negotiations, jointly conducted by ECCAS and CEMAC, should, eventually, lead to the finalization of the EPA, an agreement which is consistent with WTO rules and which should replace the non-reciprocal preferential trade regime of the Cotonou Agreement.

3.4. In addition, since September 2010, Gabon has been negotiating a voluntary partnership agreement (VPA) with the EU. This participatory process, which aims to eradicate illegal logging, is the concrete outcome of a long phase of information and preparation, initiated in 2007, concerning the Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT).

3.5. As a country which has been eligible for AGOA (US African Growth and Opportunity Act) benefits since 2001, Gabon is currently working on a strategy to make better use of this opportunity to increase exports to the United States.

3.3 Tariff policy

Renegotiation of WTO tariff concessions under Article XXVIII of the GATT

3.6. Since 1995, Gabon had been facing a serious compliance problem regarding its WTO tariff concessions. On more than 2400 tariff lines (40% of NAMA lines), the applied rates were higher than the WTO bound rates. The last Trade Policy Review raised this issue again in 2007.

3.7. As a gesture of good faith with a view to definitively settling this compliance issue, in 2008 the Government began the process of renegotiating its tariff concessions under Article XXVIII of the GATT.

3.8. Begun within the framework of the Doha Round, this ongoing renegotiation process has already allowed Gabon to benefit from an exception contained in the revised draft (3) of the NAMA modalities of 10 July 2008, which was consolidated on 10 December 2008.

3.9. This exception grants Gabon small, vulnerable economy (SVE) status, thereby exempting it from new tariff reductions and granting it a possible increase in the level of its binding commitments (NAMA) to an average ceiling rate of 20%.

3.10. On this basis, Gabon prepared new schedules of tariff concessions submitted to the WTO, and the renegotiation procedures for tariffs bound by Gabon have not yet been completed.

3.11. Raising the average bound tariffs to 20% will enable Gabon, *inter alia*:

- To cover all the tariff lines on which the rates were found to be in excess (raise the bound tariffs to at least the rate of the applied tariffs);
- to fully apply the current CEMAC CET without changing its current structure; and
- to benefit from a very useful margin with a view to addressing future tariff cuts.

3.4 Customs regime

3.12. The customs regime has not fundamentally changed since the last Trade Policy Review, in 2007. Customs duties are governed by the CEMAC Customs Code and Customs Tariff, the customs regulations of the Central African Customs and Economic Union (UDEAC), national legislation and agreements.

3.13. It should be noted that there are still a number of distortions regarding some of Gabon's tariff lines. These departures from the CEMAC tariff are, however, based on the desire to protect the embryonic industrial fabric, the need to help communities to obtain cheaper healthcare, and the urgency of combating the high cost of living.

3.5 Export taxes

3.14. The export of undressed timber, which until January 2010 was subject to 17% duty, is now banned. On manganese, Customs levies export duties of 3.5% of the market value.

3.15. Apart from these products, all other exports are free of customs duties and taxes.

3.16. Exemptions and suspensions of duties are granted under agreements or by government decision. They are also granted in the context of investment incentives. Sugar, refined palm oil, and household soaps are subject to a de facto import ban.

3.6 Trade facilitation

3.17. As regards trade facilitation, the following measures have recently been taken:

- In July 2008, with the help of certain development partners, Gabon performed its own trade facilitation needs assessment; this exercise, carried out with the participation of all the national stakeholders, enabled a stock-taking of trade facilitation in Gabon and made it possible to organize priorities within the framework of an action plan developed by the National Committee established for this purpose;
- UNCTAD and of Annex D organizations (OECD, World Bank, WCO, IMF) provided support within the framework of the 2012 review of needs, with the active participation of the various stakeholders;
- material handling cranes were installed at Port Owendo in 2012;
- the project to install import and export scanners in 2013 was drawn up; and
- the project for the establishment of a single window to facilitate import-export operations was prepared.

3.7 Updated trade regulations

3.18. In July 2008, Gabon completed an important project involving the codification of its trade regulations; this equipped Gabon with a single Trade Code incorporating the OHADA Uniform Acts and all the legislative texts governing trade activities in a progressive and effective manner conducive to the development of the private sector.

3.19. The Trade Code aims to be:

- Comprehensive in that it incorporates the OHADA Uniform Acts, the CEMAC regional regulations and other international agreements, and the various legislative texts relating to commercial activities;
- consistent in that it takes into account the repealing effect of the OHADA Uniform Acts and excludes contrary and/or repealed provisions; and
- widely available in that it is compiled in a single document which is easily accessible to all economic operators.

3.20. Work is under way to update the Trade Code in accordance with the requirements of a constantly changing business world.

4 IMPROVEMENT OF THE BUSINESS ENVIRONMENT

4.1. The goal of the PSGE is to make Gabon a country with a world-class business environment. This vision will materialize through the ranking of Gabon in the top ten African countries in the Doing Business report by 2020. By then, the country should consistently be among the top five reforming countries in the world.

4.1 Streamlining the private sector support system

4.2. The objective is to simplify the system in support of the private sector by enabling business development without administrative obstacles, ensuring proper guidance of businesses by intermediary organizations, and implementing mechanisms which ensure good business governance. More specifically, this entails:

- Making the Chamber of Commerce an attractive organization which offers its members high-quality services (e.g., establishment of certified management centres, an arbitration centre, a business formalities centre to facilitate the creation of enterprises);
- establishing a strong investment and export promotion agency;
- creating the Business Development Centre (CDE), which includes one-stop service for business development, formerly the responsibility of the now-defunct Private Investment Promotion Agency (APIP);
- simplifying the institutional structure and grouping the support organizations involved in the financing of the private sector; and
- strengthening the operational capacity of support structures such as PROMOGABON, the agency for SME promotion.

4.2 Updating of the legal and judicial framework

4.3. The establishment of an environment favourable to the private sector requires profound reform of the legal and judicial framework.

4.4. To this end, the following measures are planned:

- The establishment of a legal reform commission authorized to amend legal texts, ensuring their legal consistency and compliance with strategic guidelines;
- the promotion of domestic and international arbitration to offer private operators and international investors a business dispute settlement system which is up to the standards of international best practices; and
- the establishment of commercial courts to ensure reliability and efficiency in the judicial processing of trade disputes.

4.3 Improvement of public-private dialogue

4.5. The aim of government authorities is to promote a framework for private sector consultation which is effective and focused on national priorities. The idea is to inspire international best practices in the field and ensure that both current and potential investors are fully involved in the reforms planned.

4.6. Two major projects seek to make this vision a reality. They entail:

- The establishment of the Presidential Council on Investment, tasked with harmonizing the administration's reforms with the objectives of Emerging Gabon; and
- increasing the visibility of professional organizations in order to make them vital partners in influencing and contributing to any matters affecting the private sector.

4.4 Tax reform

4.7. Gabon has a new General Tax Code (CGI), which entered into force in May 2009. The new Code takes up and incorporates the requirements of community law (CEMAC and OHADA), the recommendations of development partners (the IMF in particular) and the tax provisions contained in successive finance laws.

4.8. The objectives of the new CGI are: harmonization, accessibility, and simplification in respect of both wording and procedures. The major innovations resulting from tax reform concern all kinds of duties and taxes, procedures, structures, and the forestry sector.

4.9. Duties and taxes:

- The clarification of tax regimes in respect of profits and income tax (basic regime, simplified tax regime, and tax on actual income);
- the establishment of tax credits for new employment and for tourism investment;
- the definition of specific tax regimes for new businesses, corporate families, and the remuneration of company executives;
- personal income tax (IRPP) reform which aims to bring the maximum tax rate from 50% to 30%;
- the reassertion of the principle according to which parafiscal taxes are within the scope of the law (LF2004 and Article 2 of the GTC);
- the reorganization of local taxation (streamlining existing taxes by eliminating double taxation between State taxes and local taxes).

4.10. Tax procedures:

- The establishment of a handbook of tax procedures;
- the transfer of jurisdiction over matters of tax collection from the Treasury to the Directorate-General of Taxation;
- the harmonization and unification of procedural rules;
- the establishment of a distinction between disputes regarding tax assessment and disputes regarding tax collection; and

- the development of procedures in respect of deferment of payment, compensation, and settlement as regards tax issues.

4.11. Overall, these provisions aim to update the tax system by clarifying the relationship between the administration and the taxpayer, and, consequently, to improve the business environment and tax governance in Gabon.

4.12. Structural reforms:

- The establishment of the Directorate of Large Enterprises (DGE) and of tax centres to make the administration more accessible to the taxpayer;
- the establishment of a single tax contact (IFU) per industry sector;
- the implementation of tax expenditure assessment software; and
- the acquisition of e-procedure software (tax filing and payment).

4.13. Forestry taxes:

- In terms of the surface area tax, the reform aims for greater simplification with the establishment of a single tax, regardless of the nature or the degree of forestry development. To that effect, the new Article 316 of the General Tax Code (LF 2013) extends the scope of the tax to holders of permits by private agreement. The new Article 318 of the General Tax Code (LF 2013) simplifies and harmonizes surface area tax rates. Under this law, the surface area tax has a single rate of CFAF 400 per ha, whether or not the concession has been developed or is temporarily closed to development.
- In terms of the felling tax, the purpose of the reform is to prevent the excesses identified by Customs, including unfair competition among sector operators leading to loss of revenues for the State. Article 13 of the 2013 Finance Law replaced "exports in the form of undressed timber or of processed products intended for local processing or consumption" with "development involving undressed timber or processed or semi-finished products intended for export." The felling tax is set at:
  - 3% for undressed timber; and
  - 1.5% for processed or semi-finished products.

4.14. In respect of other duties and taxes, the Forestry Code provides for additional upstream and downstream taxes. Forestry charges are added to these additional taxes.

4.15. Tax assessment and tax collection operations, as well as the revenue generated by these taxes, are unpredictable. This chiefly concerns:

- The renewal tax: payable upon concession renewal by the holder of an Associated Forestry Permit (PFA) or of a Sustainable Forest Concession (CFAD) at the rate of CFAF 300;
- the transfer tax: collected upon the transfer of a concession to a third party by the holder of a PFA at the rate of CFAF 1,000 per ha;
- the chainsaw processing tax: set at 5% of the market value of the species sawn;
- the leasing tax: Set at 5% of the royalties paid to the permit holder;
- forestry charges (Article 326 et seq.): forestry charges relate to technical services rendered to holders by the forest and water departments; these services entail the following fees:
  CFAF 1,000 per foot of timber marking;
  CFAF 2,500 per ha under exploration; and
  CFAF 2,500 per kilometre of trails opened.

4.5 A framework more favourable to the protection of industrial property

4.16. A founding Member of the WTO, Gabon has signed the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). To meet the requirement of incorporating this Agreement in their legal system, Gabon and the other members of the African Intellectual Property Organization (OAPI) revised the Bangui Agreement to amend the deficiencies of the Act of 1999 and bring it into line with the minimum standards of protection established by the TRIPS Agreement. The revised Bangui Agreement entered into force on 28 February 2002 and legislates industrial property in each of the 16 OAPI Member States. To monitor the implementation of the TRIPS Agreement, on 28 January 2003, the Government established the Industrial Property Centre of Gabon (CEPIG). The objectives and performance agreement between the State and CEPIG centres on the following three points:

- (1) To raise awareness of and promote industrial property rights throughout the country. The objective was implemented through the organization, in November 2012, of the first annual National Industrial Property Week, which included a National Invention and Technological Innovation Fair (SNIIT) and the Presidential Award for the best invention. In pursuit of this objective, CEPIG established a national outreach programme to discuss, provide information on, and promote industrial property throughout the country.

- (2) To promote the protection of and ensure oversight and management of the property titles issued. The objective seeks to innovate; it aims to help title holders enhance the status of these titles by giving them a market value. The associated measures relate to the following:

    - Distinctive signs (industrial designs and marks): To encourage businesses to further secure their industrial property rights. In 2013, the Distinctive Signs Department expects to receive 250 applications for deposit from businesses.
    - Patents: To encourage owners to apply for the funds made available to them by OAPI to promote their inventions. CEPIG, the focal point of the Assistance Fund for the Promotion of Invention (FAPI), has compiled a list of six files on the 2012 SNIIT award-winning inventors in order to have their work funded by OAPI. At the same time, CEPIG foresees the establishment of a support fund for invention and research. A working committee is already developing this project. A special national grant will be created to take research and development into account through the integration of research centres, universities, higher education institutions, and all sectors associated with industrial development.

- (3) The fight against intellectual property infringement. One of the trade rules of the Act of 1999 to be incorporated into the national legislation of every WTO Member concerns intellectual property infringement. To put this provision into practice, Gabon plans to establish, over a three-year period, a Counterfeiting, Unfair Competition, and Piracy Unit.

4.17. As regards geographical indications (GI), on the request of OAPI, CEPIG prepared a list of 10 GI-eligible products, including Okoumé wood (*Aucoumea klaineana*). A fact sheet is being prepared by the CEPIG Geographical Indications Department. It describes Mbigou stone (from Mbigou, a city in central Gabon), the famous hallucinogenic plant Iboga, and Gabonese sardines, which are abundant along the 800 km of Gabon's coasts.

4.18. CEPIG is currently developing the legal and regulatory framework (national law) to establish the National Committee by 30 June 2013. The National Committee is the authority which will oversee and regulate the procedures concerning the administration and management of GIs registered in Gabon.

4.19. Since 1982, the protection of copyright and related rights has been entrusted to the National Agency for Promotion of the Arts and Culture (ANPAC).

4.20. As regards the specific administration of copyright, Decree No. 472/MENESTFPCIS of 10 October 2012 established the Gabonese Bureau of Copyright and Related Rights (BUGADA), which began operations on 1 January 2013. The Government thus undertakes to settle the claims of Gabonese authors who have not received compensation on a par with their work. BUGADA can collect copyright fees from natural or legal persons using works of authorship in public places, and it can distribute these fees among the authors of these works. BUGADA soon expects to articulate the terms and conditions which must be met in order for Gabonese artists, publishers, and producers to receive their fees by the end of 2013.

4.6 An improved environment for standardization

4.21. The Gabonese Government had hitherto entrusted the National Agency for Technology Transfer (ANTT) with, *inter alia*, standardization, accreditation, certification, the promotion of quality in productive activities, and the establishment of a framework suitable for the development of metrology. The Government had also tasked the ANTT with the promotion of national policy on standardization, quality management, and technology transfer. On 4 April 2013, the Government adopted a draft law on the establishment and powers of the Gabonese Standards Agency (AGANOR), which supersedes the ANTT.

4.22. The Government also adopted Decree No. 0341/PR/MIM of 28 February 2013, which establishes the national standards conformity assessment system, and a draft law establishing the national standardization system. The law on the national metrology system is under review by the Government.

4.23. In Gabon, the initiative to develop a standard may come from the public authorities, consumer associations, or economic operators (producers). The ANTT coordinates all activities associated with the study and adoption of standards.

4.24. As at 31 December 2012, Gabon had 11 (voluntary) standards in the following areas: the agri-food industry, building and civil engineering, and tourism and associated activities. 24 standards are at the public inquiry stage, and nearly 150 others are in the process of being adopted. They are all based on international standards.

4.25. Recently created, the ANTT has not yet begun certification and accreditation activities. These are carried out in collaboration with international groups such as Afnor France, DNV France, and VERITAS. As regards conformity assessment, the ANTT has signed agreements with two international partners, the Turkish Standards Institution (TSE) and INTERTEK France, to begin this activity by the end of 2013.

4.26. Gabon has been a member of the International Organization for Standardization (ISO) since 1 January 2012.

4.7 Government procurement: greater transparency

4.27. Gabon's government procurement regime has evolved considerably since 2002, with the June 2012 adoption of Decree No. 0254/PR/MEEDD establishing the new Government Procurement Code. This new code entered into force on 26 June 2012. Its key advances and innovations are as follows:

- Accountability of public buyers and other players in government procurement (government contract authority, Commission for the Evaluation of Tenders, etc.);
- annual procurement planning at the start of the budget year: development and communication of the Government Procurement Plan to the National Directorate of Government Procurement following the Budget vote;
- strengthening of the pillars of government procurement: free access to government procurement, equal treatment of candidates, and transparency of procedures;
- systematization of competition through open tendering;
- requirement to conduct studies before initiating any public works project: stricter conditions for contracting agencies in respect of the award of contracts; and
- strengthening of the oversight system and the establishment of a regulatory body.

4.28. The Directorate-General of Government Procurement (DGMP) is responsible for overseeing the procurement process and the performance of contracts. The Procurement Unit examines all procurement operations, from the planning phase to the award of the contract. Empowered by the Director-General of Government Procurement, the Provincial Government Procurement Delegations of oversee procurement procedures within their territorial jurisdiction.

4.29. The Government Procurement Regulatory Agency (ARMP) is responsible for regulating the legal framework for government procurement. It sees to, *inter alia*, independent technical audits and the sanctioning of irregularities in the non-judicial settlement of disputes arising from government procurement procedures, and takes part in the definition of laws and regulations pertaining to government procurement.

4.8 Competitiveness, innovation, and promotion of national entrepreneurship

4.30. The public authorities aim to update the platform for business expression, the promotion of which should make it possible to increase competitiveness and the inclusion of Gabonese interests in the development of SMEs.

4.31. The following projects serve to meet this ambitious goal:

- A programme for the upgrading of Gabonese businesses, under which a group of companies in a given industry (such as the wood sector) receive public funds in order to improve all essential business functions and enhance business performance.
- The proposed establishment of a subcontracting exchange the objectives of which would be, on the one hand, to establish a dynamic platform for recording the needs of large contracting enterprises and offers by potential SME subcontractors, and on the other hand, to develop a critical mass of SMEs able to take on the "outsourceable" activities of the large enterprises located in Gabon.
- The establishment of a National Fund for Vocational Training to provide optimum and prompt financing for companies' training needs.

4.32. A proactive strategy to develop national entrepreneurship and Gabonese participation in stock ownership, particularly through the Stock Exchange.

5 LARGE-SCALE STRUCTURING PROJECTS FOR THE ENTIRE ECONOMY

5.1 Infrastructure and major works

5.1. Gabon adopted a National Blueprint for Infrastructure Development, which covers 21 major projects for a total six-year investment currently estimated at CFAF 5,913 billion (US$11.831 billion). It consists of a global development strategy for equipping Gabon with the nationwide infrastructure necessary for the socio-economic development of the country's interior and real diversification of the national economy. The consistency and proper execution of these projects will be ensured through supervision and technical and financial control by the National Agency for Major Works.

5.2. The key projects in the National Blueprint for Infrastructure Development are: (1) the Greater Libreville Development Plan; (2) energy infrastructure (estimated cost: CFAF 1,504 billion/US$3.008 billion); (3) transport infrastructure: roads, railways, ports (estimated cost: CFAF 1,763 billion/US$3.530 billion); (4) development of the mining sector (estimated cost: CFAF 1,630 billion/US$3.260 billion); (5) development of the tourism sector (estimated cost: CFAF 43 billion/US$85 million); (6) the Mandji Island Special Economic Zone; and (7) the establishment of the National Agency for Major Works (CFAF 170 billion/US$340 million).

5.2 The Plan for a Digital Gabon and NICTs

5.3. The public authorities have decided to bridge the digital gap between Gabon and rich countries by using telephony and the Internet to support economic development, chiefly in the areas of health, education, trade, and the efficiency of public administration.

5.4. Gabon has thus adopted the Plan for a Digital Gabon. The vision of this plan is rooted in the belief that new information and communications technologies (NICTs) provide the means for giving faster impetus to other sectors of the economy. The Plan seeks to speed up the development of Gabon's telecommunications infrastructure. In addition to improving other, traditional, basic infrastructures, the objective is to significantly decrease communications costs and provide widespread access to the Internet in order for the Gabonese economy to make the necessary qualitative leap by 2016.

5.5. Important changes tied to the evolution of technology and gradual market liberalization have marked Gabon's telecommunications sector in recent years.

5.6. The new technology market is undergoing sweeping changes. In 2008, NICTs had a penetration rate of 44.37%, with 39.5% of the Gabonese population, or 1.3 million subscribers, equipped with a mobile phone and connected to a GSM network. In 2012, the mobile market progressed significantly, with approximately 2.2 million subscribers. Today, Gabon Télécom has 804,000 subscribers, compared with 455,000 in 2011. The Internet penetration rate in 2012 was 12%, or 232,555 subscribers.

5.7. Since 2002, Libreville has been connected to the SAT-3 submarine cable, which links Africa to Europe. In addition to the advances made by Gabon Télécom and the rapid development of the mobile telephony market, the liberalization of the sector, resulting from the loosening of restrictions in the telecom market, aims to make Gabon a veritable technology hub for Central Africa through:

- High-speed Internet services;
- the quality of and ease of access to telecommunications and the interconnection of national networks;
- NICT-related services on a national and transnational scale; and
- the construction of a learning centre for these new technologies.

5.8. As a result of its large-scale projects, Gabon is, in the African subregion, a leader in the field of NICTs. The sector shows potential for rapid development with a knock-on effect for the entire economy.

5.3 Transport

5.9. The ambition of Gabon is to have transport infrastructure (roadways, ports, airports, railways, feeder routes), to be upgraded through the renovation of defective infrastructure and the construction of critical new stretches, that will open up the entire Gabonese territory by 2016 and allow the country to position itself as a regional hub.

5.10. In the area of maritime and river transport, port infrastructure plays a crucial role in Gabon, given that nearly 90% of the country's trade passes through its ports. To ensure the success of the country's economic development strategy, it is essential that Gabon's ports develop the intermodality of transport, based on best practices in port management. At present, several projects are under way or under study in order to further enhance Gabon's maritime profile. These projects involve:

- The ongoing modernization and expansion of the ports of Owendo (Libreville) and of Port-Gentil;
- the construction project for a multimodal dry port in Port-Gentil; and
- the construction project for a deep-water port in Mayumba (Southern Gabon) intended for wood and ore export.

5.11. In the area of road and rail transport, projects planned include:

- The construction of new roads or the refurbishing of existing ones;
- the paving of 2,000 km of roads over a six-year period (2010-2016);
- the construction of several roadway structures throughout the country (e.g., bridges, interchanges);
- reinforcement of the Libreville-Franceville railway line; and
- the construction of a second railway line, which will link Moabi and Mayumba, in Southern Gabon.

5.12. In the area of air transport, the main projects involve:

- The construction of a new airport in Libreville; and
- the expansion and renovation of airports in the country's interior (Port-Gentil, Franceville, etc.).

5.4 Energy

5.13. The country's political authorities aim to develop a supply of drinking water and clean energy which is sustainable and competitive, and to eventually export surplus production.

5.14. In light of the country's commitments regarding greenhouse gas reduction, priority is given to clean energy, particularly in isolated rural areas and areas outside interconnected networks, where the country plans to provide service through the development of solar technology, photovoltaic technology, and other new sources of energy, such as biomass and wind.

5.15. The country's electrical production will triple by 2016 thanks to its hydroelectric and gas potential; this will make it possible to cover all the country's energy needs with a supply which is competitive and sustainable and which creates jobs.

5.16. In order to meet the aforementioned objectives in terms of accessibility, quality, and price, the State has launched a far-reaching programme to build up existing and future capacities. The programme comprises the following projects:

Projects	Location	Type	Capacity (MW)	Status
Grand Poubara	Haut-Ogooué	Hydroelectricity	160	In progress
Impératrice Falls	Ngounié	Hydroelectricity	42	In progress
Fe II	Woleu-Ntem	Hydroelectricity	35	In progress
Gas plant	Ogooué Maritime	Gas plant	52.5	In progress
Malinga	Ngounié	Micro-dam	0.5	In progress
Iboundji	Ogooué Lolo	Micro-dam	0.4	In progress
Telemania	Estuaire	Gas plant	70	In progress
Ngoulmendjim	Estuaire	Hydroelectricity	48	Under study
Dibwangui	Ngounié	Hydroelectricity	10	Under study

5.17. Development of the hydroelectricity supply entails a high degree of State involvement in investment in key infrastructure (e.g., hydroelectric dams, transmission lines, network interconnection lines). A State-owned company has accordingly been established to oversee the major hydroelectric projects. It will be in charge of managing the State's investments and assets in this sector, and also in other utilities sectors, such as drinking water and sanitation. Lastly, this State-owned company will monitor and collect all remuneration owed to the State for the management of its assets.

5.18. As regards the provision of electricity to as much of the population as possible, the President of the Republic has provided relief in terms of household necessities by exempting economically disadvantaged households throughout the territory under concession to the Gabon Energy and Water Company (SÉEG) from payment of water and electricity bills since 1 March 2007. In 2012, more than 56,000 people benefited from this measure, eligibility for which requires the consumer to meet the following criteria:

1. Have Gabonese nationality.

2. Have a social meter, that is, one with a level of consumption which is lower than or equal to the following:
   - Social rate, water: 15 m3/month;
   - Social rate, electricity S1: 120 kWh/month; and
   - Social rate, electricity S2: 240 kWh/month.

3. Use the meter exclusively for domestic purposes.

4. Be economically disadvantaged.

6 NEW SECTOR DYNAMICS TO DIVERSIFY THE ECONOMY

6.1 Forestry sector[1]

6.1. Today, the forestry sector is, after oil, the second pillar of the Gabonese economy on account of its contribution to GDP (8%) and employment. However, the country does not yet earn enough revenue from its forests, as a result of an insufficient processing rate and poor control over the added-value chain. Up to now, the vast majority of Gabon's wood has been exported in the form of undressed timber and only a very reduced number of species (some ten varieties, including Okoumé, the most developed, Moabi, Padouk, and Kevazingo), recognized for their value on the market, have been exploited. Forestry operations in Gabon, as in other Central African countries, apply selective felling practices, leaving undeveloped most of the forest's wood resources (between 200 and 300 species), the value of which remains largely unknown. The wood industry, aside from being of limited size, focuses on primary processing (e.g., sawing, splitting, peeling, and laminating) of products exported to the international market.

6.2. The Gabonese Government decided to implement, as of 1 January 2010, an export ban on logs. This decision made it urgently necessary to redefine the industry's strategy. In general terms, this reorientation applies to all the wood industries of tropical forests, given climate change and the need to protect these forests. The question involves reconciling two different, but related, issues: i) protection of tropical forests' function as carbon sinks; and ii) the right of a country and of its people to exploit their forest resources and, more specifically, to exploit and export tropical wood to international wood and construction material markets.

6.3. Reconciliation is possible only if the exploitation of Gabon's forest heritage is optimally organized, in compliance with the principles of sustainable and effective management, to combat massive deforestation practices, forest degradation and illegal trade in wood, wildlife, and other non-timber forest products (NTFPs).

Objectives

6.4. The overall objective which Gabon seeks to meet by 2016 through the Ministry of Water and Forests is to increase the sector's contribution to GDP by means of sustainable management of forests and aquatic ecosystems; more intensive industrialization of the wood subsector; conservation and promotion of biodiversity; sectoral capacity building; and research/development training.

6.5. The intent underlying this objective is "to make Gabon a world leader in certified tropical wood, driven by an industry which fully develops the resource and exploits a sustainably managed forest that fully plays its role as a carbon sink and a sanctuary of biodiversity in the service of humanity".

6.6. The implementation of this vision is based on better governance of the forest and requires the reorganization of forest exploitation. The wood-processing subsectors need a thorough overhaul through industrial centres that will put mutualized infrastructure and services within the reach of the operators involved. Lastly, improved control of the cost of logistical services (particularly transport and port fees) is essential.

6.7. This general objective gives rise to the following specific objectives:

(1) To increase knowledge of the diverse resources of the forestry sector, particularly those which can be exploited, taking into account: (i) the abundance of species, their industrial value, and their exploitation potential; (ii) the abundance of non-timber forest products and their properties, active ingredients, and appeal; and (iii) plant and animal biodiversity. This requires a forest-resource inventory which is as exhaustive as possible, using geomatics and satellite observation (e.g., the AGEOS project, which seeks to obtain regular satellite photos to monitor forest evolution; on-the-ground inventory of the forest using GPS). This exhaustive on-the-ground inventory will also make it possible to take stock of the various types of forest exploitation, forest

[1] The forestry sector comprises: forests, wildlife, wood processing, and aquatic ecosystems.

populations, forestry companies, and forest activities. The objective is to determine the economic value of the forest (i.e., the number and value of woody species, of non-timber forest products (NTFPs), and of the flora and fauna). The issuance of logging permits, carried out through a tendering process, will thus be based on the knowledge and value of the forest's resources. This economic value is added to the forest's value as a carbon sink, which is ensured by widespread sustainable management of forests and protected areas.

(2) To combat illegal forest practices in order to protect forestry resources and ensure unhindered access of Gabonese wood to the European Union (EU) and other international markets.

(3) To foster the competitiveness of the Gabonese wood industry by promoting more intensive wood processing and establishing the industrial and logistical infrastructure of the wood subsector through: (i) the establishment of five wood-subsector industrial zones (Lambaréné, Lastourville, Mouila, Mitzic, and Ndjolé); (ii) the establishment of two economic centres for furniture and wood crafts in the outskirts of Libreville; (iii) the development of two new special economic zones (Port-Gentil and Mayumba); and (iv) the development of port areas for the export of processed wood products (expansion of the port of Owendo, deep-water ports of Port-Gentil and Mayumba).

(4) To build up the capacities of stakeholders in the forestry sector by supporting the private sector through the following: (i) upgrading the wood-processing subsector and increasing the current felled-wood processing rate of 20% to 30% to a rate of at least 80%; this implies full recovery of forestry waste (logging residues, wood-processing waste); (ii) strengthening professional wood-sector organizations and public-private consultation within the framework of the "Wood Headquarters" structure for interprofessional consultation and Gabonese wood promotion; (iii) recovering NTFPs and logging by-products, by training and employing the forested-area population in dedicated occupations; and (iv) promoting a national, regional, and international market for Gabonese wood by developing the local market and breaking into tropical-wood markets.

(5) To develop vocational training through the reorganization of the National School of Water and Forests, with new structures (Makokou) and new programmes in advanced training and wood-processing occupations.

(6) To update the Forestry Code in collaboration with the various partners concerned, by developing a legal framework for all the measures which will be taken in the various sectors (water, forest, wood, wildlife, and protected areas) with a view to promoting sustainable management and adapting the tax system to the current economic context by taking into account NTFPs.

6.2 Mining, hydrocarbons, and industry

6.2.1 Mining

6.8. The mining sector is mostly centred on the exploitation of manganese. This sector accounts for 4% of GDP and 6% of the country's exports.

6.9. The Gabonese subsoil contains vast resources, such as iron (the world's largest supply of untapped resources). The mining sector is thus set to become more important to the Gabonese economy.

6.10. The diversification of the mining sector is a priority for the Government, which, as is the case for the wood sector, intends to promote ore processing in Gabon. Within this framework, the COMILOG company began work on the Moanda metallurgical complex, comprised of a hydrometallurgical plant for metallic manganese and a pyrometallurgical plant for silico-manganese. The former should produce an annual 20,000 tonnes of metallic manganese for the steel and aluminium industries and for specific applications in the fine chemistry of manganese. The latter should produce an annual 65,000 tonnes of silico-manganese primarily for the steel industry. The complex should be completed by the end of the first quarter of 2013. The cost of this investment, which will create 400 direct jobs, is CFAF 135 billion (over €200 million).

6.11. Since the early 2000s, the Mining Code has not undergone any significant changes; it is now being revised.

6.2.2 Hydrocarbons

6.12. Gabon's sedimentary basin covers an area of 247,000 km^2, 30% of which is onshore, and 70% of which is offshore. Approximately 47% of the surface allotted is open to exploration.

6.13. Since oil development began in Gabon in the 1950s, oil production reached its peak in 1997 with a record high of 18.56 million tonnes.

6.14. Since 2006, oil production in Gabon stabilized thanks to investment in marginal fields made possible by the high price per barrel. Since 2009, production has gradually increased, reaching 12.5 million tonnes in 2011.

6.15. Today, Gabon is the number six oil producer in sub-Saharan Africa, following Nigeria, Angola, and Equatorial Guinea. The recoverable reserves of crude oil should enable continued production for approximately 40 years at the current pace.

6.16. Maintenance of the historically high price per exported barrel (US$113.8 at the end of June 2012) translated into the oil sector's high contribution to the Gabonese State budget (approximately 60%).

6.17. In 2011, the oil sector accounted for 49% of GDP, 83% of export revenues, and 54% of budget revenues.

6.18. Asia and the United States account for more than 51% of exports of Gabonese crude oil; Europe, 15%; and Australia, 5%.

6.19. The Strategic Plan for an Emerging Gabon focuses on two strategic avenues in the hydrocarbons sector:

- Optimization of oil revenues; and
- promotion of the industrial fabric of the hydrocarbons sector.

6.20. As regards the optimization of oil revenues, the objective is to attract investors to the sector. With the completion of the hydrocarbons code, Gabon is convinced that it will meet the expectations of the oil industry and of investors wanting to support the country in the exploration and exploitation of oil resources.

6.21. This will require Gabon to be equipped with new means of supporting the regulatory and legislative framework, such as the Agency for Regulation and Control of the Hydrocarbons Sector. The objective of this agency will be to strengthen governance of the sector, ensure regulation, and provide the Ministry with the necessary adjustment indicators.

6.22. Finally, with a view to optimizing oil revenues, Gabon has committed to reducing greenhouse gases. The objective is to reduce by 60% the volume of flared gas by the year 2015, while the long-term goal is to achieve a reduction rate of 90%. The volume of non-flared gas will be used for industry purposes, such as generation of electricity, and subsequently for petrochemistry and processing of fertilizer.

6.23. As regards the promotion of the industrial fabric of the hydrocarbons sector, Gabon has committed to raising the profile of national companies in the sector and to fostering the development of national SMEs which provide services to the sector's large enterprises.

6.24. The establishment of the Gabon Oil Company (GOC) in 2011 was part of these promotional efforts. The GOC aims to increase Gabonese State holdings in the oil sector. Its objective is to contribute to the establishment of a true, integrated oil and gas economy by the following means:

- The holding, management and acquisition of shares on behalf of the State in all activities relating to research, exploration, exploitation, distribution, transport, storage, marketing, and refining;
- the holding of State shares in hydrocarbons deposits and in the capital of companies which have signed framework agreements and production-sharing contracts;
- the marketing, import, export, and distribution of products extracted from hydrocarbons deposits and industrial hydrocarbons processing facilities;
- the performance, on behalf of the State, of management and investment operations relating to responsibility No. 1;
- research and exploitation of deposits of hydrocarbons or other mineral substances;
- the performance of all financial operations directly or indirectly related to the hydrocarbons industry.

6.25. The role of the GOC is to develop new perspectives in the oil industry based on the discoveries made in recent years off the coast of Gabon, and to envisage a new future for Gabon's oil operations.

6.2.3 Industry

6.26. Gabon adopted a national industrialization strategy on 28 April 2013, as an outcome of the first National Industry Forum. The goal of this strategy is to ensure Gabon's transition from being a simple oil-exporting economy to being a diversified and sustainable economy focused both on the mining and metallurgical sectors and on Gabon as an environmentally friendly country (Green Gabon) (forestry, agriculture, fishing, aquaculture, and agro-industry). The strategy essentially targets local processing of Gabonese natural resources and the creation of 325,000 jobs, two thirds of which are skilled posts.

6.27. The Gabonese industrial development project, which requires a total investment of CFAF 17,000 billion, 28% of which will be government investment and 72% private or public-private partnership investment, will make it possible to accelerate growth, promote national entrepreneurship, and also to create approximately 13,000 SMEs. The 17,000 billion in investment thus encompasses all projects in all industry-related sectors (energy, roadways, ports, railways, etc.).

6.28. Gabon's economic map is expected to be re-drawn with the creation of 10 economic centres, including three extractive-industry centres (the manganese complex in Moanda-Franceville, the iron complex in Belinga, and the hydrocarbons complex in Port-Gentil); four Green Gabon centres (Oyem, Mouila-Ndendé, Mayumba, Lastourville-Koulamoutou); and three diversified centres (Estuaire, Booué and Lambaréné).

6.3 Fishing, aquaculture, and the Blue Gabon Project

6.29. With a view to promoting the exploitation and development of fishery resources, the PSGE's fishing and aquaculture sectoral programme seeks to expand national production by developing landing and product processing infrastructure and building up a national fishing fleet. The objective is to improve the sector's contribution to GDP by increasing national production from 40,000 tonnes to 100,000 tonnes by 2016.

6.30. To this end, fishing and aquaculture policy will revolve around the following measures:

- The implementation of a sustainable management framework for fishery resources;
- the establishment of the National Fishing and Aquaculture Authority;
- the establishment of the Monitoring Centre for Fishing Activities;
- the establishment of a fishing trades centre equipped with a port of landing;
- the creation of landing and fishing product processing infrastructure;
- the creation of a national fishing fleet;
- the restructuring of the Industrial Refrigeration Corporation of Gabon (SIFRIGAB);
- the development of aquaculture;

- the renegotiation of fishing agreements; and
- the fight against marine overfishing and illegal and unregulated fishing.

6.31. To ensure sustainable management of the exceptional submarine biodiversity of the Gabonese coastline, the Government has established the Blue Gabon Project, which is a participatory framework aimed at preserving this ecosystem by putting into place a system of rational management and exploitation of the Exclusive Economic Zone (EEZ) and the continental shelf.

6.32. With a view to the strategic management of Gabon's fishery resources, the National Fishing and Aquaculture Authority, which is in the process of being set up, will implement the Government's policy on sustainable management of fishing and aquaculture.

6.33. The National Fishing and Aquaculture Authority will accordingly be equipped and staffed so that it has scientific data to facilitate efficient management of EEZ stocks which are not well known. Partnerships with internationally recognized research institutes will thus be established in order to effectively promote skills and technology transfer.

6.34. The Training Centre for Fishing and Nautical Trades will provide training for Gabonese fishermen in order to progressively increase the number of Gabonese fishermen currently accounting for 20% of small-scale fishermen.

6.35. The various marine resource surveys carried out show a decrease in resources in the area north of Cape Lopez and underexploitation in the area south of Cape Lopez because of the fishing ban in the oil exclusion zone and in the marine park of Mayumba. Fishing south of Cape Lopez is governed by strict regulations banning fishing in protected areas.

6.36. The introduction of the Community Centres for Small-Scale Fishing in Libreville, Port-Gentil, Lambaréné, and Omboué, built with support from the Japanese cooperation agency, have considerably reduced post-capture losses in small-scale fishing. These centres are accessible areas where fishermen can market their products and be supplied with ice.

6.4 An ambitious agriculture and livestock programme

6.37. Gabon is part of the Group of net food-importing countries at the WTO. Nearly 70% of the food products consumed in Gabon are imported.

6.38. The clearly established goal is to achieve, by 2020, a fourfold reduction in Gabon's food imports, to re-establish the country's self-sufficiency as regards food, fishery, and livestock products, and to make Gabon a net exporter of agro-industrial products, all while complying with the principles of integrated farming and sustainable development.

6.39. To achieve this goal, the Government has introduced a strategy rooted in an incentives-based regulatory arrangement. The strategy aims to reduce imports of food products by one quarter by the end of 2016 and to improve the sector's contribution to GDP. The adoption, currently under way, of implementing regulations for the laws establishing an agriculture code and the extension of the preferential tax and customs regime for farmers provides the latter with an incentives-based regulatory framework which secures their investments. In addition to these incentives, the development of farmland is a decisive factor in that it will ensure that activities begin immediately and will spare operators the high costs of servicing lots in dense and hard-to-reach tropical rainforest areas.

6.40. In order to meet the PSGE's major objectives of food security and increasing the agricultural sector's contribution to GDP, agricultural policy will be supported by the following measures:

Food security:

- Development of agro-pastoral farms in Gabon's nine provinces to sustain the local supply of vegetables, fresh fruit, poultry, and aquacultural products;
- the Agricultural Investment Development Project (PRODIAG), which will introduce urban-edge short-cycle crop and livestock farming belts around the provincial capitals;

- development of agricultural parks specializing in specific crops; these will consist of production clusters with cooperatives of agricultural operators working plots of different sizes using shared infrastructure;
- creation of an integrated complex for broiler chickens with a view to developing an integrated poultry-farming sector; and
- establishment of the Ndendé Centre for Livestock Production

Industrial export agriculture:

Within the framework of diversification of Gabon's economy, agriculture is considered an engine of growth for increasing the sector's contribution to GDP, creating jobs, and fighting poverty.

The key measures required are the following:

- Oil palm development in large industrial units covering several thousand ha in the regions of Estuaire, Moyen Ogooué, and Nyanga;
- development of hevea cultivation in the provinces of Estuaire and Woleu-Ntem;
- development of coffee and cocoa plantations throughout the country and establishment of a coffee processing plant in the province of Haut Ogooué; and
- establishment of the Franceville special agricultural economic zone, where both cash and food crops will be developed.
- Operational strengthening of the agricultural sector:

With a view to providing effective support to farmers and ensuring optimal performance, the Government has established the following public institutions:

- The Gabonese Food Security Agency (AGASA);
- the Plant Material Introduction, Adaptation, and Propagation Board (ORIAM);
- the Agency for the Collection and Marketing of Food Products (ACCOPA); and
- the National Agricultural Laboratory Board (ONALA).

6.41. In addition to setting up these public institutions, the Government has restructured the National Rural Development Board (ONADER), now the National Agency for Agricultural Development, which will oversee major land-use, infrastructure, and agricultural-sector development projects.

6.42. In addition, the Government plans to create:

- A skills centre aiming to strengthen the agricultural training and research system;
- a food technology institute, aimed at, *inter alia*, better organizing the value chain in terms of post-harvest techniques, processing technology, and packaging techniques; and
- an agriculture development fund.

6.5 Sustainable development and the National Climate Plan

6.43. Gabon ranks second in the world in terms of the percentage of national territory allocated for conservation. Nearly 11% of Gabon's territory, or an area of 29,400 km^2, is reserved for 13 national parks.

6.44. The Gabonese forest is part of the forest of the Congo Basin, which is the world's second largest tropical rainforest and second largest carbon sink after the Amazon.

6.45. Gabon ranks ninth in the Environmental Performance Index for Africa.

6.46. Through a participatory process, Gabon has sought to increase its environmental protection efforts and include the issue of climate change in the implementation of its social project.

6.47. Thus, in December 2011, a National Climate Plan was adopted and presented at the 17th Conference of the parties to the United Nations Framework Convention on Climate Change (COP 17), held in Durban, South Africa.

6.48. The objective of this Climate Plan is to reconcile environmental protection with sustainable economic development.

6.49. Gabon's pioneering and responsible stance on the crucial 21st century challenge of fighting climate change bears witness to the commitment of a country which has already distinguished itself through its contribution to the global environmental protection endeavour.

6.6 Tourism and ecotourism: A fast-growing industry

6.50. To promote ecotourism, which today accounts for 20% of international travel, Gabon is home to a wealth of diverse natural resources.

6.51. The Gabonese landscape has multiple tourist assets. Gabon has some of the world's most diverse flora and fauna. Numerous species can be found there, including elephants, gorillas, chimpanzees, hippopotamuses, crocodiles, humpback whales, dolphins, and turtles.

6.52. Gabon aims to develop a high-quality tourism industry based on protection of nature, conservation of biodiversity, and respect for local traditions.

6.53. The tourism and ecotourism sector is growing rapidly. More than 90,000 foreign tourists visited Gabon in 2011, spending an estimated CFAF 214 billion (approximately US$411.5 million).

Vision and objective for the sector

6.54. According to the forecast of the Minister Responsible for Tourism, the sector should contribute some CFAF 1,000 billion to GDP by 2025, in comparison with 218 billion in 2009. Two leading international investors have already made a commitment to Gabon: Aman Resorts and SFM Africa.

6.55. The authorities are working to develop physical and social infrastructure and the necessary institutions to welcome as many tourists as possible in a way which is both respectful of the environment and economically and socially sustainable.

6.56. Gabon strives to become, by 2015, the number one African destination for rainforest tourism and a model for national parks in the 21st century.

6.7 Trade-related technical assistance needs

6.57. Although Gabon is not eligible for most trade-related technical assistance programmes, it still has needs in the following areas:

- Increased participation of Gabonese civil servants in the capacity-building activities of the WTO and of other technical partners (training and assorted seminars);

- implementation of certain WTO agreements, particularly those relating to sanitary and phytosanitary measures (SPS), technical barriers to trade (TBT), TRIPS, and customs valuation;

- expansion of the country's commitments under the General Agreement on Trade in Services (GATS) to support the changes deriving from the PSGE;

- support for the development of a national trade strategy; and

- support for an investor targeting policy.

REPORT OF THE CENTRAL AFRICAN REPUBLIC

1 INTRODUCTION

1.1. In June 2007, the Government of the Central African Republic underwent its first trade policy review at the WTO, an exercise which enabled it to gauge the level of its multilateral commitments. The Government then undertook, on the basis of the comments made by WTO Members, to improve its trade policy, taking account of the regional and multilateral dimensions.

1.2. This report has been prepared for the second Trade Policy Review of the Central African Republic, which will take place in Geneva from 29 to 31 July 2013. It outlines the status of the reforms and the commitments undertaken by the country at the bilateral, regional and multilateral levels.

1.3. Located in the heart of Africa, the Central African Republic covers an area of 623,000 km^2 and has a population of about 4.5 million, i.e. a population density of 7.22 inhabitants per km^2. It is bounded in the north by Chad, in the south by the Congo and the Democratic Republic of the Congo, in the east by Sudan and South Sudan, and in the west by Cameroon. It is a landlocked country with an essentially agriculture-based economy, and is classified as a least developed country (LDC) - and yet it holds a wealth of untapped resources:

- rich and varied flora and fauna;
- dense forest cover with approximately 3,600 plant species and a variety of ecosystems covering vast virgin areas that lend themselves to safaris;
- dense and varied mining potential (diamonds, gold, iron, uranium, limestone, copper, oil, etc.).

1.4. Numerous constraints are still preventing these sectors from being exploited. In order to overcome these constraints, the Central African Republic has launched a number of reforms aimed at creating an environment conducive to the development of economic activity. However, the military and political crises of the past decades have put a strain on the country's industrial and trade fabric, undermining all of the efforts undertaken by successive governments.

1.5. The political change that took place on 24 March 2013 led to the suspension of the Constitution of 27 December 2004 and the dissolution of the National Assembly and the Government. The country operates under the Constitutional Act of 26 March 2013 on the provisional organization of State powers for a period of 18 months. A number of transitional bodies have been set up to that end, including the National Transitional Council and the transitional Government led by a Prime Minister elected by the Libreville Agreement of 11 January 2013.

1.6. The administrative system is decentralized and the country is divided into regions, prefectures, sub-prefectures, municipalities and villages. Only the regions and the municipalities constitute decentralized communities.

1.7. Since 1986, the Central African Republic has been firmly committed to a programme of economic liberalization based on withdrawal of the State from the production sector and promotion of the private sector. Against this backdrop, starting in 2008 the Government successively prepared and implemented two Poverty Reduction Strategies, which serve as reference papers for cooperation and partnership between the Government and the development partners. These strategies reflect the trade priorities set forth in the revised Diagnostic Trade Integration Study (DTIS), and the resulting reforms helped the Central African Republic to reach the completion point of the Heavily Indebted Poor Countries (HIPC) Initiative.

1.8. The objective of these reforms is the creation of a favourable economic environment for the development of economic activity in the Central African Republic, macroeconomic and financial stabilization, structural reform, rebuilding of the basic infrastructure and consolidation of peace.

1.9. Average real GDP growth rate for the period 2008-2011 was 2.57%, which implies a real deterioration in per capita income, with an estimated population growth rate of 2.5%. Life expectancy has fallen from 50 years in the 1990s to 48.4 in 2011.

1.10. The Ministry of Commerce and Industry is the main authority in charge of trade policy formulation and implementation; it is assisted by other ministries and institutions, including the Ministries of SMEs, of the Economy, Planning and International Cooperation, Finance, Agriculture, Mining, Tourism, Transport, Water and Forests, Health, the Chamber of Commerce, and non-State entities.

1.11. The policy relies essentially on the legislative and regulatory framework governing trade activities, the CEMAC integration framework, the Cotonou Agreement, the other regional and bilateral agreements, and WTO rules.

2 ECONOMIC ENVIRONMENT

2.1. Since 2008, thanks to the efforts made there has been an overall improvement in the economic situation. However, those efforts have been disrupted by the socio-political events of the last few years.

2.1 Economic growth

2.2. Since independence, economic development has depended on the development of the primary sector, which alone accounts for more than half of GDP. In 2011, it accounted for 53%, followed by the tertiary sector (34%) and the secondary sector (13%).

2.3. In 2012, economic growth reached 3.1%, boosted by the tertiary sector (trade, transport and telecommunications). It was also helped by better rainfall, the recovery of diamond exports and an improvement in the security situation. Real per capita income is steadily improving (€483 in 2011). The Government took measures that contributed to reducing inflationary pressure: the rate fell to 1.3% in 2011 from 9.3% in 2008.

2.2 Public finance

2.4. State revenue rose from 10.8% of GDP in 2009 to 11.2% of GDP in 2011, a development which, in terms of CEMAC convergence criteria, reflects the impact of the reforms introduced to eliminate fraud and improve the quality of public services.

2.5. Meanwhile, public expenditure rose from 16.2% of GDP in 2009 to 19.4% in 2010, reaching 17.7% in 2011. These figures reflect expenses linked to the elections as well as the burden of the wage bill.

2.3 Monetary policy

2.6. Monetary policy is conducted at the regional level by the Bank of Central African States (BEAC), while monetary programming is handled at the national level. The M2/GDP ratio has decreased steadily over the past years (from 24.45% in 1996 to 14.22% in 2003), reflecting a low level of loans, with liquidities representing a large share of the money supply.

2.4 Development of the sectors

2.7. Macroeconomic projections target an annual economic growth rate of at least 5% starting in 2007. This is based on a number of hypotheses which assume an increase in public and private investment as a result of domestic and foreign direct private investment as well as official development assistance.

2.8. Agriculture, which the Government has identified as a priority sector for economic recovery, remains the country's leading economic activity. While it accounts for 53% of GDP and provides employment and income to more than 95% of the rural population, it accounts for barely 10% of export revenue. It absorbs an average of 10% to 20% of the public investment programme.

2.5 Business environment

2.9. Improving the business environment is one of the Government's main priorities. To that end, a number of measures have been taken, including the following:

- regulating business in accordance with the OHADA Treaty;
- reviewing the National Investment Charter;
- developing a customs code;
- introducing a mining code and joining the EITI and the Kimberley process;
- bringing forestry licensing into conformity with the Forest Code;
- creating and implementing a permanent framework for State/private sector consultation;
- creating a single window to deal with the administrative formalities for setting up businesses in order to reduce costs and speed up the process;
- establishing trade courts both in Bangui and in the provinces;
- developing the Land Law; and
- setting up of a joint committee tasked with improving the business environment.

3 ECONOMIC REFORM

3.1. The Central African Republic, with the support of the international community, has firmly committed itself to a programme targeting medium-term economic growth and poverty reduction. To that end, it adopted a second generation Poverty Reduction Strategy paper for the period 2011–2015 which was validated by the National Assembly in November 2011. This Paper is based on the following strategic priorities:

- security, peace, governance and the rule of law;
- economic recovery and regional integration;
- human capital and essential social services.

3.2. Following the political change, the priorities of the transitional Government are:

- re-establishing of security;
- economic recovery;
- organization of general elections.

3.1 MACROECONOMIC REFORM

3.1.1 Restoring peace and security

3.3. The Government is fully aware that it cannot hope to succeed with these reforms unless it is able to restore peace and security. Owing to its geographical position, the Central African Republic plays an important role in establishing lasting peace and security in the subregion. In this context, the Government will pursue its efforts to cooperate with neighbouring countries to prevent conflicts and secure their borders, particularly the CEMAC countries, whose peace-keeping forces are taking part in the pacification of the country. In addition, the Government will focus its efforts in two priority areas:

- In the short-term, and with the support of friendly countries and multilateral partners, it will continue to build up the capacity of its security forces by providing them with communication equipment, transport, and training in order to ensure the security and free movement of persons and goods along roads and in remote rural areas;

- In the medium term, and with the support of development partners and friends of the Central African Republic, it will complete the Disarmament, Demobilisation and Reintegration (DDR) programme for all ex-combatants, and work in cooperation with all those concerned at the national level and with development partners to implement the multi-annual military planning law.

3.1.2 Good governance

3.4. The following measures have been taken in the good governance area:

- effective establishment of the National Financial Investigation Agency (ANIF) within the Ministry of Finance and Budget;
- ongoing reform of the trade courts: the Organic Law was adopted and the implementing decree is currently being prepared. Two commercial judges will represent the private sector in order to boost the confidence of economic operators;
- adoption of the laws authorising ratification of the United Nations Convention Against Corruption and the African Union Convention on Preventing and Combating Corruption, and incorporation of these conventions in the country's planned new Code of CriminalProcedure.

3.5. The Ministry of the Economy was restructured, making it possible to conduct prospective studies on the development issues and sectoral strategies in keeping with the poverty reduction programme, to supply reliable statistical data on a regular basis with the creation of the Central African Institute of Statistics and Economic and Social Studies, and to mobilize and better manage the implementation of the debt forgiveness process.

3.6. The Ministry of Commerce and Industry implemented an action plan aimed at improving the business environment with a view, *inter alia*, to strengthening the private sector, improving the legal and regulatory business framework, promoting diversification and improving the supply of export products. There are plans, in this connection, to study the possibility of setting up industrial estates in Bangui and in the provinces and to improve the industrial environment, to draw up an industrial development master plan, to introduce an investors' guide, to boost local production and processing capacity, and to develop a legal and institutional framework for standardization.

3.7. Regarding public finance, fiscal consolidation, including extension of banking services and the introduction of a unified State Treasury, is an important component of the Government's structural reform program and its efforts to promote good governance.

3.8. The ongoing reform of the tax and customs administrations, the broadening of the tax base, the improvement of tax payers' compliance, capacity building of customs officials, the fight against fraud and corruption, and the facilitation of clearance procedures have helped to improve State revenue.

3.9. The ASYCUDA++ system has helped to improve the establishment of customs value and to limit discretionary authority in this area (transaction value system).

3.1.3 Government procurement

3.10. A Government Procurement Code in line with international standards was adopted and implemented by the Directorate-General of Government Procurement and the Government Procurement Regulatory Agency.

3.2 Sectoral reform

3.11. The government has begun to reform certain key sectors of the economy with a view to establishing transparent and predictable rules that safeguard the rights of investors while maximizing State revenue. Special emphasis will have to be placed on promoting growth clusters: agriculture, livestock, forests, mining and energy.

3.2.1 The agricultural and livestock sector

3.2.1.1 Agriculture

3.12. This subsector dominates the country's economy and provides more than half of the sector's value added. It has a good biophysical base and revolves around two branches: cash crops (cotton, coffee, tobacco) and food crops (including cassava, maize, rice, peanuts, sesame, pumpkins, etc.). Of a total of 15 million ha of arable land, only 800,000 ha are cultivated each year, i.e. approximately 5.3% of the national territory.

3.13. Cash crops, in particular coffee and cotton, are currently undergoing a crisis following the fall in world prices and the socio-political disturbances that have destroyed the country's productive capital.

3.14. Reforms and projections target the recovery of the sector by ensuring:

- increased productivity through operational capacity building of farmers;
- diversification and processing of export products;
- fundraising for the rehabilitation of agricultural support structures;
- restructuring of the Chamber of Agriculture.

3.2.1.2 Livestock

3.15. The country has natural resources conducive to the development and the intensification of livestock breeding. With only 9 million of an estimated total of 16 million ha of pasture and grazing land exploited, there is still considerable untapped potential. Farms were generating close to 5 billion CFAF a few years ago as compared to 3 billion today, and the livestock population has fallen from 10 million in 2007 to 3.7 million in 2012. This sharp fall is largely due to the insecurity in the livestock breeding areas.

3.2.1.3 The forestry sector

3.16. The revival and development of the forestry sector is one of the Government's medium-term priorities. Indeed, after the rural sector, the timber sector is one of the growth clusters in the country's poverty reduction strategy.

3.17. Growth in the production and exportation of wood and the revival of regulated hunting will contribute to increasing the national wealth.

3.18. Already, the reforms have produced the following results:

- commitment to the Forest Law Enforcement Governance and Trade (FLEGT) process;
- adoption of the new Forestry Code and its implementing texts;
- granting of operating and development permits;
- revision of reference values;
- creation of the economic observatory for the wood sector.

3.2.1.4 Mining sector

3.19. The Central African Republic has considerable potential in the mining sector. For the moment, only diamonds and gold are exploited but contribute little to GDP (3.5% in 2006 and 1.9% in 2010) owing to certain constraints such as the small scale of mining operations, fraud, and smuggling that it is difficult to control owing to the permeability of the country's borders.

3.20. In order to overcome these constraints, starting in 2008 the Government introduced strategies to revitalize and develop the sectors which resulted in the Country being granted EITI compliant status; the setting up of the National Union of Mining Cooperatives; the adoption of the Law on Minimum Export Value for Import-Export Purchasing Offices; the adoption of the Mining Policy Paper; the adoption of a new Mining Code and its implementing texts which include elements of good practices, such as the streamlining of formalities for obtaining mining permits and the Law on Radioactive Ores. The country was admitted as a recognized exporter under the Kimberley Process.

3.2.1.5 The tourism and crafts sector

3.21. Tourism: The Central African Republic has a sizeable potential for tourism (cultural diversity, tourist sites and national parks) which could be developed if it took advantage of its geographical position and its reputation for hospitality. It is held back chiefly by its poor connections, its high transport costs (no charter services) and limited hotel capacity, and the absence of tour operators, coupled with a lack of awareness of its resources and products.

3.22. Reforms have involved the strengthening of security and peace in the country and the transfer of tourist activities from the state to private operators, for example, the Ledger Plaza Hotel, the Oubangui Hotel, the Boali Hotel, the Bayanga site, and the Hôtel du Centre.

3.23. In order to revive the tourist sector, a sectoral strategy for tourism has been drawn up in connection with the revision of the DTIS. It calls for a better understanding of the available potential, site development, diversification of products, support for economic operators and the promotion of the Central African Republic as a destination.

3.24. Crafts: This is a growth sector which is promising in terms of raw materials and could contribute significantly to poverty reduction thanks to its capacity to create jobs. The sector is divided into three categories: art (wood-carving, jewellery), production, and services.

3.25. However, it is beset with problems relating to poor organization of craftsmen and a lack of equipment and training.

3.26. The development strategy involves drawing up a development plan for the introduction of micro-financing and micro-subsidization programmes and the organization of cooperative associations.

3.2.1.6 The water and electricity sector

3.27. The country has a production capacity of barely 20 MW with two hydroelectric plants (Boali 1 and 2, supplying Bangui) and generators supplying 16 provincial towns. A hydroelectric plant (Boali 3) and four small hydro plants are currently being constructed with foreign aid, and six others are planned.

3.28. The *Société de distribution d'eau centrafricaine* – SODECA (Central African Water Supply Company) supplies drinking water to more than 23% of the population in nine towns: Bangui, Bimbo, Bambari, Berberati, Bossangoa, Bouar, Bozoum, Carnot, and Ndélé. The Ministry in charge of water resources ensures the supply of drinking water to 61% of the rural population. Finally, two additional projects are under way in the water resources management area: the *Projet d'aménagement des ressources naturelles* – PARN (Natural Resources Planning Project) and the *Projet d'exploitation des eaux souterraines dans la région occidentale* – PEESRO (Ground Water Exploitation Project in the Western Region).

3.29. The Government has liberalized the sector and intends to hand over the management of supply to the private sector.

3.2.1.7 The telecommunications sector

3.30. This sector was partially liberalized in 1996 by Law No. 96.008 of 3 January 1996, and several private operators have emerged. The Government intends to maintain the same course and to the strengthen the regulation of the sector to increase its contribution to economic growth and to full coverage of the country.

3.31. A new draft law incorporating the community provisions (CEMAC/ECCAS) on telecommunications is currently being reviewed. It provides for full liberalization in order to improve territorial coverage in various telecommunications products.

3.2.1.8 Financial sector

3.32. The Financial sector comprises four banks, five micro-financing institutions and a micro-financing project, a postal savings bank and money order centre, two insurance companies, three general insurance agents and a social security institution.

3.33. The Central African Republic does not have any leasing or term loan companies. The sector is dominated by the commercial banks, which hold 84% of total assets. The financial sector in the Central African Republic has had a limited role in the collection of savings, the distribution of credits and financial intermediation.

3.2.1.9 Transport

3.34. Owing to its landlocked status and the distance which separates it from the coastlines, the Central African Republic is at a disadvantage when it comes to imports and exports.

3.35. Land transport has deteriorated, with a decline in the road network, insufficient infrastructure (only 700 km of a total of 9,307 km of classified roads are surfaced), an ageing and insufficient car population, an overloaded network, and no access to loans for renewal.

3.36. River transport is faced with the problem of the navigability of the Oubangui River (seven or eight out of 12 months), the weir at Zinga and the lack of beacons on certain segments.

3.37. In the air transport subsector, there have been problems relating to the deterioration of airport infrastructure and safety, and the security of Bangui M'Poko international airport.

3.38. As regards land transport, and in particular the transit of goods between Douala and Bangui, the Government is currently seeking partners with the view to creating a dry port for all imports into the country via Douala.

3.39. This single platform, coupled with the recent creation of conventional customs corridors for the transit of goods between Douala and Bangui made up of checkpoints and rest areas for truck drivers, is bound to contribute to the combat against fraud by controlling the import-export flow between Douala and Bangui, while helping to safeguard and optimize customs revenue with a view to facilitating trade. A project involving the construction and outfitting of customs posts is under way.

3.40. Appropriate policies will be needed for the road and river transport sub sectors in view of their impact on the economic and social development of the entire population of the Central African Republic. The road infrastructure development strategy will call for continued asphalting of trunk roads and the upgrading of existing infrastructure by providing for the proper and regular maintenance rural dirt roads.

3.2.1.10 Investment

3.41. The National Investment charter adopted by CEMAC aims at the development and processing of local raw materials, the creation of value added and employment, and the exportation of finished products, and advocates the freedom of investment, non-discrimination and total freedom in the management and transferability of profits.

3.42. The planned reforms in this area will focus on the development of an investment policy, the setting up of the Directorate-General of the National Investment Commission as a Central African agency for the promotion of investment, the strengthening of the control and monitoring of approved enterprises, and attention to very small enterprises and medium-sized enterprises.

4 INTERNATIONAL RELATIONS

4.1. In the context of its policy of openness the Central African Republic has signed several trade agreements at the multilateral, regional and bilateral levels in order to promote its integration into world trade.

4.1 The WTO Agreements

4.2. Central African Republic is an original Member of the WTO. It participates in the multilateral trade negotiations under the current Doha Development Agenda, and in that framework, it supports all of the measures that seek to favour market access for the least developed countries. These measures include:

- implementation of the Enhanced Integrated Framework programme as one for the elements in the promotion of Aid for Trade with a view to building up the country's supply capacity;

- strengthening of technical assistance;
- improvement of special and differential treatment;
- trade facilitation;
- elimination of the agricultural subsidies granted by the developed countries;
- access to medicines against major endemic diseases (HIV/AIDS, tuberculosis and malaria) through incentives offered by the developed countries to their institutions and enterprises to promote and encourage the transfer of technology to the LDCs in accordance with Article 66.2 of the TRIPS Agreement, and the adoption of legal changes that will make it easier for poorer countries to import cheaper generics made under compulsory licensing if they are unable to manufacture the medicines themselves;
- access to the markets of the industrialized countries for agricultural and non-agricultural products from the developing countries;
- requirement for shared commitments of developed countries with respect to Mode 4 and the need for Members to ensure that the GATS architecture is preserved.

4.3. The Central African Republic generally supports the positions of the LDCs and the African Group on matters relating to multilateral obligations and to the strengthening of technical cooperation activities.

4.4. In the coming years, the Government intends to strengthen the team of national experts representing the country while at the same time building up the capacity of the National Trade Negotiations Committee so that the country can be represented at all meetings and in all negotiating processes. To achieve this, the Government is relying on various forms of support in the framework of technical assistance from the WTO and other organizations working in the area of trade and development, in particular, WIPO, UNCTAD, the ITC and the WCO.

4.5. In the Aid-for-Trade area, the country's needs revolve around the construction of transport and energy infrastructure, productive capacity building, trade and transport facilitation and harmonization of the regulatory framework.

4.6. As regards the implementation of the Agreement on the Application Sanitary and Phytosanitary Measures, the Central African Republic has submitted to the Standards and Trade Development Facility (STDF) a project aimed at developing and implementing a strategy to strengthen the SPS system. This project is in the process of being approved by the STDF Secretariat.

4.7. The Central African Republic is a member of WIPO and a signatory of the Revised Bangui Agreement creating the AIPO. It has ratified several conventions on intellectual property. Through its effective involvement in these issues, the Central African Republic was able to set up a documentation and research centre with the support of WIPO and the AIPO, inaugurated on 13 September 2011.

4.2 Regional agreements

4.8. At the subregional level, the Central African Republic belongs to the Economic Community of Central African States (ECCAS) and the Central African Economic and Monetary Community (CEMAC), and is a signatory of the Cotonou Agreement.

4.9. As a member of CEMAC, it is committed to effective integration that would facilitate the free movement of persons and goods, to the review of the Investment Charter, to the proper implementation of the intra-Community compensation mechanism and the harmonization of rules of origin in order to ensure the traceability of goods traded within the Community, the introduction of juxtaposed customs posts, the establishment of the new transit regime, and the creation of checkpoints to facilitate trade between member countries.

4.10. However, a number of problems remain within the Community, including the lack of effective integration, incoherence in the application of commonly agreed measures between the countries, distortions in the application of the CET, double taxation of goods traded within the Community, and failure to observe the intra-Community compensation mechanism.

4.11. The strengthening of regional integration requires a harmonization of the legal instruments applied in the region, and regular meetings within CEMAC so that each country can discuss its problems implementing the Community Provisions.

4.2.1 Cotonou Agreement: The ACP-EU Economic Partnership Agreements

4.12. The Central African Republic is negotiating the Economic Partnership Agreement in the framework of the CEMAC/Sao Tome and Principe/Democratic Republic of the Congo configuration. As the implementation of this agreement will inevitably lead to enormous loss of revenue in the face of strong European competition, in order to soften the blow, the Government is seeking, with its counterparts in the other countries, to ensure that the "development" dimension is taken into account in the agreement.

4.13. In order to be able to formulate a proper negotiating mandate for the country as a landlocked LDC, the Central African Republic is relying on substantial support in strengthening its production capacity and infrastructure and rebuilding industrial plants, namely:

- support for basic infrastructure such as roads, energy and water;
- support for the production sectors with a view to diversifying supply;
- support for private sector promotion;
- improvement of the business environment; and
- measures to offset the losses resulting from the implementation of the EPA.

4.3 Bilateral agreements

4.3.1 Relations with the United States

4.14. The Central African Republic benefits from the generalized system of preferences, but since 2003 it has no longer been eligible for the African Growth and Opportunity Act (AGOA). It is currently taking steps to renew its eligibility in order to be able to mobilise the resources it needs for its socio-economic development.

4.3.2 Other bilateral agreements

4.15. Over the years, the Central African Republic has concluded a number of trade agreements with different countries: economic, trade and technical cooperation agreement with China; trade agreements with Egypt, Libya, Sudan, Nigeria, Chad, the former Soviet Union, Iraq, Germany, former Yugoslavia, North Korea, South Africa, Kuwait, and Turkey; and the investment promotion protection agreement with France, Germany, Switzerland, Egypt, Morocco and China.

4.16. Joint expert commissions have been set up to follow up the implementation of the agreements, suggest any measures that could improve economic cooperation, and provide for the exchange of trade information between the countries.

4.17. In the framework of its cooperation with these countries, the Central African Republic plans to assess the impact of all these bilateral and regional agreements on its economy in order to find ways of deriving greater benefit from them.

4.4 Technical assistance needs

4.18. The Central African Republic has trade-related assistance needs in various areas, including:

- implementation of trade-related agreements including notifications;
- participation in the regular activities of the WTO, capacity building for participation in trade negotiations;
- integration of trade policies in development policies.

4.19. The country's trade-related technical assistance needs with respect to policy formulation include: harmonization of domestic laws and regulations with the principles and rules of the WTO; human and institutional capacity building in the trade area; and the development of policies aimed at boosting profits and minimizing potential costs relating to the implementation of the agreements.

4.20. There is also the elimination of supply-side constraints, namely: the poor state of the roads and the persistent insecurity in the country; the lack of inputs such as electricity, and a financial system oriented chiefly towards import-export activities, not to mention the additional costs relating to the country's land-locked status. The authorities hope to take better advantage of the country's considerable assets in the agricultural area, and in particular to revitalize and diversify cash crops and develop livestock breeding. The integration of trade policy in the Poverty Reduction Strategy Paper (PRSP II) could also help to eliminate poverty. In this connection, the Central African Republic is relying on the implementation of the Enhanced Integrated Framework and Aid for Trade in order to build up its supply and production capacities.

4.21. Technical assistance needs are also felt in the different production sectors such as:

Tourism

- technical support upon request in formulating the Government's policy and projects in the tourist area;
- assistance in implementing these operational activities;
- human capacity building in the tourism sector.

Agriculture

- technical and institutional support for agricultural research and training;
- support for the professional organizations (groupings, associations, federation);
- support for the creation of a fund to help finance the purchase, storage and export of coffee.

Forestry

- capacity building with respect to diversification and marketing strategies for timber and non-timber products.

Transport

- revival and implementation of the project to build a flow control dam at Palambo, 66 km upstream from Bangui;
- capacity building in transport management for ministry officials;
- upgrading of Bangui M'Poko International Airport to bring it into line with international standards.

Financial services

- support for the creation of a databank;
- strengthening of the insurance market.

Customs

- capacity building in the area of customs statistics and customs value.

Trade and Industry

- support for the development and implementation of the SPS strategy;
- support for improvement of the industrial environment;
- capacity building for the WTO Reference Centre;
- support for the setting up of an export promotion centre;
- support for the creation of the Central African Standardization Agency;
- support for the development of an Intellectual Property Action Plan;
- capacity building for the integrated database (IDB);
- capacity building for notifications;
- human and institutional capacity building in the trade sphere.

Private Sector

- promotion of funding mechanisms for the SMEs;
- support for the creation of an approved management centre;
- support for the development of a post-conflict private sector revival strategy;
- support for the revitalization of the support and advisory bodies.

5 CONCLUSION

5.1. This statement, which reflects the Government's socio-economic policy, calls for significant growth and self-sustained development enabling the Central African Republic to achieve its fundamental objectives, including those deriving from its WTO membership. The various analyses conducted at the WTO have revealed the strengths and weaknesses of the country's trade policy.

5.2. In spite of its difficult socio-economic situation, the Central African Republic is determined to improve its trade policy. To that end, it is relying on the multi-faceted assistance of all the donors and development partners to enable it to confront the development challenges that lie ahead.

REPORT OF CHAD

1 INTRODUCTION

1.1. After its first WTO Trade Policy Review on 22 and 24 January 2007, Chad is now set to have its second Review on 29 and 31 July 2013 at the WTO in Geneva, in the context of the grouped Trade Policy Review of Member States of the Central African Economic and Monetary Community (CEMAC).

1.2. The following "policy statement by the Government of Chad" seeks to highlight the efforts made by Chad in the various areas that impact socio-economic development, and addresses the following areas:

- Overview;
- Macroeconomic policy;
- Trade negotiations framework;
- Trade policy implementation (trade policy instruments);
- Trade policy formation by sector; and
- Technical assistance.

2 OVERVIEW

2.1. Located in the centre of Africa, Chad has an area of 1,284,000 km^2. It is entirely landlocked, and is bounded in the north by Libya, south by the Central African Republic, east by Sudan, and west by Cameroon, Nigeria and Niger. The closest seaport is the port of Douala, Cameroon, 1,700 kilometres from N'Djamena.

2.2. Chad achieved independence on 11 August 1960. Its political system is governed by the Constitution of 31 March 1996. The country is divided into 23 administrative regions, including N'Djamena, the capital, 67 departments and 271 sub-prefectures. The decentralisation characteristic of the Chadian state is in progress.

2.3. Chad had an estimated population of 12 million inhabitants in 2012, with an average density of 8.6 inhabitants per km^2.

2.4. The Republic of Chad comprises several sedimentary basins of which most have yet to be explored.

2.5. The country is divided into three climatic zones – the Sudanian zone, the Sahelian zone, and the Saharan zone – and has two seasons: a rainy season and a dry season. Average annual rainfall varies from one zone to the other, with 800 to 1,200 mm for the Sudanian zone, 400 to 800 mm for the Sahelian zone, and less than 300 mm for the Saharan zone.

2.6. Chad is a member of several international, regional and subregional organisations, including the United Nations (UN), the African Union (AU), the World Trade Organization (WTO), the Organization for the Harmonization of Business Law in Africa (OHADA), the African Intellectual Property Organization (AIPO), the World Intellectual Property Organization (WIPO), the New Economic Partnership for Africa's Development (NEPAD), the Central African Economic and Monetary Community (CEMAC), the Economic Community of Central African States (ECCAS), the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS), and the Community of Sahelan-Saharan States (CEN-SAD). It also has bilateral agreements with several countries.

2.7. Chad's foremost trading partner is the European Union, with which it is negotiating an economic partnership agreement in the context of the CEMAC. Chad also has trade relations with the United States of America in the framework of the AGOA.

2.8. Chad has signed several bilateral trade agreements as well as agreements concerning reciprocal investment.

3 MACROECONOMIC POLICY

3.1 Economic situation

3.1. Chad's economy has grown vigorously over the last twenty years, with an annual average rate of 7% for the period 1995-2010. The diagnostic survey of Chad's socio-economic situation in the decade 2000-2011, during which two poverty reduction strategies were implemented, highlights the strong points, weaknesses, opportunities and threats to the country's sustainable development. A significant feature of Chad's growth is its uneven nature, largely as a result of fluctuations in agricultural and oil output linked to climate conditions and world oil prices.

3.2. Between 2004 and 2005 oil production almost doubled the country's GDP, which rose from CFAF 1,732 billion in 2004 to 3,101 billion in 2005. The oil sector accounted for an average of 36% of GDP over the period 2003-2009, as against 21% for agriculture and livestock, 13% for trade and 29% for all other sectors. In 2005-2008, agriculture accounted for 12.5% of GDP, whereas for the Congo, Gabon and Equatorial Guinea, which are also regional oil producers, it represented only between 3 and 4% in 2009-2010.

3.2 Public finances

3.3. As regards budgetary resources, oil revenue accounted for an annual average of almost 80% of State budgetary receipts. Non-oil revenues currently represent only 13% of GDP and at best can only cover the wage bill. The low tax burden of about 8% is 10 points below the CEMAC norm, which explains the situation. Meanwhile foreign aid, the other growth financing source, fell over the last three years. According to the OECD, total net programmable ODA (Official Development Assistance) for Chad over the period 2009-2011, all donors together, was US$251 million in 2009 (actual figure), US$212 million in 2010 and US$200 million in 2011.

3.4. The oil-fuelled fiscal expansion accounts for the rapid increase in domestically-financed capital spending, which rose from 2.1% of non-oil GDP in 2003 to 12.6% in 2008-2010.

3.3 Prices

3.5. Inflation picked up speed in 2011 owing to the surge in the world food prices, reaching 6.5% compared to -2% in 2010. However, inflationary pressures are expected to ease and inflation to stabilise at an annual rate of 3% on average for 2012-2015, in line with the 3% convergence criterion adopted by the CEMAC.

3.4 Monetary situation

3.6. As a result of the rise in net external assets and in public spending, in 2010 the money supply grew at a rate of 25.4%, the same as that of nominal GDP. Credit to the economy rose by 19%, the same rate as for nominal non-oil GDP. As the IMF Country Report for 2011 stresses, "… compared to other low-income sub-Saharan African countries, monetization and credit to the private sector are low in Chad. The financial sector is underdeveloped, with eight commercial banks, two insurance companies, and two pension funds"[2].

3.7. Of the eight local banks, two (BCC and CBT) are currently up for sale and another, the BAC (*Banque agricole et commerciale*) is being recapitalised. The COBAC decision to raise the capital requirement of all local banks to CFAF 10 billion as from 2013 will certainly bring sweeping changes in Chad's banking system.

3.5 External accounts

3.8. As far as the balance of payments is concerned, the average current account deficit shrank from -34.6% of GDP in 2010 to -23.9% in 2011. Strong growth of goods exports (21.6%), while imports remained at the 2010 level, brought about a significant improvement in the overall balance of payments: 2.3% of GDP in 2011 as against 0.5% in 2010.

[2] IMF Country Report, 2011 Article IV Consultation.

3.9. Prior to oil exploitation, exports consisted primarily of agricultural and livestock products, in particular livestock (51% of exports), cotton fibre (30%), and gum arabic (4%). These have now been displaced by oil, which accounts for 88%, as against 6% for livestock, 2% for cotton fibre and 4% for other products. In 2011, exports of goods represented 36.4% of GDP; 91.2% consisted of oil exports. The 21.3% growth during the period under review stemmed essentially from higher crude oil prices and strong exports of cotton fibre, which more than doubled over one year after the cotton industry was taken over by *Coton-Tchad Société Nouvelle*.

3.10. Imports of goods stabilised at around the 2010 level, i.e. 21.3% of GDP in 2011. Imports of services rose slightly, with a growth rate of 2.6% in 2011 (28.7% in 2010).

3.6 Debt situation

3.11. Total debt averaged 30.9% of GDP in 2009-2011; external debt amounted to 24% of GDP and domestic debt 6.9%. The net present value of external debt represents nearly 40.7% of exports of goods and services during the period under review. Compliance with debt relief conditions under the External HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI) would cut external debt by half in nominal terms (over US$1 billion), which would yield debt service savings of about US$40 million per year over 30 years. This debt sustainability analysis does not take into account the medium and long-term impact of the framework agreement with EximBank China which is being studied by the National Debt Analysis Committee (CONAD).

3.7 Demographic growth

3.12. A final salient feature of Chad's macroeconomic situation is the continuing high population growth rate of 3.5% per year, which makes it difficult to increase GDP per capita rapidly. Assuming economic growth of 5% per year, GDP per capita would only double over 46 years, and an emerging Chad by 2025 would be unimaginable.

3.8 Economic outlook

3.13. Since 2002 the Government has drawn up and implemented two generations of National Poverty Reduction Strategies covering the periods 2003-2007 and 2008-2011. The evaluation of the implementation of these strategies (NPRS1 and 2) indicated that while progress has certainly been made in terms of economic growth, job promotion, poverty reduction and improved quality of public services, most of the objectives were not attained and not all social indicators are satisfactory.

3.14. The completion of the second NPRS in December 2011 left the country in a programmatic vacuum, while the Government cherishes the ambition to make Chad an emerging country by 2025. It has therefore decided to draw up a National Development Plan (NDP) for the period 2013-2015 with this aim in view.

3.15. The central scenario of the macroeconomic framework for the NDP seeks to reconcile three major Government concerns over the medium term. These are (i) to maintain a stable macroeconomic framework; (ii) to maintain a sustained level of public spending to accompany diversification policies aimed at speeding up growth and reducing poverty; and (iii) to move towards effective planning of expenditure, with budget programming that is more foreseeable and sustainable over time through strict control over mandatory spending and a firm commitment to supporting the multi-year programmes underway.

3.16. The main results of the central scenario macroeconomic framework are as follows: the economy should record sustained growth over the period thanks to an upturn in the primary sector as a result of higher agricultural activity. GDP could reach 8.9% in 2012 and stabilise at around 8.9% on average for 2013-2015, representing a net gain of about 5 points compared with 2008-2011. Per capita GDP growth would average 4.3% over the period 2013-2015 (Source: National Development Plan 2013-2015).

4 TRADE NEGOTIATIONS FRAMEWORK

4.1. Since more than a decade Chad has introduced major reforms in the trade sector in order to take greater advantage of the growth of international trade flows and participate on a sustainable basis in the world economy.

4.2. The principle of free trade prevails for both imports and exports, as well as on the domestic market, and restrictions concern only a limitative list of products on grounds of consumer health or safety.

4.3. Chad has thus endeavoured to comply with the main prescriptions of the World Trade Organization (WTO) and the regulations of the CEMAC, which are now the guiding frameworks of its trade policy.

4.4. In this context, the primary role of the State is henceforth firstly to guarantee economic operators a favourable business environment and at the same time to provide the foundations for speeding up poverty reduction for the population.

4.5. Chad has a Permanent Mission to the United Nations Office at Geneva in Switzerland, which is also responsible for matters relating to the WTO, UNCTAD, the International Trade Centre (ITC) and the World Intellectual Property Organization (WIPO). This Mission has played a key role in conducting the negotiations on cotton, of which Chad is a co-sponsor.

5 TRADE POLICY IMPLEMENTATION (TRADE POLICY INSTRUMENTS)

5.1. With the support of several sectoral ministerial departments, the Ministry of Commerce and Industry is primarily responsible for the implementation of both domestic and foreign trade policy.

5.2. The principal instruments governing domestic trade are as follows:

- Law No. 30 of 28 December 1968 on prices, economic intervention and the repression of economic offences;
- Law No. 20/PR/1967 of 9 July 1967 introducing a card for aliens engaged in trade, supplemented by Ordinance No. 31/PR/ET of 4 October 1967;
- Decree No. 747/PR/PM/MCI/2010 of 16 September 2010 on the organisation and operation of the national investment and export agency;
- Decree No. 743/PR/PM/MCI/2010 establishing administrative procedures for the setting up of businesses;
- The uniform Acts of OHADA;
- The National Investment Charter of 2008 consistent with the CEMAC Community Investment Charter; and
- The various CEMAC regulations, in particular those concerning anti-competitive practices and State practices relating to trade among member States.

5.3. The following legislation is in the process of being adopted:

- Draft law on prices and competition in the Republic of Chad;
- Draft law on consumer protection in the Republic of Chad:
- Draft law on standardization: and
- Draft law on metrology.

5.4. Most prices have been liberalized since the 1990s, with the exception of tariffs for water and electricity which are distributed respectively by the *Société tchadienne des Eaux* (Chad Water Company - STE) and the *Société nationale de l'électricité* (National Electricity Company - SNE) which are set by the Government; the prices of proprietary medicines, which are set on the basis of profit margins of 20% for wholesalers and 30% for dispensaries and pharmacies; and the prices of oil products ex-refinery and at the pump from the DJARMAYA refinery, and of 3kg and 6kg of butane gas.

5.5. The main laws and regulations governing foreign trade are:

- Decree No. 452/PR/85 abrogating Decree No. 282/PR/85 on import procedures. Under this decree, imports from any country may enter freely. However, the Ministry of Commerce, for health or security reasons, may prohibit and/or restrict the import of one or several products;
- Order No. 054/MCPI/DG/DC/95 abolishing import licences and establishing a negative list of products subject to special import authorisation (sulphur and explosives) delivered by the Ministry of Commerce.
- Decree No. 451/PR/95 of 29 July 1995 liberalizing exports of all goods, products, foodstuffs and other items. However, the Ministry responsible for trade may prohibit or restrict the exportation of a specific product.
- Decree No. 138*bis*/PR/MEPHP/88 regulating exports of livestock and livestock products. This Decree authorises the exportation of live cattle and livestock products, with the exception of breeding females and calves.

5.6. Chad's exports consist primarily of oil, cotton, live cattle, gum arabic, sesame and groundnuts.

5.7. The customs regime applied by Chad is that of the CEMAC. The common external tariff (CET) resulting from the tax and customs reform seeks to ensure that the same conditions are applied to all enterprises in the subregion by rationalising the classification of imports into five tariff bands, each with a single customs duty:

- 0% for the generalised preferential tariff;
- 5% for essential goods;
- 10% for raw materials and capital goods;
- 20% for various intermediate goods;
- 30% for fast-moving consumer goods.

5.8. In addition to the above tariff bands, Chad's imports and exports are subject to a 2% statistical tax, the 1% Community Integration Tax (TCI), and the Community Integration Contribution (CCI) of 0.4%.

5.9. Chad levies value-added tax (VAT) at a rate of 18%.

5.10. Chad has complied with its commitments to bind its tariff lines on agricultural products (80%) and passenger transport vehicles (75%). The same applies to trade in services, with the opening up of tourism and travel agency related services as well as land and air transport.

5.11. Chad's agricultural exports have been granted free access to the European Union market under the "Everything But Arms" Initiative, pending the conclusion of the partnership agreement that is being negotiated between the CEMAC and the EU.

5.12. Like all least developed countries (LDCs), Chad does not subsidize exports.

5.13. The WTO Agreement on Sanitary and Phytosanitary Measures (SPS) has not had a perceptible impact on Chad's exports consisting basically of cotton and gum arabic.

5.14. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) does not currently require Chad to undertake any significant legal work owing to the structural weakness of its economy. The domestic legislation is the same as that of the other AIPO member countries and guarantees the protection of intellectual property (patents, trademarks and inventions).

5.15. Chad has prepared a national intellectual property strategy with the support of WIPO. This strategy is consistent with the social policy and gender equality enshrined in the Constitution, and will be approved shortly.

5.16. As regards intellectual property, consisting of industrial property and literary and artistic property, mention should also be made of the Chadian Copyright Office (BUTDRA), attached to the Ministry of Culture.

5.17. The WTO Agreement on Customs Valuation established a new system for determining the customs value of imported goods. This Agreement is applied throughout the territory pursuant to Order No. 110 of 29 June 2009 of the Ministry of Finance and Budget.

5.18. The Ministry of Commerce is responsible for preparing notifications and transmitting them to the WTO, but has recently had difficulties in fulfilling this multilateral obligation.

5.19. At the international level, Chad has been very active in developing a coherent foreign trade policy with respect to cotton. Since 2003 it has been participating in the Sectoral Initiative in Favour of Cotton – which calls for the elimination of trade-distorting cotton subsidies – and with its partners (Benin, Burkina Faso and Mali), has defended the cotton cause at the WTO.

5.20. Thus, in October 2006 it participated (for the second time) as a third party in the dispute between Brazil and the United States on the elimination of cotton subsidies.

6 TRADE POLICY FORMULATION BY SECTOR AND SECTORAL POLICIES

6.1. Generally speaking, the Government determines and implements national policy, and the National Assembly passes the corresponding legislation. Promulgated laws are published in the Official Journal. Each ministry draws up the policy relating to its area of activity. In the case of trade, the Ministry of Commerce and Industry is responsible for formulating trade policy, overseeing its implementation and ensuring compliance. According to the nature of the issues concerned, it coordinates this policy with other ministries and concerned institutions, the private sector and civil society.

6.2. The Ministry of Commerce and Industry is the WTO focal point and hence the leading entity for WTO matters. Broadly speaking, it intends to give priority to actions aimed at boosting commercial and industrial development: establishment of a regulatory framework conducive to investment through the adoption of the national investment charter; introduction of a standardization and quality assurance system; making the National Investment and Export Agency (ANIE) operational in July 2011 with the opening of a single window; and strengthening the effectiveness of the Chamber of Commerce, Industry, Agriculture, Mining and Crafts (CCIAMA) with the establishment of a State-Private Sector Dialogue Forum (FODEP).

6.3. In December 2011 the Employers Association prepared a white paper setting out the major obstacles to private sector development and recommendations for improving the business climate. The Government is currently studying the white paper with a view to its adoption.

6.4. Chad has an embryonic manufacturing sector, with only a score of enterprises accounting for most of the country's industrial fabric. These include a seed cotton processing and ginning factory (*Société cotonnière du Tchad*, now the *Coton Tchad Société Nouvelle*); a sugar and sugar products factory (*Compagnie sucrière du Tchad*); a cigarette factory (*Manufacture de cigarette du Tchad*); a plant manufacturing cooking oil, household soap and oilcake from cotton seed (oil and soap-making department of *Coton Tchad*); a brewery, *Brasserie du Tchad* (BDT), for local consumption (beer as well as sweetened and unsweetened carbonated drinks); a corrugated iron sheet manufacturing plant; some mineral water plants; a modern refrigerated slaughterhouse (SMAFF) in Farcha near N'Djamena; a modern brick works; the N'Djamena Refining Company (SRN) which runs the Djarmaya refinery; a company producing agricultural equipment and tractor assembly (SIMATRAC); a fruit juice company (STJF); a cotton mill; a national cement company (SONACIM); and a polypropylene factory.

6.5. An industrialization policy and guidelines are currently being drawn up.

6.6. Among the ministries and other institutions involved in the trade policy review process, some have a particular role to play. They are the following:

6.7. The Ministry of Foreign Affairs and African Integration, represented by the Permanent Mission of Chad in Geneva, is the interface between the WTO and the capital.

6.8. The Ministry of Finance and Budget is responsible for the formulation, coordination, implementation and follow-up of government policy in the financial and budgetary field; organizing and controlling government and treasury accounts, customs duties and State property taxes; approving public procurement and leases entered into by the State in accordance with the threshold set by the Government Procurement Code and subsequent texts; preparing and developing the general State budget and monitoring its execution; managing domestic and external debt; formulating banking and insurance policies in conjunction with the bodies and/or organizations concerned, etc. It prepares the Finance Law together with the other ministries prior to its adoption by the National Assembly.

6.9. The Ministry plans to:

- transpose the CEMAC directive on budget preparation into domestic law; and
- follow up the computerization process for the Ministry.

6.10. The Ministry of the Economy, Planning and International Cooperation is responsible for formulating, coordinating, implementing and following up government policy in the areas of planning, the economy and mobilization of resources, as well as international cooperation. Thus it is responsible for implementing the macroeconomic and financial framework; formulating and coordinating the implementation of development programmes and strategies; promoting the partnership between the public sector, private sector and civil society organisations.

6.11. In this context, the MEPCI has drawn up the National Development Plan (NDP) 2013-2015, which was adopted by the Council of Ministers during April 2013. The NDP includes the sectoral policies for 2013-2015.

6.12. The national cell of the Regional Economic Programme (REP) is attached to the Ministry of the Economy, Planning and International Cooperation and is responsible for monitoring the projects included in the REP.

6.13. The Ministry of Agriculture and Irrigation is responsible for the agriculture subsector. It is therefore in charge of formulating, implementing and following up national agricultural development policy, aimed at increasing the productivity of cereal, root and tuber crops, oilseeds and fruit crops.

6.14. Thus, hydro-agricultural works, tractors, small-scale agricultural equipment and necessary inputs have been made available to producers, in addition to extension services. Together with good rainfall, this has led to a cereal crop production of 2,611,814 tonnes in 2010-2011 and 1,657,182 tonnes in 2011-2012.

6.15. In the context of mechanisation of agriculture under the National Food Security Programme (PNSA) the Government provided 1,011 tractors for producers (201 tractors in 2011 and 810 in 2012).

6.16. Following the Rural Development Forum held from 24 to 27 January 2012 in N'Djamena, the following strategy guidelines for the achievement of sustainable food independence were identified:

- Water control and management;
- Intensification and diversification of agricultural production;
- Strengthening of food crisis prevention and management arrangements;
- Strengthening of producer extension services and organisations; and
- Support for the promotion of high-growth activities.

6.17. The Ministry of Agriculture and Irrigation has drawn up a five-year plan 2013-2018 for this purpose, which will be approved shortly. The agriculture subsector accounts for 23% of GDP and employs 80% of the country's active population. Thus, in order to attain the objective laid down in the National Policy, the Government has been pursuing the development of hydro-agricultural works, combating crop pests, in particular bird and locust infestations, improving research and extension activities and rural training and capacity-building for producer organisations.

6.18. The Ministry of Pastoral Development and Livestock Production is responsible for formulating, coordinating and implementing national policy relating to the production and exploitation of animal resources, the development of pasture land, the management of pastoral resources and the organisation of professional livestock breeders with respect to the parties concerned, as well as the application of phytosanitary measures.

6.19. The livestock subsector is very important for the Chadian economy, accounting on average for 40% of GDP and 30% of exports. After oil, it is the biggest source of exports.

6.20. In the past Chad exported skins and hides of cattle, sheep, goats and reptiles to various African and European countries.

6.21. It is therefore desirable to revive trade relations in this area with these former partners as well as expanding them to potential clients such as the People's Republic of China, Saudi Arabia, Pakistan, India, South Africa, Angola, the United States and some Gulf States.

6.22. There are few processing activities: Chad currently has only a single refrigerated slaughter house which dates from 1958 and therefore does not meet modern standards. It is currently run by the private sector. The Pastoral Livestock Support Project (PASEP) and the Cattle Sector Support Project (PAIB) have over the last two years built 14 slaughter centres and livestock markets in some regions of the country.

6.23. Chad exports small amounts of meat to Equatorial Guinea, Gabon and the Republic of Congo (Brazzaville).

6.24. It is planned to build high-capacity modern refrigerated slaughter houses at Djarmaya, Abéché, Moundou, Ati and Sarh.

6.25. A Foodstuff Quality Control Centre (CCOQDA) exists in the Ministry of Pastoral Development and Livestock Production, to which the standardisation and metrology agency will be attached.

6.26. The Ministry of the Environment and Fishery Resources is responsible for formulating, coordinating, implementing and following up government policy relating to the environment and fishery resources.

6.27. These activities are carried out by seven technical departments of the Ministry. It also has 23 regional delegations, as well as other bodies which it supervises and focal points.

6.28. In order to place environmental activities on a permanent basis, a special fund for the environment was set up by Law No. 014/PR/98 of 17 August 1998 which lays down the general principles of environmental protection. The modalities for the establishment and operation of this fund were set out in Decree No. 168/PR/PM/MERH/2012.

6.29. Chad is mindful of socio-economic and ecological difficulties and has therefore signed the Great Green Wall Convention, an initiative of the African heads of State and Government and in particular of the Community of Sahelo-Saharan States (CEN-SAD). A national agency for the Great Green Wall was set up by Order No. 04/PR/PM/MERH/2012 of 4 June 2012.

6.30. Chad's forests are naturally very rich in forest species. These include the Senegal gum acacia, in the central area and shea nuts in the south. Chad is currently the world's second producer of gum arabic, one of the forest products exported to some African countries (Nigeria) and western countries, headed by France followed by the United States.

6.31. Fishing is a major activity, carried out on Lake Chad and the two permanent watercourses, the Logone and the Chari, and the semi-permanent watercourses of the Barh Azoum, Barh Kôh, Barh Salamat and Mayo-Kebbi, Lake Fitri, Lake Iro, Lake Léré and Lake Tikem. Aquaculture is also practised.

6.32. The cultivation of spirulina around Lake Chad is currently a small-scale operation that could be modernized in order to market the product on a large scale with a label.

6.33. The Ministry of Rural and Urban Water Supply, established by Decree No. 891/PR/PM/2011, is responsible for implementing the national water and sanitation strategy.

6.34. In the ten centres under concession, water management is organised by the Chad Water Supply Company (Société des eaux - STE) which resulted from the splitting up of the Chad Water and Electricity Company (Société tchadienne d'eau et de l'électricité - STEE). In the case of centres for which concessions have not been granted, water organisation and management is carried out by user associations or communes under the supervision of the local delegations of the Ministry of Rural and Urban Water Supply.

6.35. In order to attain the Millennium Development Goals (MDGs) in drinking water and double the number of water works for pastoral use, needs are estimated at CFAF 802 billion until 2017.

6.36. The Ministry of Infrastructure and Public Facilities is responsible for formulating, implementing and following up government policy with regard to infrastructure and public facilities, and has implemented the National Transport Strategy (SNT) for the period 2000-2009, updated to 2015. The major objectives are to open up the country both internally and externally, and to ensure access to the entire national territory in all seasons. In 2012, Chad had about 1,616.5 kilometres of paved roads and 1,311 kilometres of graded dirt roads.

6.37. Looking to the future, efforts will be made to increase the extent of paved roads to 3,092 kilometres and dirt roads to 1,725 kilometres by 2019. Chad does not have a railway.

6.38. The Ministry of Transport and Civil Aviation is responsible for implementing government policy on transport and civil aviation. The Government transport policy is set out in the National Transport Strategy. The objectives of the strategy for 2000-2010 are: to open up the country both internally and externally; reduce transport costs; maintain a minimum level of accessibility to all regions of the country, in particular during the rainy season; pursue the liberalization of the sector and modernization of the administration; and develop rural infrastructure and local modes of transport.

6.39. An updated version of the strategy for the period 2011-2020 was approved in May 2012. Chad does not have a railway. The Government has signed a contract with the Chinese "China Civil Engineering Construction Corporation" for the implementation of a project to build rail links with the existing networks in Nigeria, Sudan and Cameroon, at an estimated cost of over US$7.5 billion, or 5.36 billion euros.

6.40. Chad has an international airport at N'Djamena, but its capacity is considered limited. A new international airport is planned at Djarmaya, 35 kilometres from N'Djamena.

6.41. The Ministry of Energy and Petroleum plays a major role in the country's socio-economic development. It is responsible for the formulation, coordination, implementation and follow-up of government policy relating to energy and hydrocarbons.

6.42. The Government has established a legislative and regulatory framework that is sufficiently attractive to attract investors in both the hydrocarbons and energy sectors. Order No. 7/PC/TP/MH of 3 February 1962 and its implementing Decree of 10 May 1967 establish the legal and fiscal regime for the prospection, exploration, exploitation and pipeline transport of hydrocarbons and the rights and obligations of parties; Law No. 006/PR/2007 of 2 May 2007 on hydrocarbons, as amended and supplemented by Order No. 001/PR/2010 of 30 September 2010 approving a standard contract for production-sharing and by Decree No. 796/PR/PM/MPE/2010 of 30 September 2010 implementing Law No. 006/PR/2007 of 2 May 2007, had the immediate effect of attracting large-scale foreign capital into our fledgling oil industry.

6.43. As the engine of socio-economic development, the energy sector has been given the highest priority in the Government's programme and therefore accounts for a large share of the national budget.

6.44. Electricity distribution is limited and despite government subsidies electricity prices are among the highest in the world. The latest review of electricity prices led to a price cut of about 37% and a narrowing of the tariff structure to two bands. For household use (low voltage) the price of a kilowatt/hour (kWh) is CFAF 85 for the first band (0 to 150 kWh), and CFAF 125 for the second band. For other types of consumption there is a single tariff band costing CFAF 125 per kWh.

6.45. Since 1999 the energy sector has been governed by Law No. 014/PR/99 of 15 June 1999 on the production, transmission and distribution of electricity, which is primarily aimed at liberalizing the electricity sector through the introduction of independent producers who will generate electricity and sell it to the National Electricity Company (SNE), which still retains a distribution monopoly.

6.46. Chad has prepared and approved an energy sector master plan as a permanent planning instrument.

6.47. The following are placed under the supervision of the Ministry of Energy and Petroleum:

- The Chad Hydrocarbons Company (Société des hydrocarbures du Tchad - SHT), which manages the State portfolio relating to partnership and production contracts, the sale of royalties in kind taken by the State, and the marketing of petroleum products;
- The Regulatory Authority for the Downstream Petroleum Sector (ARSAT), which is responsible for the regulation, oversight and monitoring of the standards and activities of petroleum sector operators, etc.; and
- The N'Djamena Refining Company *(Société de raffinage de N'Djamena* - SRN), which runs the Djarmaya refinery.

6.48. The Ministry of Mining and Geology is responsible for the implementation and follow-up of the Government's mining and geology policy. Chad has abundant and varied mineral resources but these are scarcely exploited. There are incipient gold and sodium carbonate exploitation activities. The existing mining agreements have been signed with the following companies: Gazprom SA; SP Mining Chad SA; and Chad Mining Services.

6.49. Exploitation taxes are as follows: sand: CFAF 500/m^3, soil, laterite; backfill: CFAF 300/m^3, crushed gravel: CFAF 1,500/tonne, pea gravel (natural): CFAF 1,500/1000 m^3; exploration permits: surface area taxes as follows: first 5 years: CFAF 200/km^2/year; first renewal: CFAF 400/km^2/year; second renewal: CFAF 500/ km^2/year; exploitation permit: attribution fee: CFAF 2 million; renewal: CFAF 3 million; transfer: CFAF 2 million (Source: Focal point, Ministry of Mining and Geology).

6.50. The Ministry of Public Health is responsible for the implementation of public health policy. It is currently carrying out the following activities as determined by the Government:

- Setting up of a factory to produce medicines with a quality control laboratory in Chad;
- Creation of a pharmacy course in the N'Djamena University Faculty of Health Sciences;
- Holding of a monthly meeting with the President of the Republic to take stock of the activities of the Ministry of Public Health;
- Setting up of an annual CFAF 5 billion fund to provide free emergency care by the Government;
- Promulgation of Law No. 24/PR/2000 of 24 November 2000 on the pharmaceutical sector and its implementing decrees;
- Adoption of a national pharmaceutical policy;
- Promulgation of Order No. 362/MSP/SG/DGAS/DPML/2003 of 2 November 2003 harmonizing charges for acts and generic medicines in the regional supply pharmacies (PRAs), hospitals and health centres: 16% for the pharmaceutical procurement centre (CPA), 25% for PRAs, 30% for hospitals and 30% for health centres;
- Promulgation of Order No. 30 establishing the profit margins for private pharmaceutical facilities: 20% for wholesale distributors and 30% for pharmacies, dispensaries and pharmaceutical stores;
- Adoption of the documents for the harmonization of national pharmaceutical policies in the ECCAS area; and
- Setting up of a multi-sectoral committee to combat street medicines, etc.

6.51. The Ministry of Tourism and Handicrafts Development is responsible *inter alia* for the promotion of tourism and craft activities.

6.52. Tourism is the only services sector for which Chad has made commitments under the General Agreement on Trade and Services (GATS). These commitments concern hotel and restaurant services and travel agencies, and guarantee free access to the Chadian market. The hotel sector is made up of private operators and was opened up to foreign operators when Chad signed the GATS. The Chadian tourism office has been operational since mid-2010 and is responsible for promoting tourism in Chad at the international level. It has carried out various activities, including the development of charter flights with the tour operator *Point Afrique* (flights between Marseille and Faya-Largeau, which handled over 1,200 mainly French tourists in two seasons), the development and implementation of a databank of all the country's tourist sites, representation of Chad at major international tourism fairs, and the organization of an international festival of Saharan cultures.

6.53. Chad currently has three major hotels, 58 other hotels, 111 travel agencies, 60 restaurants and 109 inns that have been officially surveyed (Source: Department of Tourism and Hotel Services), nearly all of which are in the capital. Although the Government's decentralisation policy has led to the building of two major hotels with State funds in the east of the country (Amdjarass and Biltine), it is very hard to imagine the hotel sector developing outside the capital in the short term.

6.54. With regard to the promotion of crafts, the following should be mentioned: introduction of a National Crafts Promotion Day by Decree No. 863/PR/PM/MDTA/2010 of 4 November 2010; adoption of Law No. 13/PR/2012 of 5 June 2012 setting up the National Crafts Development Agency (ANDA), of which the implementing decree is currently in the process of adoption; approval of the study on non-industrial processing of cotton textiles financed by the African Development Bank (ADB); creation of a model for the building of the Gaoui crafts village north-east of N'Djamena; refurbishing of the N'Djamena Crafts Vocational Centre, which has just been given a leather footwear production chain by the Italian technical cooperation agency; ten craftsmen have been trained at the National Leather and Footwear Centre in Tunis, Tunisia; a handicrafts development strategy study being prepared with the cooperation of a consultant provided by UNDP under the DTIS in 2013; and inclusion of the crafts sector in the draft National Development Plan 2013-2015.

6.55. The Ministry of Postal Services and New Information Technologies is responsible for the formulation, coordination, implementation and follow-up of government policies on postal services and new communication technologies. It launched the reform of the telecommunications sector by liberalizing the market. The Post and Savings Company (*Société tchadienne des postes et de l'épargne* - STPE) operates postal and financial services. It is present on the express delivery market through the Express Mailing Service (EMS) together with declared private operators (DHL, SDV, SAGA EXPRESS, UPS, UNIVERSAL EXPRESS and TNT). In the telecommunications area, the Chad Telecommunications Company (SOTEL TCHAD) is responsible for operating the basic network, with approximately 53,000 fixed telephony subscribers, 80% of whom are concentrated in N'Djamena. Three private operators share the mobile telephony market, two of which are private (Airtel and Millicom). Altogether these three operators have 3,182,369 subscribers distributed across several zones (Source: Ministry of Postal Services and New Information Technologies). There is increasing demand for mobile telephones and Internet in the large urban centres. Rural telephony remains a major challenge for the future. The Chadian Telecommunications Regulation Bureau (OTRT) is responsible for regulating the telecommunications sector.

6.56. Ordinary money transfers are carried out by the banks and postal services, while electronic transfers are carried out by private companies – Western Union Money Transfer and Money Gram in association with STPE, Airtel and Millicom.

6.57. The Government has launched many projects under the national ICT development strategy: some have already been completed while others are in the process of being implemented, including the following:

- Implementation of the second, third and fourth phases of the fibre-optic project;
- Implementation of the other phases of the government Internet network;
- Implementation of the national universal service strategy;
- Creation of a telecommunications management training institute; and

- Building of a new headquarters for the Ministry, etc.

6.58. The Ministry of Microcredit for the Advancement of Women and Young People is responsible for the implementation of government policy on microcredit and the development and coordination of the sector.

6.59. Microfinance currently plays a key role in economic and social development and is a priority tool for poverty reduction. The NPRS 2 2008-2011 gives a prominent place to microfinance in its second pillar to some extent, and in the third pillar in particular as regards private-sector development. To this end, the Government has set the objective of developing a realistic strategy for the development of microfinance throughout the country in order to contribute to the promotion of SMEs/SMIs, micro-enterprises and employment and self-employment.

6.60. The National Microfinance Strategy (SNMF) was prepared and approved in August 2008 and adopted by the Government in July 2009.

6.61. Over its six years of existence the Ministry has, *inter alia*, financed 10,155 microprojects for income-generating activities for the vulnerable populations totalling CFAF 3.3 billion, with 82,016 beneficiaries, over half of whom are women.

6.62. The Ministry has drawn up a four-year national programme for 2013-2016. Implementation of this programme should reach 10% of the active population by 2016, i.e. 500,000 people for a volume of CFAF 19.1 billion.

6.63. The Ministry plans to launch and have operational in 2013 a scheme for youth and women's employment aimed at training women and young people in entrepreneurship and supporting them in preparing their projects, finding financing and following up their implementation. At the same time, the entrepreneurship and microfinance support fund, a financial tool in the national microfinance strategy, will be set up to facilitate access to microfinance establishments through the opening of credit lines and to promoters of microprojects and even small enterprises through its guarantee fund. The national microfinance strategy was revised in 2012.

6.64. With regard to the Ministry of Justice, the Constitution guarantees the independence of the judiciary power and security of tenure of judges. By Decision No. 002 of 9 March 2013, the constitutional council quashed a recent attempt to amend the Constitution and infringe the principle of security of tenure. On the other hand, the Supreme Court is to be reformed and its audit section will become the Court of Audit in accordance with the CEMAC directive. Chad currently has five functioning commercial courts to hear commercial disputes relating to the OHADA uniform acts and three Appeal Courts, each of which has a commercial section. The appeal procedure is governed by the Common Court of Justice and Arbitration (CCJA) based in Abidjan, Côte d'Ivoire.

6.65. The Ministry responsible for ethics in public affairs and the promotion of good governance has taken action against misappropriation, embezzlement of public funds and corruption. In the field of good governance, action has been taken under an investigation into corruption in Chad together with corruption action plans. The Government is in the process of adopting this investigation. Adoption of the African Union Convention on Preventing and Combating Corruption and the ratification of the United Nations Convention on Corruption are also underway.

6.66. Good governance is a major concern for the Government. A Ministry of State Control and Ethics, subsequently renamed the Ministry of Public Accountability and Promotion of Good Governance, was set up in 2004. Among its objectives are those of combating corruption and unethical behaviour. On 21 May 2012 the Ministry launched "Operation Cobra". A mid-term stocktaking issued on 21 November 2012 reported 48 missions undertaken, with the recovery of CFAF 24,914,559,674 together with 107 criminal and disciplinary proceedings.

6.67. With respect to combating corruption, on 24 December 2012 the National Assembly adopted the African Union Convention on Preventing and Combating Corruption. At the domestic level, Ordinance No. 0 11/PR/2012 of 15 June 2011 on the prevention and repression of corruption and similar or related offences in the Republic of Chad repealed Law No. 004/PR/2000 of 16 February 2000. Other praiseworthy initiatives have been taken, including a survey of the perception of corruption in 2009, the creation of the National Commission for the Promotion of Good Governance under Order No. 020/PR/MJAPPBG/2012 of 5 June 2012; the accession of Chad to the Extractive Industries Transparency Initiative (EITI); and the signing of the Protocol of the African Peer Review Mechanism (APRM) by the Head of State on 16 January 2013.

6.68. The Ministry of the General Secretariat of the Government is responsible among other things for controlling all legislative and regulatory texts and conventions submitted to the President of the Republic and/or the Prime Minister for signature; overseeing and regulating government procurement procedures; endorsing and registering procurement contracts entered into on behalf of the State by ministerial departments and other public institutions; publishing and disseminating laws and regulations and the decisions of the Constitutional Council relating to elections and debates in the National Assembly in the Official Journal of the Republic.

6.69. Government procurement is governed by the Code established by Decree No. 503/PR/PM/SGG/2003 of 5 December 2003. Article 1 of the Code establishes the rules applicable to the preparation, award, execution and oversight of government procurement for works, supplies and services, including intellectual services. The Code covers procurement by the State, decentralised territorial units, public establishments and companies in which the State has a majority holding. It lays down the administrative penalties applicable and actions relating to the prevention of offences and settlement of disputes in this area.

6.70. Under the Code, procurement in excess of CFAF 10 million must go to tender. Candidates must be informed of the criteria for the evaluation of bids and their importance in the tender documents, which must also include any national preference margin envisaged. Where bids are identical, national preference may be granted to eligible national bidders where their price is not more than 15% higher than that of competitors. Calls for tenders may be open to all candidates or to a restricted list. Negotiated contracts may be authorised in exceptional cases. In any case, the Government Procurement Board (OCMP) must approve the use of any other form of awarding contracts. In the case of an open tender, foreign bidders must join up with or subcontract to domestic enterprises specialising in the field concerned.

6.71. The Government Procurement Board (OCMP) is the regulatory authority with oversight over the preparation and award of contracts. Since 2010 it has had offices in the following towns: Abéché, Doba, Moundou and Sarh. It must give its opinion before a call for tenders is issued. The OCMP is also responsible for ensuring the dissemination of regulations and for developing tools to facilitate transparency in bidding procedures. The Code states that tender notices must be displayed at the OCMP and brought to the attention of the public through the publication in the Official Bulletin of public procurement notices, as well as in at least one private medium, including in particular by electronic means. The same applies to the results.

6.72. Bids are opened by the Bid Opening and Adjudication Commissions (COJO) in each ministerial department. These are independent of the OCMP and consist of representatives of the contracting authority, members of the administration, independent persons and the consulting engineer, where applicable.

6.73. Except in the case of contracts for intellectual services, bidders must post a bid bond that is usually between 1 and 2% of the projected amount of the contract. Bonds are returned to the unsuccessful bidders at the end of the bid validity period. A performance bond of between 5% and 10% of the contract amount is also required, except in the case of contracts for less than three months and for intellectual services.

6.74. Prior to execution, contracts must be endorsed by the General Secretariat of the Government. The latter has a single window to facilitate the approval of contracts by the authorities concerned (in particular the OCMP, the Financial Controller and the Director-General of the budget).

6.75. Penalties are applied when the contract is not performed within the prescribed time-frame.

7 TECHNICAL ASSISTANCE AND MOBILIZATION OF TRADE-RELATED AID RESOURCES

7.1. Chad's trade-related technical assistance needs lie in the following areas: implementation of the trade agreements, in particular notifications, participation in the WTO's regular activities, capacity-building for participation in the trade negotiations, and integration of trade policies into development policies.

7.2. As regards technical assistance related to trade policy formulation, Chad's needs relate to the harmonization of domestic laws and regulations with the WTO principles and rules, and human and institutional capacity-building in the trade area.

7.3. As a least developed country, Chad is playing an active part in the Enhanced Integrated Framework process (since 22 July 2011) with a view to developing its production capacity on the supply side and establishing a favourable environment for diversified and competitive economic growth.

7.4. With the support of the Enhanced Integrated Framework, Chad has carried out a number of reforms of the trade-related institutional sector and undertaken action to strengthen its production sector. It has emphasized the development of areas with export potential, and especially the sectors in which it has clear comparative advantages. The Government has mobilized significant resources of its own to boost the development of these sectors, supplemented by the contributions made by its partners.

7.5. Chad has placed the development of trade at the heart of its development policy. The priorities identified for the development of the trade sector include improving the institutional framework, liberalizing trade and strengthening the production sector, and these feature prominently in the National Development Programme (DNP) 2013-2015.

7.6. In the context of the Enhanced Integrated Framework (EIF), the Ministry of Trade and Industry has begun a revision of the DTIS; the conclusions will guide productive sector reforms (professional services, agriculture, livestock, tourism and crafts, business environment, mining and energy, and information and communication technology).

7.7. The outcome of the revision of the DTIS together with the recommendations from this Trade Policy Review will contribute to the development of the national trade strategy which the Government plans to introduce.

7.8. Higher education and professional training are one of the Government's central concerns, and universities and institutes have been set up in most regions thanks to oil revenues.

8 CONCLUSION

8.1. With the return of peace, Chad is determined to improve its trade policy, in other words to improve the living conditions of its people through a trade policy adapted to the principles of international trade. To this end, it counts on the assistance in all forms of all donors and development partners in order to meet the challenges and attain the ultimate objective, namely emergence by 2025.

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