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TRADE POLICY REVIEW

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

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

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on the WTO Members of the Economic and Monetary Community of Central Africa.

CONTENTS

EXECUTIVE SUMMARY

1 BACKGROUND

1.1. The goal of CEMAC is to create a genuine customs union and a strengthened common market, with the complete free movement of goods, services, people and capital, and the harmonization of sectoral policies, all of which will help to deepen regional integration and markets. The Common Report relating to the group review of the trade policies of the CEMAC States Members of the WTO has been prepared within a particular subregional and international context, marked by a sharp downturn in the world economy in 2022 due to inflationary pressures and the resurgence of the COVID-19 epidemic in China. The global economy continues to feel the effects of the shocks observed in 2022, which are hindering growth and could weigh on the short-term outlook. With the exception of Cameroon and the Central African Republic (CAR), all the CEMAC countries saw greater economic growth in 2022 compared to 2021, with a stable outlook for 2023.

1.2. This is the economic context within which this Common Report relating to the second group review of the trade policies of CEMAC States Members of the WTO has been prepared.

2 COMMON ECONOMIC ENVIRONMENT

2.1. CEMAC consists of six member countries (Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea[1] and Chad), representing a market of 60.6 million inhabitants in 2022, spread over an area of more than 3 million km². The CEMAC countries form a heterogeneous group, both in terms of level of development and economic structure, and are endowed with considerable natural resources (oil, gas, timber, minerals, etc.). They pursue common monetary and exchange rate policies within the framework of the Central African Monetary Union (CAMU). The new foreign exchange regulations, which follow on from the previous ones, establish a more restrictive framework and incorporate modern elements.

2.2. As part of the reform of the region's economies, set out in the Programme of Economic and Financial Reforms of CEMAC (PREF-CEMAC), the Bank of Central African States (BEAC) has introduced new, stronger banking regulations, and has organized securities issues on the CEMAC capital market. BEAC forecasts that foreign exchange reserves will reach CFAF 6,464.7 billion by the end of 2022, up 37.2% year-on-year. The level of reserves in months of imports of goods and services would rise to 3.92 in 2022 from 3.7 in 2021.

2.3. The economic situation in CEMAC is marked by the continued implementation of exceptional budgetary and prudential measures, and the conclusion by four CEMAC countries (Cameroon, Gabon, Congo and Chad) of a second-generation programme with the IMF, to deal with the adverse consequences of the external shocks caused by the COVID-19 pandemic and the Russia-Ukraine conflict. The subregion's average annual inflation rate has risen to 6.4% in 2022, compared with 1.6% in 2021 and 2.3% in 2020. Public finances are improving with the uptick in oil prices and the increase in non-oil revenues following the resumption of economic activity. This improvement has resulted in a surplus in the headline budget balance, including grants, of +2.5% of GDP in 2022, after a deficit of 1.3% of GDP in 2021.

2.4. External trade is characterized by a decline in the external current account balance, despite a marked improvement in the trade balance as a result of significantly better terms of trade. This decline is explained by the deterioration in the balance of services and the income balance. The monetary situation saw an upturn in lending to the economy, an increase in net claims on governments and a rise in net external assets.

3 ACHIEVEMENTS AND RECENT DEVELOPMENTS IN COMMERCIAL POLICY

Imports

3.1. Any operator wishing to undertake an import or export operation must first hold the status of importer/exporter and/or a professional trader's card, in all CEMAC member States. Initiating an import declaration, the composition of which differs from country to country, triggers the import

[1] To date, Equatorial Guinea is not yet a member of the WTO (its WTO accession process is ongoing).

procedure. Some member States (Cameroon, CAR, Congo and Chad) use private companies to carry out pre-shipment or destination inspections. With the exception of Equatorial Guinea, all CEMAC member States now require that goods imported by sea be accompanied by a cargo inspection or tracking note, which is not governed by Community regulations. The fees for issuing this document vary from one country to another and can give rise to discriminatory treatment depending on the imported goods' point of loading.

3.2. In principle, the transaction value is the primary basis for determining the goods' customs value. The CEMAC Customs Code prohibits the use of minimum, arbitrary or fictitious values. However, no CEMAC country applies the transaction value is in full or systematically. In case of doubt, reference or market values are used. The CEMAC countries apply a common external tariff (CET)[2] to imports from third countries, updated in accordance with the 2022 version of the Harmonized Commodity Description and Coding System (HS). However, for many years now, the uniform application of the CET has been hampered by the many unilateral derogations introduced by individual countries.

3.3. Each member State applies the CET with its own specific exceptions, without seeking prior authorization from the competent CEMAC bodies. These exceptions generally result from measures to combat the high cost of living, or the implementation of establishment agreements, and/or free trade agreements such as the Economic Partnership Agreement (EPA) between Cameroon and the EU, and the EPA between Cameroon and the United Kingdom. Related unilateral tariff downgrades consist of applying rates that are lower (or higher) than the official CET rates. When the rates applied are lower than the CET rate, this results in shortfalls, therefore unilateral exemptions from customs duties are having an increasingly significant and worrying impact on member States' public finances.

3.4. Establishment agreements resulting from countries' investment incentive policies, public-private partnership (PPP) contracts and even special economic zones, generally provide for specific tax and customs advantages during the design, implementation and operation phases of partnership contracts. These unilateral privileges differ from duty and tax exemptions, which are governed by Article 332 of the CEMAC Customs Code, which sets out the list of goods to be admitted free of duty and tax. All the CEMAC countries have two types of exemption (regulatory and exceptional), and use suspensive customs procedures (inward and outward processing, surety bond, temporary admission, warehousing), particularly in the oil and mining exploration and exploitation sector. With regard to the temporary admission procedure, the list of eligible products and equipment is drawn up at the Community level. There is a list of this kind for equipment used for hydrocarbon exploration and exploitation.

3.5. Since 1998, the date of entry into force of the CEMAC directive on the application of the zero-rate generalized preferential tariff (GPT) on products originating in CEMAC, there has been free movement of goods within the Community. Community origin is systematically granted to local products and traditional craft products. The ECCAS GPT[3] came into force in 2018. A process of rationalization between CEMAC and ECCAS is underway, and should lead to the establishment of a single Community.

3.6. For industrial products, Community origin is granted if the products are recognized as having been manufactured on the territory of CEMAC and if one of the following conditions is met:

(i) the product is wholly obtained from raw materials of Community origin;
(ii) Community raw materials account for at least 40% of the value of the raw materials used; or
(iii) the local value added is equal to at least 30% of the ex-factory value.

3.7. Community origin is certified by means of a movement certificate issued by the customs authorities.

3.8. To obtain approval, the operator must submit an application dossier to the Ministry responsible for industry or trade, based on a model defined by the CEMAC Commission. A national approval committee determines the Community origin of the products in question. Approval is granted at the

[2] Common external tariff.
[3] The six member States of CEMAC are members of ECCAS.

Community level. To date, only four member States have set up a national accreditation committee: Cameroon, CAR, Congo and Gabon.

3.9. To date, 960 products have been approved for the CEMAC generalized preferential tariff and are circulating freely within the Community. These products, which have already been approved at the Community level, constitute a pool of goods that can circulate freely in ECCAS and in the States Parties to the AfCFTA[4] agreement.

3.10. As part of the accelerated implementation of the AfCFTA provisions on the free movement of products in the States Parties, and in the framework of the reforms to be carried out in the CEMAC member States and at the subregional level, it is important to *inter alia*:

- further strengthen the capacities of national origin committees, including the competent national body responsible for issuing certificates of origin for products eligible for the preferential tariff under the AfCFTA;
- revise Community texts on rules of origin and the approval procedure for CEMAC-originating products to bring them into line with the provisions of the AfCFTA;
- strengthen support for the private sector when preparing applications for approval to use the preferential tariff.

3.11. Furthermore, with a view to tackling the many non-tariff barriers that remain along the transport corridors linking the CEMAC member States, on 10 November 2022, the CAEU[5] Council of Ministers adopted a regulation laying down the procedures for setting up "juxtaposed" customs offices at the borders of the CEMAC States. The purpose of this regulation is to draw the attention of member States to their obligation to set up "juxtaposed" customs offices, in accordance with the provisions of the revised CEMAC Customs Code. The aim of this text is to strengthen intra-CEMAC trade by promoting cooperation between the agencies present at borders and responsible for joint controls on the importation, exportation and transit of goods.

3.12. This text is a prerequisite for all other actions to be considered in the context of strengthening intra-CEMAC trade. At the same time, the CAEU Council of Ministers also adopted a regulation on the creation, organization and operation of the CEMAC joint customs task force of member States operating along the inter-State corridors.

3.13. The joint task force is responsible for applying current CEMAC legislation on the free movement of people and goods within the CEMAC zone.

3.14. Each national branch of the CEMAC joint task force is responsible for: facilitating the free movement of people and goods within the CEMAC zone, in particular raw materials and goods approved under the CEMAC preferential tariff, as well as nationals of CEMAC countries along the corridors linking the six member States; monitoring the main inter-state corridors; ensuring the protection of border posts and equipment as part of the CEMAC-INTERPOL border security project; and controlling migratory flows.

3.15. In terms of domestic taxation, a number of harmonized instruments have been adopted since the institution of CEMAC, including value added tax (VAT), applicable to locally produced and imported goods and services. Each country is free to choose the rate of VAT from an initial range of between 15% and 18%, increased to 19% by the revision of 2011. A zero rate is applicable to exports, their accessories and international transport. The VAT directive establishes a list of goods and services eligible for exemption. These include raw produce, imports of duty-free goods (as provided for in the Customs Code), certain goods and services considered to be essential, and certain pharmaceutical products and medical equipment. The directive prohibits any relief or exemption measure not on this list, including in the form of an incentive to start up a business or to invest. It allows countries to introduce a reduced rate of VAT (between 5% and 10%) on a limited list of essential products.

3.16. In practice, individual countries continue to diverge from the CEMAC list. The application of VAT is still not uniform across member States, despite the new 2011 directive. The same applies to

[4] African Continental Free Trade Area.
[5] Central African Economic Union.

the new Directive on Excise Duty, which seeks to harmonize member States' legislation on this topic. The revised Directive focuses on three types of products subject to excise duty: tobacco, alcoholic beverages and passenger vehicles.

3.17. CEMAC has also put in place a framework of harmonized legislation for direct taxation with the aim of limiting distortions likely to affect the location of activities and labour among member countries, or to hinder the development of activities within this regional integration zone. Direct domestic taxation in the CEMAC region is made up, on the one hand, of corporation tax (IS) and, on the other, personal income tax (IRPP). The CEMAC also has a new tax treaty to prevent double taxation on income tax adopted by the CAEU Council of Ministers by Regulation No.°07/19-UEAC-010-A-CM-33 of 8 April 2019, revising Act No.°5/66-UDEAC-49 of 13 December 1966 on the treaty to prevent double taxation on income tax.[6]

3.18. The new treaty: (i) provides taxpayers with greater certainty as to the tax they may be liable for another member country; (ii) allocates taxing rights between CEMAC countries so that taxpayers are not subject to double taxation; (iii) reduces the risk of excessive taxation due to high withholding taxes; and (iv) ensures that taxpayers will not be subject to discriminatory taxation. It puts in place provisions to prevent abuse of the treaty and authorizes the exchange of tax information between competent authorities to prevent tax avoidance and evasion. Lastly, it establishes a mechanism for resolving tax disputes between member States.

3.19. A customs union is characterized by the removal of barriers to the free movement of goods within the customs territory, with the introduction of a GPT for local products and a CET applicable to third-party goods. This gives rise to the concepts of originating products and nationalized products having the status of Community goods, eligible for free circulation within the Union and for re-export. However, customs regulations in the subregion do not often make provision for re-exportation or free circulation. As a result, double taxation continues to occur and the free movement of Community goods is sometimes prohibited. Not all member States practise free trade, justifying this by the absence of a clearing mechanism at the CEMAC level.

3.20. Cameroon, CAR and Chad no longer require import licences. However, for reasons of morality, health, safety, hygiene, environmental protection and cultural heritage, certain imports are subject to prior authorization by the competent authorities in all member States. Gabon, Congo and Equatorial Guinea continue to require import licences for import operations.

Exports

3.21. The export procedure generally begins once an export declaration has been obtained. Depending on the nature of the goods, a health or phytosanitary certificate, an authorization or a permit may be required. Then comes the pre-shipment inspection, where appropriate, and the collection of export receipts. The Community Customs Code allows each member State to set export duties and taxes. The duty rates and covered products vary from country to country. Under the new CEMAC foreign exchange regulations, all export transactions must be accompanied by a foreign exchange commitment document stamped by a domiciliary bank.

3.22. The CEMAC Customs Code grants member States the right to establish industrial or commercial free zones that exist outside the customs regime. Goods admitted to these zones shall be allowed to undergo operations necessary for their preservation, improve their packaging or marketable quality, or to prepare them for shipment. When goods from free zones are brought into the CEMAC countries, they benefit from either suspensive arrangements or clearance for home use, subject to payment of import duties and taxes. Once again, the situation varies from country to country. CAR and Gabon exempt products for export from VAT, while Equatorial Guinea does not. In Chad, on the other hand, exports are generally exempt from VAT, with the exception of petroleum products and livestock. Lastly, in Cameroon, a large list of industrial products are exempt, as are operations carried out by companies approved for the Industrial Free Zone scheme.

3.23. With the exception of Equatorial Guinea, which subsidizes agricultural inputs to support cocoa producers, no CEMAC country provides export subsidies. However, the various forms of support

[6] Personal income tax.

available to exporting companies based in special economic zones (such as that of Nkok in Gabon) can rightly be considered as indirect subsidies.

3.24. To conclude on this point, it should be noted that the CEMAC countries apply the various international conventions on the protection of the environment and certain protected species, such as young bulls and heifers, ivory tusks, sea turtles, primates and species listed in Appendix 1 of CITES (Gabon). Gabon bans the export of rough wood to encourage local processing, while Cameroon and Congo ban the export of scrap metal, ferrous and non-ferrous metal waste for local processing.

3.25. Only Cameroon and Congo have an export surtax. In Cameroon, the surtax rate is between CFAF 500 and CFAF 4,000 per m^3, and applies to three varieties of timber, including ayous. In Congo, a surtax of 30% is applied to operators who export more than 15% of their production. This measure is designed to discourage the export of rough wood and encourage investment in primary and secondary wood processing.

3.26. With regard to the export of rough wood by CEMAC countries, only Gabon has adopted and strictly applied a measure banning the export of rough wood, a measure that has been in place for many years. This has had the effect of boosting the primary wood processing sector, with the installation of numerous units for producing rotary cuts of timber, mainly in the Nkok special economic zone, which have created numerous jobs and industrial added value. The CEMAC Commission has made the sustainable industrialization of the timber sector in the Congo Basin a top priority in order to effectively support its member States in their economic diversification process, and to promote their integration into the global economy, while noting a number of major paradoxes and challenges. In order to industrialize this sector while respecting ecosystems, the Commission has carried out far-reaching reforms, including production-related forest tax incentives, export-related forest tax incentives for processed wood products, and sustainable forest management, including support measures. This meant that a regional rough wood export ban had to be introduced. To this end, the Council of Ministers of the Central African Economic Union (CAEU) adopted Decision No. 05/21/-CEMAC-UEAC-CM-36, which established a ban on the export of rough tropical timber from 1 January 2023. This decision was taken in order to extend Gabon's positive experience to all CEMAC countries. However, in view of the financial effects and risks within our member States, the Council, at its 38th session held on 28 October 2022 in Yaoundé, suspended the entry into force of this decision and instructed the CEMAC Commission to consult the ministers of the Regional Committee for the Industrialization of the Timber Sector (CRIB) in order to re-examine the decision, and to propose an update of the road map for the implementation of the strategy for the Sustainable Industrialization of the Timber Sector in the Congo Basin. With a view to re-examining this decision, the CEMAC Commission, with the support of its technical and financial partners, notably the African Development Bank (AfDB), decided it would be useful to carry out a regional study, with country-by-country breakdowns, to highlight the potential effects on and risks for the economies of the Congo Basin States, in particular on forest taxes and regional economic performance.

3.27. The provisional and preliminary results of this study were validated during a workshop held on 21 March 2023 by videoconference. The results show that for all the countries covered by the study (Cameroon, Congo, Equatorial Guinea, Democratic Republic of the Congo and CAR), and if extended to the other CEMAC countries, strict application of the measure would have a greater negative impact on the economy than a gradual ban phased in over three years, with export quotas of 20% in the first year, 10% in the second and 5% in the third.

3.28. An upcoming meeting of CRIB ministers is expected to adopt, among other things, the impact studies and the new decision providing for a gradual ban, in addition to validating the updated road map. A meeting of CRIB ministers is scheduled to be held in the next few day to adopt, among other things, the impact studies and the new decision providing for a gradual three-year ban on the export of rough tropical timber, with export quotas of 20% in the first year, 10% in the second year and 5% in the third, from 1 January 2024, in addition to validating the updated road map for the implementation of the Strategy for the Sustainable Industrialization of the Timber Sector in the Congo Basin, all of which will then be submitted to the CAEU Council of Ministers for adoption

Production and trade

3.29. International trade and standards are indissociable. However, the culture of standardization and quality is not yet sufficiently grounded in the subregion, which has very limited capacity in phytosanitary matters and food safety, in relation to the SPS Agreement[7], particularly on the principle of risk analysis in accordance with international standards. There are still many deficiencies in phytosanitary control, both for imported products and those intended for export, due to a lack of inspectors to ensure quality control. Moreover, laboratory infrastructure is still underdeveloped in all countries, except in Cameroon.

3.30. Under-equipped testing and analysis laboratories are not up to international standards. The analyses carried out by these laboratories are limited to basic tests. Coupled with the inadequate regional metrology infrastructure, this situation explains the low number of ISO certified CEMAC companies (ISO 9001 and ISO 14001). It also undermines the competitiveness of companies that have to pay for the expertise of international laboratories to ensure that their products meet the requirements of the international market. Lastly, it undermines industry, which is penalized by imports that are not subject to appropriate technical controls and by the fact that their products do not meet the requirements of organized international markets. There are still major inequalities within the Community between countries such as Cameroon and Gabon, which have made more progress on certain aspects (development of standards, national standards institutions, laboratories, etc.), and others.

3.31. In principle, the prices of products and services result from the meeting of supply and demand in a liberalized economy. In CEMAC, prices are set based on the law of the market in all countries, with the exception of certain products and services for which prices are administered, approved or even capped. This practice is therefore common, but does not apply to the same range of products everywhere else. Gabon has the largest basket of approved prices, with 166 products, followed by Equatorial Guinea (68), CAR (30), Cameroon (22), Congo (16) and Chad (7).

3.32. As far as investment is concerned, the CEMAC Investment Charter, adopted in 1999, reaffirms the commitment of the States to create a business-friendly environment by implementing competition regulations, protecting intellectual property and developing services to support the strengthening of productivity and competitiveness. It reaffirms the commitment by the States to create a business-friendly environment by implementing competition regulations, protecting intellectual property and developing support services to improve productivity and competitiveness. In the Charter, States undertook to grant foreign investment the same treatment as domestic investment. They recall their commitment to the OHADA Treaty, undertake to adapt their national law and judicial policy to its rules and provisions, and guarantee the application of the procedures and rulings issued by its judicial bodies. As a result, national investment charters have been drawn up in all Member States, in particular Cameroon (2002), CAR (2018), Congo (2003), Chad (2008) and Gabon (1998).

3.33. The same is true of the sectoral investment codes that all the Member States have adopted to promote the judicious exploitation of these sectors, for which they have more or less abundant resources. These include the mining, oil, gas, forestry, hydrocarbons, environment, fisheries and aquaculture, and water codes.

3.34. The Community Charter is currently being revised to bring it into line with regional developments.

3.35. The conditions for doing business differ significantly from one CEMAC country to another. They appear to be more numerous in Gabon and Equatorial Guinea than in CAR, Cameroon and Congo. However, all countries have a single window and/or a centre for business formalities, where most of the government departments from which the required documents are obtained are concentrated, which ultimately helps to shorten the time it takes to set up a business.

3.36. It should be noted that a directive of the CAEU Council of Ministers adopted on 28 December 2021 harmonizes the conditions for doing business in CEMAC.

[7] Sanitary and Phytosanitary Agreement.

3.37. As a result of this Community directive, doing business is free within CEMAC. However, any natural or legal person from outside CEMAC wishing to do business must be authorized or approved by the competent national authority of the Member State concerned.

3.38. The authorization or approval dossier must include the essential document or formality, which is registration in the Commercial and Personal Property Credit Register in accordance with the laws and regulations in force in the Member State concerned.

3.39. The challenge is to ensure that all Member States comply with the provisions of this directive by effectively incorporating it into their domestic legal systems and guaranteeing compliance.

3.40. In all CEMAC countries, the law governing commercial activity provides for prohibitions and incompatibilities with the exercise of such activities in accordance with the provisions of OHADA law. This law provides for a list of prohibited or banned goods in accordance with the CEMAC Customs Code, but the list of prohibited products differs from country to country.

3.41. Foreign trade covers both goods and services. According to the WTO General Agreement on Trade in Services (GATS), the nomenclature of activities[8] comprises 12 service sectors and 164 subsectors, few of which are regulated by CEMAC Member States. However, some countries (Cameroon, Congo, Gabon, CAR) have a wider range of laws and regulations than others. In view of the increasingly important role played by services in the Community's economic activity, standards and policy harmonization measures have been adopted in recent years in specific and promising service sectors. The main sectors are finance and insurance, transport, trade, education, investment and the liberal professions.

3.42. This harmonization effort has continued in order to create a common market for services in CEMAC, with the adoption in December 2021 of a Directive establishing the general provisions enabling freedom of establishment of service providers and the free movement of services while guaranteeing a high level of quality for services. This in addition to the adoption by the CEAU Council of Ministers on 28 December 2021 of 8 sectoral texts on the following services related to:

- freedom of movement and establishment of tourist agencies and the organization of travel by a national of a Member State established in the territory of another CEMAC Member State;
- freedom of movement and establishment of lawyers who are nationals of CEMAC countries;
- freedom of movement and establishment of private nurseries, primary, secondary, higher or vocational education establishments by a national of a Member State established on the territory of another CEMAC Member State;
- freedom of movement and establishment of pharmacists from CEMAC countries;
- freedom of movement and establishment of midwives and reproductive health nurses who are nationals of CEMAC countries;
- freedom of movement and establishment of private health training delivery by a national of a Member State established on the territory of another CEMAC Member State;
- freedom of movement and establishment of architects who are nationals of CEMAC countries;
- freedom of movement and establishment of dentists who are nationals of CEMAC countries.

3.43. Equatorial Guinea (2008), Cameroon (2010), Gabon (2021) and CAR (2022) all have e-commerce legislation. Similar legislation is in the process of being adopted in the Congo. The same applies to consumer protection laws, which exist in Cameroon (2011), Chad (2015) and CAR (2016), and are in the process of being approved in the Congo and drafted in Gabon.

3.44. With regard to competition, the relevant national regulations are based on the regional regulations that were revised in 2019. National competition laws define the conditions under which competition can be exercized on the domestic market. They provide a framework for anti-competitive practices, infringements and penalties, procedures for detecting and prosecuting infringements, and

[8] Nomenclature MTN.GNS/W/120.

establish the National Competition Commissions. The law exists in Cameroon (1998), Gabon (1998), Chad (2014) and CAR (2016). It is currently being passed in Congo and drafted in Equatorial Guinea.

3.45. It is important to pursue the efforts undertaken at the Community and Member State level for the implementation of Community regulations and national laws on competition, including the strengthening of the capacities of Community and national competition authorities with a view to the effective application of Community regulations and the AfCFTA Protocol on Competition.

3.46. In addition, the national government procurement codes are based on the regional regulations adopted in 1999 and revised in 2019. All CEMAC countries have a government procurement code, like Chad (2003), which is currently being revised, Cameroon (2004), CAR (2008), Congo (2023), Gabon (2018) and Equatorial Guinea (a 2007 decree creating the autonomous public entity for Equatorial Guinea projects, GE-PROYETOS).

3.47. The same trend can be observed for production subsidies in general and the agro-pastoral sector in particular. All Member States provide direct or indirect production subsidies, except Chad. Gabon supports its agricultural sector through the Graine programme, while Guinea subsidizes fertilizers for cocoa producers and grants subsidized interest rates to SMEs. In the Congo, support measures are granted through the Agricultural Support Fund. The CAR provides support for cotton and coffee producers. Finally, in Cameroon, the government has undertaken to reform the policy of support for the agricultural sector by Order No. 068/PM of 28 August 2019 approving and implementing the manual of procedures for granting subsidies for agricultural inputs and equipment in Cameroon. The new policy is based on six guiding principles for granting agricultural subsidies: (i) fairness; (ii) transparency; (iii) involvement and accountability of beneficiaries; (iv) neutrality and impartiality; (v) traceability; (vi) strengthening the private sector and civil society. It puts an end to the free support that characterized the old policy, by introducing a system of electronic vouchers representing a partial subsidy to producers for the purchase of inputs, equipment and pesticides. In addition, the government has decided to reduce customs duties on imported agricultural equipment, fertilisers and pesticides.

3.48. On another level, the transit of goods through customs is one of the cornerstones of regional integration, both for landlocked countries and for serving regions located far from port or airport centres. But it remains complex and costly in terms of time and money. The consequences of this situation are numerous for carriers (multiple complications, increased transit time, higher transport costs), for administrations (reduced competitiveness of economies, deterioration in terms of trade, customs fraud, lower customs revenue) and for the population (higher prices, worsening poverty). Goods in transit must be declared and must be covered by a bond valid in all the States. Where non-prohibited goods are concerned, instead of a bond it is possible to deposit the duties and taxes, which are refunded upon presentation of a certificate of release, issued by the consular authorities of the Member States or by the customs authorities in the country of destination.

3.49. Lastly, since 2017, only Cameroon has put in place a trade defence mechanism through an Anti-Dumping and Subsidies Committee responsible for conducting investigations with a view to imposing anti-dumping measures, countervailing measures in the event of harmful subsidies and safeguard measures to deal with sudden surges in imports that might threaten local production. The Committee in question will continue its work in 2023, in particular by drawing up various guides and procedural manuals, as well as raising awareness in the private sector of the existence and importance of this important trade defence tool.

3.50. The other Member States have no specific trade defence measures, and all apply the WTO's multilateral legislation. They can refer to Article 22 of the CEAU Convention, which states 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, the measures must have only a minimal distorting effect on the operation of the common market, not last for more than six months (possibly renewable), and be endorsed by the Council of Ministers. The latter may also decide to amend, suspend or abolish them.

3.51. However, it is common practice for CEMAC Member States not to respect this deadline and to maintain waivers from Community rules for a longer period. It is therefore important to ensure that Member States are reminded of the imperative need to respect the deadlines laid down in the decisions authorising waivers of Community provisions.

3.52. Finally, it is important to note that at the CEMAC level, on 10 November 2022, the CEAU Council of Ministers adopted a directive that sets out the terms and conditions for the publication of import, export, transit and appeal procedures on the websites of the customs administrations of the Member States, in accordance with the provisions of Article 71 of the CEMAC Customs Code. However, other public notification methods provided for by the national laws of the Member States remain in force. Member States shall take the necessary steps to ensure that the procedures provided for in this Directive are published by 31 December 2023 at the latest.

3.53. It is desirable that Member States take the appropriate measures within the above-mentioned time frame, with a view to complying with this Community directive, which will contribute to a better understanding by the private sector, and indeed by all users, of the procedures relating to import, export, transit and appeals. This directive will undoubtedly help to facilitate intra-Community, continental and international trade.

4 CONCLUSION

4.1. In the doctrinal approach to economic integration, the *common market* is a crucial stage. It establishes the elimination of tariff and non-tariff barriers to trade between States, the unification of the regional customs territory and trade policy with third countries, and the free movement of people and capital (the 4 freedoms). Regional trade integration should generate both static effects (creation and diversion of trade, intensification of intra-zone trade, lower prices for originating products, changes in the structure of tax revenues) and dynamic effects (economies of scale, competition, changes in the terms of trade, better input endowment, etc.).

4.2. CEMAC has been a free trade area since 1998, with the application of a generalized preferential tariff (GPT) to trade in originating products. But the CEMAC customs union is imperfect, due to the absence of free circulation. Added to this are various inefficiencies caused by (i) rate distortions for many everyday consumer products, and (ii) the multiplication of duty exemptions granted by certain States, in application of national codes governing oil, mining and forestry activities. The challenges faced by CEMAC in achieving its customs union hamper the vital task of bringing the region into line with other regional integration areas on the continent, and to positioning Central Africa in the convergence strategy defined by the African Union.

4.3. Some progress has been made in recent years towards trade integration within CEMAC. The most significant improvements concern *Community rules of origin*, with the definition and implementation of a new mechanism for evaluating origin and an oversight body; *competition*, with the definition and operationalization of a regional institutional mechanism to combat anti-competitive practices; and *port taxation*, with the revision of the Customs Code in line with the Harmonized Commodity Coding System (HS) of 2022.

4.4. Significant progress has also been made in the area of domestic taxation, with *the revision of the VAT Directive (2011), the Excise Duty Directive (2019), and the harmonisation of the Statistical and Fiscal Declaration (DSF*) with the OHADA accounting law. The adoption of a Central African quality action plan and *a new transit procedure* are also significant steps towards strengthening the common market. Like the gradual implementation of the *common market in services* through the adoption of a basic text and 8 sectoral texts, there has also been a consolidation of the gains made in terms of the movement of capital, with the implementation of the SYGMA and SYSTAC modules of the project to modernise payment systems, the gradual introduction of electronic payments by approved banks, and significant progress in terms of the free movement of persons, which has been fully integrated since 2017.

4.5. With regard to the customs component, despite considerable progress, the persistence of double taxation (absence of free circulation), non-compliance by Member States with the CET resulting in uneven application, and the difficulty of applying the transaction value were noted. And this although CEMAC has a solid legislative framework. The Community Customs Code, which was revised in 2019, provides Member States with all the tools they need to operate in a free trade area.

4.6. The macroeconomic outlook for CEMAC in 2023 is broadly stable. It is based on the continued buoyancy of activity in the non-oil sector, despite the virtual stagnation of activity in the oil and gas sector.

4.7. Despite the challenges that remain in implementing Community texts on trade policy, it is clear that a number of advancements have been made in recent years in the area of trade integration within CEMAC. However, this progress should be consolidated in a regional strategy backed up by an action plan comprising different priority-based phases, as well as a substantial funding plan. This strategy should take into account the challenges and measures identified above, as well as the various priority components described in the national development strategies and be considered in the national and Community strategies for implementing the AfCFTA.

4.8. Significant progress has also been made in implementing the 2017-22 operational plan for CEMAC's Regional Economic Programme (PER), with the launch of the Centres of Excellence programme to strengthen training in CEMAC, and having secured the remaining funding for 8 of the 11 priority infrastructure projects, following the success of a donors' round table held in Paris in November 2023. Work has indeed started. The second cycle of this CEMAC 2023-28 programme of priority integrated projects comprises 12 projects relating to transport, electricity and telecommunications infrastructure. As part of its financing strategy, and building on its previous success, CEMAC plans to organise a round table of donors in Paris in November 2023.

REPORT BY CEMAC

1 BACKGROUND

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

1.2. **At the international level**, the global economy slowed sharply in 2022, due to rising inflationary pressures and the resurgence of the COVID-19 epidemic in China, as well as uncertainties linked to geopolitical factors, in particular the war in Ukraine. Real GDP growth is estimated at 3.4% in 2022, compared with +6.1% in 2021 and -3.1% in 2020, according to IMF forecasts. By geographical zone, the growth rate in the advanced economies is expected to be 2.7% in 2022, compared with +5.2% and -4.5% in 2021 and 2020 respectively. In emerging and developing countries, real GDP growth should be +3.9% in 2022, following a spike of 6.8% in 2021 and a recession of -2% in 2020. In sub-Saharan Africa, real GDP growth is expected to rise to 3.8% in 2022, after increasing to 4.6% in 2021 and contracting by 1.7% in 2020.

1.3. The global economy continues to feel the effects of the shocks observed during 2022, which are slowing growth and could weigh in on the short-term outlook. The Russia-Ukraine conflict continues to disrupt the energy and food commodities markets. Energy prices remained volatile. In the major advanced economies, rate hikes by the Central Banks to counter inflation, together with the war in Ukraine, are likely to contribute to a slowdown in economic activity during 2023.

1.4. The IMF expects global growth to slow to 2.9% in 2023, followed by an upturn to 3.1% in 2024.

1.5. **At the subregional level**, the economy recovered significantly in 2022, more than in 2021, following a recession in 2020. Real GDP growth rose to +2.9% in 2022, compared with +1.7% in 2021 and -1.7% in 2020, according to the BEAC[1], driven mainly by a rebound in the oil sector, despite a slowdown in non-oil sector growth. The 2020 recession, linked to COVID-19, marks an end to the upturn in economic growth that began in 2017 (+0.7%) and continued in 2018 (+1.8%) and 2019 (2%). The outlook for economic activity in 2022 is mixed. Sluggish domestic demand due to inflationary pressures, the ongoing impact of the Russia-Ukraine conflict, and disruptions to global supply chains are likely to have a negative impact on activity in the CEMAC region. Conversely, forestry, mining and gas activities should continue to provide solid support for growth in the subregion.

1.6. For 2023, the BEAC forecasts a real GDP growth rate of +2.7%, driven mainly by the dynamic non-oil sector (+3.3% in 2023 compared with 3.4% in 2022), an acceleration in inflationary pressures to +6.4% in 2023, compared with 5.6% in 2022 and +1.6% in 2021, a deterioration in public finances with a fall in the overall budget balance surplus, including grants, from +2.5% of GDP in 2022 to +1.9% in 2023.

1.7. With the exception of Cameroon and CAR, economic growth has improved in all CEMAC countries in 2022 compared to 2021, with good prospects in 2023, except for Equatorial Guinea. In Cameroon, growth is estimated at +3.4% in 2022, compared with +3.6% in 2021 and +0.5% in 2020, and is projected at +3.3% in 2023. In the Central African Republic, real GDP growth is estimated at +0.6% in 2022, compared with +1.1% in 2021 and 0.6% in 2020. The CAR and Cameroon are the only two countries in the subregion not to have experienced a recession in 2020.

1.8. By contrast, Congo was in recession in 2020 (-6.1%) and in 2021 (-1.5%). Growth is estimated at +2.2% in 2022 and projected at +2.7% in 2023. Chad was also in recession in 2020 (-2.2%) and 2021 (-0.5%). Growth is estimated at 2.5% in 2022 and projected at 5% in 2023. The outlook for growth in 2023 is therefore more favourable in Chad, Cameroon, Congo and Gabon than in the other countries, particularly Equatorial Guinea (-2.2%), which is likely to be in recession. The table below summarizes the situation.

[1] Bank of Central African States.

Table 1: Real GDP growth rate

(%)

Country	2020	2021	2022 (estimate)	2023 (forecast)
Cameroon	0.5	3.6	3.4	3.3
CAR	0.6	1.1	0.6	1.4
Congo	-6.1	-1.5	2.2	2.7
Gabon	-1.8	1.6	2.7	2.7
Equatorial Guinea	-4.6	0.9	3.0	-2.2
Chad	-2.2	-0.5	2.5	5.0
CEMAC	-1.7	1.7	329	2.7

Source: BEAC.

1.9. This is the context in which this Common Report, as part of the second group review of the trade policies of CEMAC States that are Members of the WTO has been prepared. 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 macroeconomic, trade and industrial outlooks and the implementation of the Regional Economic Programme (REP) adopted by CEMAC's decision-making bodies, including the REP's components, agenda and implementation strategy.

2 COMMON ECONOMIC ENVIRONMENT

2.1 Main features

2.1. CEMAC represents a market of 60.6 million people in 2022 (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 (45.8%) is located in Cameroon, which is also responsible for a substantial proportion of regional GDP (42.9%).

Table 2: Population and nominal GDP of CEMAC countries

Country	Population in 2022 (estimate)	Nominal GDP in 2022 (estimate in billions of CFAF)	Nominal GDP in 2023 (forecast in billions of CFAF)
Cameroon	27,800,000	28,122	30,004
Central African Republic	6,100,000	1,467	1,630
Congo	5,610,000	10,553	10,119
Gabon	2,200,000	12,275	11,986
Equatorial Guinea	1,635,466	8,561	7,887
Chad	17,274,363	7,807	8,209
CEMAC	60,619,829	68,788	69,835

Source: BEAC for nominal GDP.

2.2. The CEMAC countries form a heterogeneous group, 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 countries" (LDCs) group and are also classified as "low-income countries" on the basis of the gross national income per capita. Cameroon, the Republic of the Congo, Equatorial Guinea and Gabon are all middle-income countries (with Gabon in the top bracket). More than half the population of CEMAC countries live in rural areas. The economies are generally highly dependent on the oil sector, with the exception of the Central African Republic and Cameroon.

2.2 Monetary and foreign exchange policy

2.3. The new foreign exchange regulations[2] follow on from existing regulations, which were not sufficiently applied by all member countries of the Community. With these new regulations, CEMAC, which previously adopted a rather lenient approach, is putting in place a more restrictive framework and incorporating modern elements. The new regulations are part of an intermediate approach, as they are set to evolve over the coming years. This transitional nature poses some difficulty for

[2] Regulation No. 02/18/UMAC/CM of 21 December 2018 on foreign exchange regulations and Instruction No. 014/GR/2019 of 10 June 2019 on the rules and procedures for establishing breaches of foreign exchange regulations and the implementation of related penalties.

companies wishing to apply it. The primary objective of this tax review is to adapt the rules to changes in the economic and financial environment, such as new means of payment, money transfer agencies, the fight against money laundering, etc. The second objective is to clarify the role of the various bodies involved in monitoring and controlling operations (BEAC, COBAC, etc.).

2.4. Finally, the new regulations aim to strengthen the role of approved intermediaries.

2.5. The principle of prohibition applies to the opening of foreign currency accounts by legal entities resident inside or outside CEMAC, unless they have authorization from the Bank of Central African States (BEAC). On the other hand, legal entities not resident within CEMAC may open foreign currency accounts, subject to subsequent notification to the BEAC. Legal entities resident in CEMAC are free to obtain loans outside the zone. However, this freedom is subject to restrictions, as there are obligations to make declarations before or *after the* loan is granted or repaid depending on the case.

2.6. Loans from non-residents by entities (subsidiaries or branches) resident within CEMAC must be declared 30 days before they are disbursed by the borrower to the Minister of Finance and the Central Bank. It should be noted that issuance of securities outside CEMAC by resident entities are treated as loans. They are therefore subject to the same administrative obligations. Conversely, loans granted to non-residents by residents of the CEMAC zone are subject to prior authorization by the BEAC.

2.7. Finally, with regard to direct investments, the new foreign exchange regulations provide for the application of reporting obligations in the case of direct investment, corresponding to a holding in the capital of a company exceeding 10%. Foreign direct investment in CEMAC must be declared 30 days before it takes place. Similarly, investments corresponding to a capital increase resulting from the reinvestment of retained profits must be declared within 30 days of the transaction.

On foreign trade transactions, import and export of goods.

2.8. All transactions relating to the export of goods are to be declared to the relevant administrative authorities. Transactions relating to exports with a value of CFAF 5 million or more must be domiciled with a CEMAC credit institution. All exports of goods are subject to an export declaration to the customs administration, the authorized entity or the competent authority, and to a firm foreign exchange commitment, which obliges the exporter to repatriate and transfer the related revenues within the applicable regulatory deadlines. The exporter has a maximum of 150 days from the effective date of export to collect and repatriate export proceeds resulting from firm sales. Revenues from the goods are collected and repatriated by the exporter through his/her domiciliary bank via the central bank.

2.9. Imports of goods into the CEMAC area are free, with the exception of gold and other goods subject to specific regulations for reasons of public morality, public order, public safety, the protection of human or animal life or health, the preservation of plants, the protection of cultural, historical or archaeological heritage, and the protection of intellectual property. All imports of goods must be declared to the customs authorities or their equivalent. Imports of goods for an amount equal to or greater than CFAF 5 million must be domiciled with a credit institution in the country of final destination.

2.10. Residents are free to hold, buy or sell gold and precious stones in any form within the CEMAC area, subject to compliance with the regulations in force. The import and export of gold and precious stones are subject to prior authorization by the competent technical authorities.

2.11. As part of the reform of the region's economies, contained in the **PREF-CEMAC**[3], the BEAC has introduced new regulations by strengthening regulation, and has organized the issuance of securities on the CEMAC capital market. For example, if the value of the securities issued is less than CFAF 50 million, those involved in the transaction are now required to declare it fifteen (15) days before it starts.

[3] CEMAC economic and financial reform programme.

2.12. Prior authorization from the BEAC is required for transactions in excess of CFAF 50 million. The transfer of funds collected by issuers of securities not incorporated in the CEMAC zone is also subject to authorization. For the transaction itself, the deadline is thirty (30) days, plus ten (10) days for authorization of the transfer of funds.

2.13. The tightening of regulations is in addition to the prior approval procedure, which must be carried out by the Financial Markets Supervisory Commission. The tightening of the regulatory framework can be understood as a willingness to protect the zone's foreign exchange reserves.

2.14. According to the BEAC, foreign exchange reserves will reach CFAF 6,464.7 billion by the end of 2022, up by 37.2% year-on-year. The level of reserves in months of imports of goods and services are set to increase to 3.92 in 2022, up from 3.7 in 2021. This was mainly due to a smaller increase in imports of goods and services (+29.5%) than in foreign exchange reserves (+37.2%).

2.3 Recent Economic Developments

2.15. The economic situation is marked by the continued implementation of exceptional budgetary and prudential measures taken to deal with the crisis caused by the COVID-19 pandemic, and the conclusion by four CEMAC countries (Cameroon, Congo, Gabon and Chad) of a second-generation programme with the IMF. All this against a backdrop of continuing security measures in the Lake Chad Basin and the Central African Republic, as well as the security crisis in the North-West and South-West regions of Cameroon, resulting in increased security spending and an influx of refugees and displaced persons.

2.16. The average annual inflation rate in the subregion jumped to 5.6% in 2022, from 1.7% in 2021, attributable to both external and internal factors. Externally, imported food inflation has risen, linked to persistent global tensions in the wake of the Russia-Ukraine conflict, which have contributed to higher prices of cereals, oilseeds and sea freight. Rising prices of raw materials and agricultural inputs, including fertilizers, energy and building materials, have accentuated this trend. On the domestic front, inflation was mainly due to climatic shocks, which had a negative impact on domestic food supply, while the unavailability of fertilizers, due to their high cost, had a negative impact on crop yields in the subregion. Price controls, tighter monetary conditions and sluggish demand were factors that certainly helped temper inflationary pressures.

2.17. The management of public finances was also marked by the continued implementation of exceptional measures taken to deal with the crisis caused by the COVID-19 pandemic. However, thanks to the recovery in oil prices and the increase in non-oil revenues following the upturn in economic activity, the overall budget balance, including grants, was in surplus by +2.5% of GDP in 2022, compared with a deficit of 1.3% of GDP in 2021 and 2% in 2020.

2.18. With regard to external trade, the situation is characterized by a clear improvement in the external current account, with a surplus of +7.4% of GDP in 2022, compared with a deficit of -0.6% of GDP in 2021, benefiting from a strong improvement in the trade balance and a consequent improvement in terms of trade. In fact, the surplus on the balance of trade jumped by 57.6% to CFAF 11,146 billion in 2022 compared with 2021, while the deficit on the balance of services was only CFAF 3,871 billion in 2022, and the capital account was in credit by CFAF 201 billion in 2022.

2.19. The monetary situation at the end of December 2022 was marked by: (i) a strong consolidation of the monetary system's net external assets, which doubled to CFAF 2,864 billion; (ii) an increase in foreign exchange reserves, which reached CFAF 6,854 billion compared with CFAF 4,711 billion in 2021, and represented around 4.68 months of imports of goods and services; (iii) a deceleration in the monetary system's net claims on CEMAC States; and (iv) an increase in loans to the economy, which rose from CFAF 9,199.5 billion to CFAF 9,912.3 billion.

2.20. The macroeconomic outlook for CEMAC in 2023 is stable overall. This is based on continued buoyant activity in the non-oil sector. Growth is therefore expected to fall from 2.9% in 2022 to 2.7% in 2023, driven mainly by: (i) non-oil sector growth (3.3% in 2023 compared with 3.4% in 2022), (ii) an acceleration in inflationary pressures to +6.4% in 2023 compared with 5.6% a year earlier, (iii) a surplus in the overall budget balance, including grants, down slightly from +2.5% of GDP in 2022 to +1.9% of GDP in 2023, and (iv) a deterioration in the current account balance, which is expected to contract to +0.9% of GDP in 2023 from +7.4% in 2022.

2.21. On the monetary front, money supply is forecast to grow by 9.9%, while net foreign assets are set to jump by 25%. Foreign exchange reserves are expected to rise by 11.5% to CFAF 7,992 billion by the end of 2023, giving a currency cover rate of 77%, compared with 73.1% in December 2022. In terms of months of imports of goods and services, reserves are expected to rise to 4.9 in 2023 from 3.9 in 2022.

2.22. 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 government revenue; and the current account deficit. In addition, in order to ensure that national budgetary policies are consistent with the common monetary policy, a number of macroeconomic variables are assessed at least twice a year to determine the state of economic convergence in the Community. These four macroeconomic variables are known as convergence criteria. They were renewed in 2016 as part of the reform of the multilateral surveillance system in the CEMAC zone. The new surveillance mechanism, which came into force on 1 January 2017, is designed to encourage Member States to implement counter-cyclical fiscal policies.

2.23. In 2020 and 2021, the community as a whole observed the same convergence criteria, those relating to **debt and inflation**. All countries except Gabon met two out of four convergence criteria in 2020. Cameroon and CAR met the debt and inflation criteria, while Congo met the budget balance and inflation criteria. Gabon, for its part, observed a single convergence criterion, that of inflation.

2.24. In 2021, Equatorial Guinea met three of the four convergence criteria, with the exception of the one relating to the absence of payment arrears. Cameroon and Chad met two criteria, relating to inflation and indebtedness. Finally, Gabon and CAR each observed a single convergence criterion, debt for CAR and inflation for Gabon.

2.25. In 2017 and 2018, CEMAC produced two trade situation reports, with a retrospective analysis of 2014, 2015 and 2016. The main results of these notes are summarized in the tables below.

Table 3: CEMAC trade in goods balance, 2014-18

(CFAF million)

	2014	2015	2016	2017	2018
Exports					
- Cameroon	2,558,391	2,399,752	1,959,676	1,881,935	2,112,338
- Gabon	4,364,519	3,144,935	2,203,616	2,539,760	3,043,219
- Congo	2,373,012	2,012,098	1,498,497	2,434,070	5,358,387
- EG	6,418,968	3,916,105	2,737,139	3,095,259	3,659,558
- CAR	11,080	59,450	77,010	40,730	59,149
- Chad	1,484,900	1,288,510	975,360	1,123,020	1,762,100
Total CEMAC	17,210,870	12,820,850	9,451,298	11,114,774	15,994,751
Imports					
- Cameroon	3,747,909	3,572,386	3,087,355	3,007,426	3,405,170
- Gabon	1,919,066	1,746,246	1,463,717	1,339,148	1,254,318
- Congo	1,858,419	2,547,995	3,017,307	1,395,215	1,221,868
- EG	1,236,710	987,668	663,158	503,503	555,082
- CAR	154,780	306,230	281,370	238,340	264,895
- Chad	2,236,990	1,717,450	1,462,170	1,121,490	1,168,200
Total CEMAC	11,153,874	10,877,975	9,975,077	7,605,122	7,869,533
Balance of trade	+5,958,952	+1,942,876	-523,779	+3,515,652	+8,125,218
- Cameroon	-1,189,518	-1,172,634	-1,127,679	-1,125,491	-1,292,832
- Gabon	+2,445,452	+1,398,689	+739,899	+1,200,612	+1,788,901
- Congo	+514,593	-535,896	-1,518,810	+1,038,855	+4,136,518
- EG	+5,182,258	+2,928,437	+2,073,981	+2,591,756	+3,104,476
- CAR	-143,109	-246,780	-204,360	-197,610	-205,746
- Chad	-198,332	-428,940	-486,810	+1,530	+593,900
Coverage rate	153	118	95	146	203.2
- Cameroon	68.2	67.2	63.5	62.5	62.0
- Gabon	227.4	180.1	150.5	189.6	242.6
- Congo	127.7	78.9	49.6	174.4	438.5
- EG	519.0	396.5	412.7	614.7	659.2
- CAR	07.1	19.4	27.3	17.1	22.3
- Chad	66.4	75.0	66.7	100.1	150.8

Source: DMC/CEMAC survey of Customs Directorates-General and NSIs in the six Member States.

Table 4: CEMAC trade in services balance, 2014-18

(CFAF million)

	2014	2015	2016	2017	2018
Exports					
- Cameroon	895.6	615	774.8	898.9	1,169.7
- Gabon	63.2	152.5	259.6	275.2	183.2
- Congo	317.3	236.6	142.7	29.5	201.3
- EG	82.9	163.9	45	45	45.0
- CAR	107.4	120.4	126.9	106.6	145.7
- Chad	132.6	157.5	243.3	207.1	207.0
Total CEMAC	**1,599**	**1,445.9**	**1,592.3**	**1,562.3**	**1,951.9**
Imports					
- Cameroon	1,139	1,093	1,006.6	1,130.4	1,456.4
- Gabon	1,142.8	1,083.4	1132	1,145.4	1,569.5
- Congo	1,846.9	2,198.4	1,313.5	953.9	1,252.4
- EG	1,757.2	1,366.1	1,033.4	1,007.8	1,008.0
- CAR	121.3	122.8	132	134.9	241.8
- Chad	1,757.2	1,372.8	862.7	793.8	1,135.3
Total CEMAC	**7,650.9**	**7,236.5**	**5,480.2**	**5,166.2**	**6,663.4**
Balance of trade	-6,051.9	-5,790.6	-3,887.9	-3,603.9	-4,711.5
- Cameroon	-243.4	-478	-231.8	-231.5	-286.8
- Gabon	-1,079.6	-930.9	-872.4	-870.2	-1,386.3
- Congo	-1,529.6	-1,961.8	-1,170.8	-924.4	-1,051.1
- EG	-1,674.3	-1,202.2	-988.4	-962.8	-963.0
- CAR	-13.9	-2.4	-5.1	-28.3	-96.1
- Chad	-1,511.1	-1,215.3	-619.4	-586.7	-928.3
Coverage rate	20.9%	20.0%	29.1%	30.2%	29.3%

Source: DMC/CEMAC survey of BEAC's national directorates in the six Member States and Cameroon's Ministry of Finance.

2.26. This shows that over the period 2014-18, the CEMAC trade balance in goods is structurally in surplus, while the trade balance in services is structurally in deficit. The trade surplus peaked in 2018 at CFAF 8,125.2 billion, thanks to the good performance of Congo (CFAF +4,136.5 billion), Equatorial Guinea (CFAF +3,125.2 billion) and Gabon (CFAF +1,768.9 billion). Cameroon and CAR have structural trade deficits.

2.27. The subregion's trade balance deteriorated significantly in 2020 to CFAF +2,868.3 billion, followed by a marked improvement in 2021 (CFAF +5,251.1 billion), as a result of economic recovery and the improvement in CEMAC's terms of trade. In 2022, the trade in goods balance is expected to peak at CFAF +12,046.5 billion.

Table 5: CEMAC trade balance trends

(CFAF billion)

Country	2020	2021	2022	2023 (PREV)
Cameroon	-391.3	-272.2	369.5	-472.6
CAR	-213.9	-192.5	-219.7	-222.8
Congo	1,248.2	2,307.8	3,730.8	2,646.0
Gabon	963.5	1,860.2	2,810.5	2,126.3
Equatorial Guinea	837.3	1,092.5	2,125.0	1,189.1
Chad	239.9	678.6	1,853.1	1,333.3
CEMAC	2,828.3	5,351.1	1.1146.3	6,704.9

Source: National authorities and BEAC.

2.28. The decline in the positive balance of trade in 2023 is justified in the Macroeconomic Outlook section below.

3 CEMAC IN PRACTICE

3.1 Free movement of persons in the CEMAC zone

3.1. Pursuant to Additional Act No. 01/13-CEMAC-070 U-CCE-SE, of 25 June 2013, all CEMAC Member States materialized in October 2017, through a circular note, the free movement of goods, services, capital and people.

3.2 Investment regime

3.2. The Community Investment Charter adopted in 1999 by Regulation No. N17/99/CEMAC-20-CM-03 of 17 December 1999 is currently 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.

3.3. The Member States have the possibility, through national regulations, to specify and complete the provisions of the Charter without contradicting it.

3.4. 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.

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

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

3.7. **The customs regimes and procedures applicable at Community level** are set out in the CEMAC Customs Code, which was last revised in 2019.[4] The Code is aimed at harmonizing the national provisions concerning the organizational framework of the customs service and customs regimes and procedures. In the Member States, any operator wishing to carry out an import or export operation must first hold importer/exporter status and/or a professional trader's card.[5] Registration in the Trade and Personal Property Credit Register is generally done at the local court, and the merchant card is issued by the foreign trade office or chamber of commerce of the country concerned. However, the card is not valid across States. The import procedure is triggered by an itemized declaration assigning a customs procedure to the imported goods. (Intention to import or prior import declaration, depending on the case). Depending on the country, this is issued by the National Directorate of Commerce or the pre-shipment inspection company.

3.8. All exports must be declared in detail in accordance with the provisions of the CEMAC Customs Code and national regulations. As in the case of imports, only economic operators with importer/exporter status are authorized to engage in an export activity. For statistical purposes, a detailed declaration is required for any export operation. The customs procedures applicable are: export (EX1), re-export (EX2) and re-export following a suspensive procedure (EX3).

3.9. The export procedure generally begins with the completion of an export declaration. Depending on the nature of the goods, a sanitary or phytosanitary certificate, an authorization or a permit may be required. Then comes pre-shipment inspection, where appropriate, and the collection of the export revenue. Exports to destinations outside the franc zone must be domiciled with an approved intermediary if they are valued at more than CFAF 5 million, in order to ensure the repatriation of export earnings.

[4] Regulation No. 05/19-UEAC-010 A-CM-330 of 8 April 2019 revising the CEMAC Customs Code.

[5] The status of trader in the OHADA member countries is governed by the Uniform Act on general commercial law (AUDCG), in force since 1998 and revised in 2010.

3.3 CEMAC trade policy instruments

3.3.1 Customs and fiscal instruments of the Community trade policy

3.3.1.1 Customs instruments

3.3.1.1.1 Community Customs Code

3.10. The revised CEMAC Customs Code was adopted by Regulation No. 05/19-UEAC-010-A-CM-33 of 8 April 2019. It is supplemented by implementing regulations. The main innovations of the new Code are grouped around the following three objectives: (i) facilitating trade: this objective includes strengthening traders' rights, including the right of appeal against customs decisions; making online procedures and electronic declarations standard; and introducing a range of simplified procedures, the concept of coordinated border management and an Authorized Economic Operator (AEO) programme; (ii) mobilizing revenue and combating fraud: this objective requires the following corrective actions: strengthening of legal powers of control; the right of access to business premises; the introduction of a legal basis for risk management and post-clearance control; the facilitation of collaboration between tax and customs administrations; the delegation of specific powers to combat trafficking in illicit products in the CEMAC zone; and (iii) strengthening regional integration. The following innovations have been introduced: clarification of the taxable base; introduction of the new Community transit procedure.

3.11. The new CEMAC Customs Code is therefore geared towards a more proactive and ambitious approach, incorporating all the modern provisions, the ultimate aim of which is not only to equip the customs administrations of the Member States, but also to support them in meeting the challenges of the next decade: better organization of the Community transit system; improvement of intellectual property rights in international trade by strengthening customs authorities in the fight against fraud and counterfeit goods; increased IT tools and digitalized procedures with the possibility of making electronic declarations where possible. The revised Customs Code is a key tool for economic development for businesses and administrative regulation in the CEMAC.

3.12. In the revised CEMAC Customs Code, new provisions and innovative regimes provide a framework for all suspensive and economic regimes. These include duty and tax suspension for goods originating in Member States and moving through foreign customs territory, Community and international transit, transhipment and cabotage.

3.13. It is planned to revise Act No. 2/92-UDEAC-556-CD-SE1 revising Act No. 13/65-UDEAC-35 of 14 December 1965. This revision should make it possible to extend the benefit of the exemption to donations to NGOs and sports federations.

3.14. The revised Customs Code includes a new provision on end-use exemption, which is used to release goods for consumption with total or partial exemption from duties and taxes. This provision is reinforced by a regulation adopted in 2019 that sets out the categorization of measures for total or partial exemption from import duties and taxes and specifies the procedures for checking declarations of release for consumption with total or partial exemption from duties and taxes.

3.15. The benefit of the exemption is conditional on compliance, after release of the goods, with the legal and regulatory conditions, whether general or specific, governing their use. Failure to comply with these conditions will result in immediate payment of duties and taxes, without prejudice to any penalties incurred.

3.3.1.1.2 The Community Customs Tariff

3.16. The CEAU Council of Ministers adopted the customs tariff according to the 2017 version of the Harmonized System (HS) at the Ndjamena summit in November 2017, according to Regulation No. 10/17-UEAC-CM-010 A-30-SE of 13 November 2017. The 2017 version of the HS of the CEMAC customs tariff transposed, tariff line by tariff line, all the amendments resulting from the various recommendations of the WCO Council relating to the updating of the structured nomenclature. The customs tariff was then transposed according to the 2022 version of the HS and adopted in December 2021 by the CEAU CM.

3.17. The question of the possible double application of customs duty is difficult to resolve. Article 5 of the Customs Code stipulates that goods entering the CEMAC customs territory are subject to import duties listed in the customs tariff. Customs duty is paid when the product is released for consumption. Transit and suspensive arrangements allow duty to be paid in the country of "final consumption". The single payment in this case is in line with the principle of a customs union in which the common external tariff duty is payable only once. In addition, when goods are released for consumption in the country of consumption, the duty is paid to that country, which is essential from the perspective of public revenue (customs duties are not pooled or distributed). However, this system does not solve the problem of intra-Community trade in third-party goods that have already been released for consumption. In this case, the countries receiving the goods logically apply customs duty to them a second time.

3.18. Among the options that are theoretically possible, but difficult to implement, is where the declarant could request reimbursement from the country of departure on presentation of supporting documents. For this option to be feasible, the customs authorities in the country of departure would need to be notified in advance of the operation and be able to trace the origin and actual payment of duties, which could be achieved by issuing a certificate on request. As such a mechanism would require in-depth examination, no proposal has been made at this stage to amend the code.

3.19. Consideration will be given to the "double taxation phenomenon", which appears to be one of the major obstacles to the effective implementation of the trade liberalization programme within the Community, as part of the rationalization of the CEMAC/ECCAS free trade area.

3.3.1.2 Tax instruments

3.20. In terms of domestic taxation, a number of harmonized instruments have been adopted since the launch of CEMAC, including Value Added Tax (VAT), applicable to locally produced and imported goods and services. Each country was free to choose the rate of VAT from an initial range of 15% to 18%, extended to 19% through the revision of 2011. However, with the revision introduced in 2022 (Directive No. 11/22-CEMAC-UEAC-010A-CM-38 of 10 November 2022), the VAT rate was reduced to 15%. A zero rate is applicable to exports, their accessories and international transport.

3.21. The main contributions of this Directive are:

- a strict framework for exemptions to avoid tax competition between Member States: the list of exemptions in Article 7 is exhaustive and restrictive;
- management of goods and services eligible for a reduced rate;
- revising the rules on territoriality, in particular to allow digital transactions to be taxed;
- limiting the exceptions to the right to deduction in order to maintain the neutrality of VAT for economic operators;
- managing the practice of withholding tax on public contracts, in order to avoid VAT credit situations that could penalise Community operators *vis-à-vis* foreign competition;
- a reminder of the right to refund of VAT credits, which is essential to ensure that VAT does not become a burden for certain taxable persons, while requiring exporters to repatriate export earnings in order to benefit from these refunds;
- the introduction of the possibility of self-liquidation of VAT on capital goods in order to facilitate investment.

3.22. With regard to excise duties, a separate Directive from the VAT one was adopted in 2019 (Directive No. 03/19-UEAC-010A-CM-33 of 8 April 2019 on the harmonization of the laws of the Member States relating to excise duties).

3.23. This directive, developed with customs and tax representatives, separates excise duties from VAT in order to provide a more accurate framework for taxing certain specific products.

3.24. The revised Directive focuses on three types of products subject to excise duty: tobacco, alcoholic beverages and passenger vehicles. The consumption of these goods leads to undeniable negative externalities and raises a number of public health issues. These three goods also account for the bulk of excise duty revenues and can give rise to tax competition between Member States, thus justifying regional coordination. Member States may apply excise duties to other goods, in accordance with the rules of the Directive.

3.25. Apart from inputs, Member States may no longer grant exemptions from excise duty. In particular, there can be no exemption based on the origin of the product, which would in reality be tantamount to discrimination between local and imported products.

3.26. In order to avoid tax competition between Member States, the Directive provides for a floor rate applicable to *ad valorem* duties only, and leaves it to Member States to decide whether or not to adopt specific duties.

3.27. CEMAC has also put in place a framework of harmonized legislation for direct taxation with the aim of limiting distortions likely to affect the location of activities and labour between member countries, or to hinder activities within this regional integration area.

3.28. Taxation of profits is currently governed by Directive No. 02/01/UEAC-050-CM-06 of 3 August 2001 revising Act No. 3/72-153-UDEAC of 22 December 1972 instituting corporation tax. Income taxation is based on Directive No. 01/04-UEAC-177 of 30 July 2004 on personal income tax (IRPP).

3.29. This separation between legal entities on the one hand and individuals and non-residents on the other is no longer justified insofar as IRPP is increasingly collected by means of withholding tax, applicable to income paid to individuals and to non-resident legal entities, and even, in certain cases, to resident legal entities. In addition, the concepts used in the two directives are related, necessitating harmonization of terminology and taxation methods: the determination of company profits (corporation tax) is similar to that of sole proprietorships (BIC-BNC) and the deductibility of certain charges in corporation tax is similar to the taxation of distributed income and salaries and wages (e.g. benefits in kind).

3.30. If the structure of corporation tax remains unchanged, the overall approach to personal income tax will be replaced by a specific approach for each type of income. In practice, the global nature of the tax had already been altered by the numerous national reforms leading to the introduction of flat-rate deductions. The overall approach was driven by the fairness and redistributive capacity of the tax, but personal income tax is proving difficult to administer in the CEMAC region, relying as it does on spontaneous declarations by taxpayers. The size of the informal sector in the CEMAC increases tax management costs. A global approach to personal income tax requires a major effort on the part of tax authorities to collect and cross reference information, with little return.

3.31. Schedular taxes are easier to administer, also helping to improve the business climate by reducing the discriminatory nature of a global income tax that cannot be properly applied. A second element of simplification is dispensing with the concept of the tax household, which provides tax reductions for family responsibilities: in fact, four countries had already removed these benefits.

3.32. Corporation tax is now a universal tax: its modernization was made necessary by the modernization of business practices (see in particular the OECD's work on transfer pricing and the deductibility of financial interest). The adopted text clarifies a number of points and makes adjustments to the limit on the deductibility of technical assistance costs and royalties, the rules against under-capitalization of companies and tax losses carried forward. There is a minimum rate of tax on profits (20%) and a maximum rate of taxation (2%). Exemptions have been replaced with an investment tax credit.

3.33. In terms of income tax, the IRPP, as a global tax, has been replaced by four separate taxes that now apply to the individual rather than the tax household, which simplifies tax management and promotes equal treatment for men and women:

- Tax on business profits (IBA – formerly BIC-BNC): this follows the rules for corporation tax, but with rates that may be higher, the aim being to encourage economic operators to structure their activities in the form of companies, which are less prone to fraud.
- The tax on income from movable capital assets (IRCM) applies a proportional rate to income from transferable securities and debt income. Two important additions have been made by the Directive: clarification of the system for taxing capital gains (sales of company shares) and the setting of a range of rates for the CMIT in order to avoid tax competition between States.

- Property income tax (IRF) also includes the taxation of capital gains (the sale of property). The system of withholding tax on rental income is specified, as are the rate ranges.
- Lastly, the tax on salaries and wages (ITS) is based on the IRPP tax system, with a progressive scale left to the discretion of the Member States. The abolition of the notion of tax residence and family responsibilities should clarify the methods used to calculate this complex tax.

3.34. The draft Directive harmonizing the taxation of income and profits in the CEMAC member States is awaiting adoption by the CEAU Council of Ministers.

3.35. CEMAC also has a new tax convention on the avoidance of double taxation on income tax adopted by the Council of Ministers of the UEAC by virtue of Regulation No. 07/19-UEAC-010-A-CM-33 of 8 April 2019, revising Act No. 5/66-UDEAC-49 of 13 December 1966 relating to the Convention on the avoidance of double taxation on income tax.[6]

3.36. The new tax treaty replaces the oldest Community text still in force: the 1966 UDEAC tax treaty. Based on the most recent OECD and UN developments on the elimination of double taxation, the convention facilitates exchanges between Community operators while protecting Member States against the use of conventions for tax optimization.

3.37. Among the notable contributions, the new agreement defines precisely the concept of permanent establishment, takes into account the mining and oil economies of the Member States, provides a framework for capital gains, and sets minimum withholding tax rates for the main flows (dividends, interest, royalties, services).

3.38. In addition, the new Convention: (i) provides taxpayers with greater certainty as to the tax they may have to pay in another member country; (ii) allocates taxing rights between CEMAC countries so that taxpayers are not subject to double taxation; (iii) reduces the risk of excessive taxation due to high withholding taxes; (iv) ensures that taxpayers are not subject to discriminatory taxation. It implements provisions to prevent abuse of the Convention and authorizes the exchange of tax information between competent authorities to prevent tax avoidance and evasion. Finally, it has a mechanism for resolving tax disputes between Member States. A Commission memo dated 12 July 2022 set out the conditions for the entry into force of the convention, which will have full and uniform effect from January 2023.

3.39. Finally, it should be noted that CEMAC will soon have a Directive harmonizing the process for identifying, evaluating and publishing tax expenditure in CEMAC Member States.

3.40. This draft directive, which will be finalized on 13 December 2022, is a first for the CEMAC zone. The text requires Member States to publish an estimate of all their tax expenditure in their annual Finance Acts. This publication will ultimately enable Member States to better control both their public revenue and expenditure.

3.41. The draft directive defines what is to be considered as tax expenditure within the Community: exemptions, rebates, reductions, reduced rates, tax credits, etc. A benchmark tax system is given for each type of tax in relation to Community standards.

3.3.2 Other trade-related measures

3.3.2.1 Standards, technical regulations and accreditation

3.42. In December 2014, within the framework of the PACIE[7], the Central African Economic and Monetary Community (CEMAC) and the European Union (EU) commissioned the United Nations Industrial Development Organization (UNIDO) to implement the Central African Quality Infrastructure Programme (PIQAC).

[6] Personal income tax.

[7] Programme of Support for Trade and Economic Integration financed under the 10th European Development Fund (EDF).

3.43. The PIQAC was part of component 2 of the PACIE entitled "Competitiveness and development towards the common market and supporting the EPA", the aim of which is to strengthen the competitiveness and diversification of productive sectors. The Programme was designed to achieve the outcome of business competitiveness and support for quality infrastructure, with a view to supporting CEMAC/ECCAS countries in the implementation of operational quality infrastructure in priority sectors, in order to enhance the region's competitiveness.

3.44. The PIQAC was implemented over a four-year period in seven Central African countries: Cameroon, the Central African Republic, Chad, Congo, the Democratic Republic of the Congo, Gabon and Sao Tome and Principe. Quality infrastructure, which is supposed to play a vital role in the socioeconomic development of countries in the region, is lagging behind in comparison with other regions of the world.

3.45. The aim of the PIQAC was to help to improve intra- and extra-regional trade and strengthen the region's economic integration through the development and networking of the quality infrastructure of the countries in the subregion. Quality infrastructure refers to a coherent set of initiatives, institutions and organizations, activities and people ensuring the operation of a system based on quality. This system includes a National Quality Policy and institutions to implement it, a regulatory framework, quality-related service providers, the private sector and its customers and consumers.

3.46. The components of quality infrastructure are:

- standardization;
- metrology;
- conformity assessment (certification, accreditation, testing and inspection).

3.47. The specific objectives of the PIQAC were divided into three levels. The first objective was at the political level (quality), the second at the institutional level and the third at the business and consumer level. Thus:

- Level 1: develop and adopt legislation at the regional and national levels to enable and promote intra-regional and national trade and to encourage intra-regional trade and exports;
- Level 2: establish and strengthen quality infrastructure institutions providing efficient services to the private sector and consumers for priority regional products, leading to improved intra-regional and international trade;
- Level 3: encourage the private sector and consumers to apply quality principles and practices in their behaviour and operations/production.

3.48. To meet the challenges posed by these three levels, the PIQAC was designed around three main technical components to guide the implementation of activities:

- Component 1: development of a regional quality policy;
- Component 2: strengthening of quality infrastructure institutions;
- Component 3: raising private sector awareness of quality and consumer protection.

3.49. The Regional Quality Policy (PQR) provides a common framework for the technical regulations described below that is supported by appropriate structures for cooperation on TBT (Technical Barriers to Trade). The implementation of the framework aims to promote:

- the free movement of goods and services both within the Community and in international trade, in particular by progressively eliminating inappropriate or unnecessary barriers to trade;
- mutual recognition of national regulations and standards within a Community framework and greater competitiveness of products and services on the market by creating an environment conducive to their free movement;
- enjoyment of the rights of member States and compliance with their obligations under World Trade Organization (WTO) agreements and other cooperation agreements;

- creativity and innovation, the development of trade in products and services covered by intellectual property rights, the promotion of sustainable development and consumer protection;
- capacity-building among member States in the preparation and application of texts relating to accreditation, certification, standardization and metrology in order to promote quality;
- the participation of CEMAC member States in the activities of international and regional standardization, accreditation and metrology organizations.

3.50. In the implementation of the PQR, the CEMAC Commission is responsible for:

- developing and monitoring the Policy;
- drawing up and monitoring Community quality regulations;
- designing and monitoring the implementation of Community programmes to promote quality;
- monitoring the activities of regional quality structures (cooperation structures);
- settling quality disputes between member States in cooperation with regional quality structures.

3.51. In order to promote the objectives of the CEMAC/ECCAS trade protocol, the gradual elimination of technical barriers to trade among member States and between CEMAC/ECCAS and other regional and international trading blocs, the promotion of quality and the creation of quality infrastructure in member States, a formal framework is established for cooperation between regulatory authorities, stakeholders and national institutions responsible for standardization, conformity assessment, accreditation and metrology.

3.52. The following technical, scientific and management structures each have a role to play in implementing the Regional Quality Policy through the existing technical coordination structure known as the Regional Quality Council (CRQ). There are four cooperation structures:

- the cooperation structure for standardization (CEMAC-NORM);
- the cooperation structure for metrology (CEMAC-MET);
- the cooperation structure for technical regulations (CEMAC-RT);
- the cooperation structure for accreditation (CEMAC-AC).

3.53. The main results of the PIQAC are summarized in the table below.

Table 6: Main results of the PIQAC

Component 1	**Component 2**		
Establishment of a regional quality policy 100%	**Strengthening of quality infrastructure institutions 100%**		
Outcome 1.1	Outcome 2.1	Outcome 2.2	Outcome 2.3
Development of a regional quality policy	Setting up of a regional mechanism to coordinate the activities of standardization and quality promotion institutions (CEMAC-NORM)	Strengthening of food safety certification capabilities	Support for testing and analysis laboratories
Preparation and adoption of the PQR document	Preparation and adoption of the strategy for the harmonization of standards in the Central African subregion (CEMAC-NORM)	Selection of 3 companies per country	Establishment of 47 pre-diagnoses in 47 laboratories across the seven countries
Preparation and adoption of the implementing regulations for the PQR	Establishment and adoption of the memorandum of understanding for the subregional organization for the harmonization of standards	Granting of assistance to 18 companies in implementing the ISO 22000 with a view to certification (or Good Hygiene Practices)	Pre-selection of 2 laboratories per country

Component 1	Component 2		
Preparation and adoption of the guide for the implementation of the PQR at national level	Establishment and adoption of the implementation schedule for the strategy to harmonize standardization	Training of 960 people in companies	Provision of accreditation support to 8 laboratories Provision of functional support to 6 laboratories (staff training, purchase of equipment, etc.)
Preparation and adoption of the action plan to implement the PQR	Preparation and adoption of the CEMAC-NORM rules of procedure	Certification of 10 companies to ISO 22000 with technical support from PIQAC	Donation of more than 241 pieces of equipment to laboratories
	Preparation of 2 draft laws on standardization for CAR and DRC	Selection of 21 national consultants for training in food safety (ISO 22000/HACCP)	Training of 267 people in laboratories
Adoption of a text by the CEAU Council of Ministers at its meeting of 14-15 February 2017. Regulation No. 22/17-UEAC-101-CM-31 of 18 December 2019 on Quality Policy in Central Africa		Training of 139 people as IRCA ISO 22000 third-party auditors (figure to be verified in the PIQAC report)	Certification of 11 IRCA ISO 22000 auditors

Source: PIQAC/UNIDO.

Component 3		
Growing awareness of the importance of quality		
Outcome 3.1		
Growing awareness of the importance of quality and consumer protection at the national and regional levels		
Training and awareness-raising of more than 4,000 people under Component 3 of the PIQAC (original target: 2,000)	Preparation and adoption of Regional Quality Award standards	Preparation and adoption of rules governing the creation, organization and operation of the Regional Quality Award jury
Provision of 70 days of training	Preparation and adoption of a guide to understanding the Regional Quality Award standards	Preparation and adoption of general regulations for the Regional Quality Award
Mobilization of 1,370 days of expertise in total to organize all the training courses	Preparation and adoption of a guide to applying for the Regional Quality Award	Preparation and adoption of the rules of procedure of the Regional Quality Award jury
	Preparation and adoption of the Additional Act establishing the Regional Quality Award	Development of the human resources plan, the marketing and publicity strategy for the Award, and the timetable for its organization
Adoption of texts by the CEAU Economic Council at its meeting of 14-15 February 2017		
Regulation No. 21/17-UEAC-101-CM-31 of 18 December 2019 on the Creation, Organization and Operation of the Jury for the CEMAC Regional Quality Award		

Source: PIQAC/UNIDO.

3.3.2.2 Sanitary and phytosanitary measures

3.54. In April 2019, the Pesticides Committee of Central Africa (CPAC) adopted decisions banning the import, distribution and storage of 54 active substances[8]; regulating the import, distribution, use and storage of three other substances (alachlor, tributyltin compounds and monocrotophos)[9]; and establishing fees for examining applications for the regionalization of pesticide registrations.[10]

3.55. In the CEMAC member States, national structures have been set up to monitor sanitary and phytosanitary issues.

3.56. In Chad, the Food Quality Control Centre (CECOQDA) is tasked with contributing to the drafting of national standards on the hygienic and nutritional quality of food products and with serving as an advisory bureau for producers and consumers on related issues. Since January 2020, CECOQDA has been able to certify food nationally, subregionally and internationally.

3.57. In the Central African Republic, Law No. 19.354 sets out the legal framework for the organization of standardization and the promotion of quality, in accordance with the

[8] Decision No. 013/CEMAC/CPAC/DG/DS.
[9] Decision No. 014/19/CEMAC/CPAC/DG/DS.
[10] Decision No. 002/CEMAC/CPAC/DG/2019.

CEMAC regulation on quality policy in Central Africa. The draft law establishing the National Standardization Agency is currently before the National Assembly for adoption.

3.58. Since its last trade policy review in 2013, the Central African Republic has notified the WTO SPS Committee of three measures: two ordinary and one emergency. However, an SPS enquiry point, a notification authority and a national SPS Committee have been set up by Interministerial Order No. 005 of 13 March 2012. The lack of an operational SPS system and the inadequate infrastructure are two of the main constraints on the development of trade and the quality of local products. Another notification to the WTO relates to a ban on the import of certain products containing mercury.

3.59. In Gabon, Law No. 040/2018 of 28 December 2018 provides for the rational management and use of plant protection products and lays down a related legal framework. AGASA grants administrative authorizations to producers, sellers and distributors of plant protection products in the country. It is also responsible for drawing up the national list of approved plant protection products, carrying out risk assessments and publishing guides to good practice in agricultural production. Meanwhile, the pesticides and hazardous chemicals listed in Annex III to the Rotterdam Convention, together with most of the persistent organic pollutants in Annex A to the Stockholm Convention, remain banned from import for agricultural purposes.

3.60. In addition to the above, Gabon is encouraged to complete the Gabon Conformity Assessment Programme (PROGEC) and set up the National SPS/TBT Committee.

3.61. In Congo, two important laws were adopted and enacted in 2015: Law No. 20-2015 of 29 October 2015 regulating the national standardization and quality management system, and Law No. 19-2015 of 29 October 2015 creating the Congolese Standardization and Quality Agency (ACONOQ). Other regulations have been issued, in particular Decree No. 2018-170 of 24 April 2018 approving the statutes of ACONOQ and Order No. 21345 of 15 July 2021 establishing the "Standardization-Metrology-Quality Promotion Project".

3.62. ACONOQ is responsible for standardization, metrology, certification and quality promotion in all sectors of socioeconomic activity. From 2016 to 2018, a number of standardization and quality management activities were carried out, focusing mainly on the following areas, among others: raising awareness, disseminating information, training stakeholders, drafting standards (Congolese cement standard NCGO 0004-1: 2017; a standard on bottled water is under preparation) and support and guidance from various organizations.

3.63. In addition, two strategic committees were set up:

- the National Electrotechnical Committee, set up in 2016 to define policies and strategies in the field of electrotechnology, with Energie Électrique du Congo as Chair and the Posts and Electronic Communications Regulatory Agency (ARPCE) as Vice-Chair;
- the National Codex Alimentarius Committee, set up in 2018 to handle food standards issues in cooperation with the WHO/FAO Codex Alimentarius Commission.

3.64. Two public laboratories are being supported, equipped and trained: the LCDE ("La Congolaise des Eaux", in the water sector) and the Research and Initiation Centre for Technology Products (CRIPT). CRIPT will analyse, check and certify the quality of Congolese and imported agri-food products before they are sold on the market.

3.65. Congo believes that setting up a national framework for standardization and a quality control system should improve access to regional and international markets for its exports.

3.66. In Cameroon, the regulatory and legislative framework for SPS matters is governed by international conventions and agreements, in particular the WTO SPS Agreement, the International Plant Protection Convention (IPPC), the World Organisation for Animal Health (OIE) and the Codex Alimentarius Commission (CAC). The relevant national laws are as follows:

- Law No. 2018/020 of 11 December 2018 on the Framework Law on Food Safety;
- Law No. 2003/003 of 21 April 2003 on phytosanitary protection;

- Decree No. 2005/772/PM of 6 April 2005 on requirements for approval and control of phytosanitary products;
- Decree No. 2005/771/PM of 6 April 2005 determining the rules for imposing plant quarantine;
- Decision No. 0976/D/MINADER of 20 July 2018 determining the procedures for the production and certification of fresh fruit and vegetables for export.

3.67. In operational terms, the following national institutions are involved:

- The Ministry of Agriculture and Rural Development (MINADER), through the Directorate for Regulation and Quality Control of Agricultural Inputs and Products (DRCQ), which is the IPPC focal point; the Agricultural Development Authority (DDA), which is responsible for plant health protection. It oversees the National Phytosanitary Council, which is a consultative body on plant protection policy in Cameroon.
- The Ministry of Livestock, Fisheries and Animal Industries (MINEPIA), through the Directorate of Veterinary Services and Quality (DSV, OIE focal point), which is responsible for the sanitary control of animals, animal products and foodstuffs of animal origin, whether imported, exported or consumed locally.
- The Ministry of Mines, Industry and Technological Development (MINIMIDT), which houses the Codex Alimentarius focal point and is responsible for the technical supervision of the Agency of Standards and Quality (ANOR), the national body tasked with drawing up and approving standards, ensuring certification and compliance with standards, monitoring cooperation with specialized committees and international bodies in the field of standards and quality, and implementing any mission entrusted to it by the Government. The Agency was established in 2009.

3.68. Animal products must undergo a veterinary or health inspection before being released for consumption. Live animals must be accompanied by an international or national vaccination card. The Law on Standardization governs the national standardization system and the national quality mark, certification of conformity; approval of testing laboratories, quality control bodies, and standardization organizations or offices; and quality control.

3.69. Cameroon also has several analysis and testing laboratories in the following areas: BTP (Labogénie), drugs (Lanacome), agri-food (IRAD), biochemistry (Centre Pasteur), hydrocarbons (Hydrac), Véritas, and the National Reference Laboratory for Legal Metrology (MINCOMMERCE). MINADER[11] monitors compliance with standards and quality control for agricultural inputs and has a laboratory for this purpose, namely the National Laboratory for Diagnostic Analysis of Agricultural Products and Inputs. The same is true for MINEPIA[12] in its sector of activity.

3.70. Around seven sectoral ministries are involved in quality control.

3.3.3 Measures directly affecting exports

3.3.3.1 Export duties and taxes

3.71. 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.

3.3.3.2 Prohibitions, quantitative restrictions and licences

3.72. With a view to the establishment of the common market, there are plans to eliminate quantitative restrictions and taxes and measures with equivalent effect that could affect intra-Community trade. Countries undertake not to introduce new restrictions, taxes or measures with equivalent effect other than "for reasons of public morality, public order, public safety, protection of human or animal life or health, plant conservation, protection of the cultural, historical or archaeological heritage, and protection of intellectual property" (Articles 13 and 16 of the CEAU Convention).

[11] Ministry of Agriculture and Rural Development.
[12] Ministry of Livestock, Fisheries and Animal Industries.

3.3.3.3 Free zone regime

3.73. The CEMAC Customs Code grants member States the right to establish industrial or commercial free zones outside the customs regime. Goods admitted to commercial free zones shall be allowed to undergo operations necessary for their preservation, to improve their packaging or marketability, or to prepare them for transport. On the other hand, the processing operations applicable to goods in industrial free zones are covered by national legislation.

3.74. On leaving the free zone, goods destined for abroad may transit under customs escort or under the general Community transit conditions.

3.75. Act No. 2/96-UDEAC-1297-57 of 1 July 1996 adopting the regulations on the operation of the free zone reinforces the provisions of the Customs Code.

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

3.3.4 Measures affecting production and trade

3.3.4.1 Competition and pricing regime

3.77. Two main texts have been adopted on the Community competition regime: Regulation No. 06/19-UEAC-639-CM-33 of 8 April 2019 on competition and its subsequent texts, and Directive No. 01/19-UEAC-639-CM-33 of 8 April 2019 on institutional organization in CEMAC member States for the application of Community competition rules. With regard to consumer protection, Directive No. 02/19-UEAC-639-CM-33 of 8 April 2019 harmonizing consumer protection within CEMAC was adopted. The Community Competition Council (CCC) is the body responsible for ensuring that the rules in this area are applied.

3.78. In the area of competition and prices, a Community Regulation and Directive govern the Community competition regime, in particular the behaviour of companies engaged in any production, distribution or service activity throughout the CEMAC zone and any import or export activity. These two texts prohibit anti-competitive commercial practices such as agreements, associations and concerted practices with the object or effect of restricting or distorting competition, the abuse of dominant position and mergers with a Community dimension that have an appreciable effect on competition.

3.79. These regulations also cover government practices, in particular public aid likely to distort competition by favouring certain companies or products. They also cover legal monopolies, exclusive rights and public procurement.

3.80. Community competition law is enforced by the Community Competition Council, a technical body of the CEMAC Commission, the Community Court of Justice and national competition control bodies. The existence of Community legislation does not preclude the simultaneous existence of national competition laws.

3.81. 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.

3.82. 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. To date, of the six CEMAC member countries, only four have a competition law: Cameroon, the Central African Republic, Chad and Gabon.

3.83. In the area of consumer protection, a Community Directive sets out the general framework for consumer protection in the member States, as contained in Resolution No. 70/186 of 22 December 2015, adopted by the United Nations General Assembly, on the Guidelines for Consumer Protection. This Directive applies to all transactions between a consumer and an economic operator in the supply, distribution, sale, exchange or use of goods or services.

3.84. Community regulations on consumer protection set out the main priority measures to be adopted by the CEMAC member States with a view to the effective application of this Directive. To date, of the six CEMAC member countries, only two have a specific consumer protection law: Cameroon and Chad.

3.85. Two Community regulations govern product quality. These regulations set out the principles of standards and conformity assessment procedures for products circulating on the common market, with a view to safeguarding human and animal health by ensuring that products are safe.

3.3.4.2 Government procurement

3.86. Government procurement is governed by the Regulations on State practices affecting trade between member States, adopted in 1999 and revised in 2019.

3.3.5 Relations with partners

3.3.5.1 WTO

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

3.88. The strong cooperation of one of the CEMAC member States, Cameroon, in the WTO has led to it being selected by the General Council to host the Fourteenth WTO Ministerial Conference.

3.3.5.2 African Union

3.89. The implementation of the AfCFTA is supported by an action plan to boost intra-African trade.[13] The action plan contains seven thematic groups whose programmes and activities are designed to overcome the main constraints and challenges in intra-African trade. The groups cover: (1) trade policy; (2) trade facilitation; (3) productive capacity; (4) trade-related infrastructure; (5) trade finance; (6) trade information; and (7) market integration. Under each of these thematic groups, the action plan offers, in general terms, an indicative list of programmes and activities to be implemented in the short and long term at the national, regional and continental levels.

3.90. In September 2019, as part of the accelerated implementation of the AfCFTA, and as a customs union, CEMAC and its member States drew up and adopted a common list of tariff concessions for goods comprising a total of 5,837 tariff lines divided into three groups, as follows:

- a main group of products (Group A) to be liberalized over a 10-year period: 5,254 tariff lines (90.01%);
- a list of sensitive products (Group B) to be liberalized over a 13-year period, including a 5-year moratorium: 408 tariff lines (6.99%);
- a list of products excluded from liberalization (Group C): 175 tariff lines (2.998%), with an anti-concentration clause covering 9.97% of African imports.

3.91. It should be recalled that the common list of tariff concessions of the CEMAC member States had been approved at the AfCFTA level. The same applies to the common list of specific commitments for the five priority sectors of trade in services. In this respect, this list of tariff concessions must be transposed into the respective internal legal orders of the CEMAC member States, in particular in the appropriate internal customs services tools.

3.92. The content of the common list of tariff concessions and the common list of specific commitments on the five priority sectors of trade in services also needs to be communicated to the various national stakeholders, including the private sector.

3.93. Below is the list of CEMAC countries that have signed, ratified and notified the AfCFTA.

[13] African Union (2012).

Table 7: CEMAC countries that have signed and ratified the Agreement Establishing the African Continental Free Trade Area.

No.	Country	Date of signature	Date of ratification	Date of filing
1	Cameroon	21 March 2018	31 October 2019	1 December 2020
2	Central African Republic	21 March 2018	9 April 2020	22 September 2020
3	Congo	21 March 2018	7 February 2019	10 February 2019
4	Gabon	21 March 2018	2 July 2019	7 July 2019
5	Equatorial Guinea	21 March 2018	27 February 2019	8 April 2019
6	Chad	21 March 2018	29 June 2019	2 July 2019

Source: AUC, AfCFTA, Addis Ababa, 8 October 2019.

3.3.5.3 Economic Community of Central African States (ECCAS)

3.94. 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 achieving a single REC[14] in Central Africa.

3.95. The process of streamlining the Regional Economic Communities of Central Africa means that we can now glimpse the profile of the Community expected in 2023. Launched in 2009, the process was physically set in motion in 2016.

3.96. Prospects for this merger eventually include a customs union aimed at boosting intra-regional trade with a view to Central Africa's effective participation in the African Continental Free Trade Area. The Steering Committee is assisted in its work by a team of experts and a technical secretariat. The Committee has an action plan, drawn up in 2010 and revised in 2018, to help it to fulfil its missions. Some of the results already achieved are: (i) the unification of the free trade areas of ECCAS and CEMAC, for which the relevant texts have been ratified by the CEMAC and ECCAS Council of Ministers; (ii) the preparation of the draft Customs Code, the Common External Tariff and the ECCAS/CEMAC common trade policy (technical negotiations for the adoption of these texts are under way); the preliminary draft texts for the creation of an economic community bringing together CEMAC and ECCAS were drawn up and sent to the States in July 2020.

3.97. The draft Treaty establishing the new Regional Economic Community to replace ECCAS and CEMAC was examined and approved on 11 and 12 August 2022 in Yaoundé by the Council of Ministers of the Steering Committee for the Rationalization of Regional Economic Communities in Central Africa. This draft, which is in line with the architecture desired by the AUC[15], establishes a more modern framework for the Community. It is the most important document in the normative framework of the new REC, in that it lays the foundations of the envisaged Community, specifying, among other things, its organizational and institutional structures, its areas of activity and values, and its identity. The Council of Ministers also took note of a report by the team of experts on the state of implementation of the rationalization process. It also validated a report on the state of progress in bringing together the institutional frameworks of the RECs in Central Africa. In addition, the Council adopted two proposals for the name of the new REC.

3.3.5.4 European Union

3.98. Apart from the GSP[16], the CEMAC LDCs[17] (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.

3.99. Moreover, the CEMAC countries are participating in the negotiation of the Economic Partnership Agreement (EPA) between the Central African region and the European Union, to replace

[14] Regional Economic Community.
[15] African Union Commission.
[16] Generalized System of Preferences.
[17] Least Developed Countries.

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.

3.100. A regional EPA, a vehicle for integration, has been negotiated with eight Central African countries: Cameroon, the Central African Republic, Chad, Congo, the Democratic Republic of the Congo, Equatorial Guinea, Gabon and Sao Tome and Principe. Unresolved differences between Central Africa and the EU[18] over, among other matters, the rate of liberalization and compensation for the net fiscal impact, have prevented the negotiations from being finalized. Only Cameroon has negotiated, signed, ratified and implemented an interim EPA.

3.101. Three CEMAC countries (Cameroon, CAR, Congo) have finalized Voluntary Partnership Agreements (VPAs) within the framework of the European FLEGT (Forest Law Enforcement, Governance and Trade) initiative. In the case of Gabon, the process is in its final stage. Indeed, on 23 September 2010, Gabon officially opened negotiations with the EU. These negotiations were suspended in July 2012 and relaunched in 2019 but did not result in the finalization of the FLEGT Agreement. Economic operators have therefore focused on certifying the legal origin of timber (legality certification) and sustainable forest management (sustainability certification). This has enabled them to penetrate not only the European market but also other international markets.

3.3.5.5 United States

3.102. 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, are eligible for AGOA. Gabon has had a national AGOA strategy since 2022. Chad is currently developing its national AGOA strategy under the supervision of a technical committee set up by the Ministry of Industry and Trade. Cameroon was excluded from AGOA in 2020. The reasons given by the US Government related to human rights violations in the crackdown on separatists in the south-west and north-west regions. Cameroon and the US Government are negotiating to reintegrate Cameroon into this initiative.

3.3.5.6 Other preferential relations

3.103. 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).

3.4 CEMAC sectoral policies

3.4.1 Agriculture, livestock, forestry and fisheries – policies by sector

3.4.1.1 Cotton

3.104. The Cotton Development Company (SODECOTON) in Cameroon ranks among the world's top rain-fed cotton growers in terms of yield; this trend has been confirmed in recent years and should continue thanks to the constant renewal of ever more efficient varieties, and to technical procedures that have been mastered and, above all, are correctly applied. However, growth in production has so far been limited by the ageing and declining capacity of ginneries. This problem is in the process of being resolved as part of an investment programme planned for 2025, through the construction of two additional ginneries. Production has continued to rise, despite fluctuations in international market prices that are undermining the company's financial equilibrium, and the target of 400,000 tonnes of seed cotton by the end of the year looks realistic. However, there is much less visibility beyond that, and achieving the 600,000 tonnes of seed cotton by 2025 set by Cameroon's Industrialization Master Plan (i.e. a 50% increase in the space of just five years) is a challenge that will not be easy to meet.

3.105. For various reasons, the Société cotonnière du Tchad (COTONTCHAD) experienced organizational problems that seriously affected its performance. Despite relatively high producer

[18] European Union.

prices, average yields remained very low. This situation was reportedly caused by COTONTCHAD not having full control over **the provision of support to producers** and, above all, by considerable delays in making inputs available, combined with an unsuitable funding mechanism. This management model resulted in high unit costs of production, which, together with the logistical costs of delivery to the port of Douala, led to operating losses on the world fibre market. Production plummeted by 67.5% in 2019 as a result of the withdrawal, in response to the Government's accumulated arrears of payment, of the pool of banks financing the cotton seasons.

3.106. However, there has been a clear upturn in the sector since OLAM International acquired a 60% stake in COTONTCHAD Société Nouvelle. Production rose sharply in 2021 (123,000 tonnes) and 2022 (146,500 tonnes), with a target of 300,000 tonnes by 2024, up from 15,500 tonnes in 2019.

3.107. The Central African Republic, which remains in a post-conflict situation, is a special case because the national priority is clearly food security, and discussions on the construction of a national cotton-textile sector are not on the agenda. The partnership with GEOCOTON, resumed in mid-2017, is leading to the reintegration of the country's production into the global cotton fibre market and is therefore the best, and in fact only, possible alternative.

3.108. Against the backdrop of a highly competitive world market, marked by hard-to-predict price fluctuations and a downward trend, market contraction due to growing competition from synthetic fibres, attempts to set up a national cotton-textile sector are nothing new, following the creation of CICAM in Cameroon and the SNTT in Chad. However, these attempts have so far ended in failure (Chad) or semi-failure (Cameroon). Nevertheless, the completion of the current investment plans, which seems close to succeeding in both cases, gives considerable cause for optimism that the situation will change.

3.4.1.2 Sugar

3.109. The sugar industry in the CEMAC zone is characterized by local production amounting to about 334,000 tonnes in 2017, sold exclusively on local markets.

3.110. The industry is steadily increasing its production capacity so that it can continue to meet the majority of the country's needs.

3.111. 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.

3.112. 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.

Table 8: CEMAC agricultural export production

(Thousands of tonnes)

Product	2015	2016	2017	2018	2019	2020	2021	2022
Cocoa	311.3	288.5	302.7	304.4	306.2	244.2	303.7	325.8
Coffee	38.9	70.0	69.4	48.7	45.9	26.2	23.2	17.5
Seed cotton	339.6	359.8	429.2	355.7	365.0	237.4	471.1	504.3
Rubber	79.7	57.2	56.6	54.8	42.6	47.7	46.5	55
Sugar	0	0	3.0	7.5	5.5	5.7	5.8	
Tobacco	90.0	102.8	117.4	134.0	153.0	174.7	199.5	
Gum Arabic	47	47.9	48.9	49.9	50.9	50.8	52.9	54.1

Source: Bank of Central African States (BEAC).

3.4.1.3 Forestry sector

3.113. 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 Congo; 22.3 million for Gabon; 6.9 million for the Central African Republic; and 2.2 million for Equatorial Guinea.[19] Pending the approval of Community regulations by the Community's decision-making bodies[20], all the national legislations reflect a desire to promote local wood processing.

3.114. Gabon, as a CEMAC member State, has strictly enforced a ban on the export of rough wood for many years, while Congo has done so since January 2023.

3.115. This measure has had the effect of boosting the primary wood processing sector, with the installation of units for producing rotary cuts of timber, mainly in the Nkok Special Economic Zone in Gabon, which has created numerous jobs and industrial value-added. Decision No. 05/21-CEMAC-UEAC-CM-36, providing for a ban on the export of rough tropical wood from 1 January 2023, was adopted to extend the positive experience of Gabon to all the CEMAC countries. Its effective implementation required a regional impact study to be carried out, with country-by-country breakdowns, to highlight the potential effects on and risks for the economies of the Congo Basin States, in particular on forestry taxes and regional economic vitality.

3.116. The provisional and preliminary results of this study were validated during a workshop held in March 2023. The results show that, for all the countries in the study (Cameroon, CAR, Congo, the Democratic Republic of the Congo, Equatorial Guinea), strict application of the measure would have a greater negative impact on the economy than a ban imposed gradually over three years, with export quotas of 20% in the first year, 10% in the second and 5% in the third.

3.117. The next step is to submit the conclusions of this study to the sectoral ministers concerned with a view to the adoption of a Community text advocating a three-year phase-out of the export of rough wood, taking account of the recommended export quotas.

3.118. COMIFAC[21], 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 collecting, processing and sharing forestry information.

Table 9: CEMAC tropical timber production and exports

(Thousands of m^3)

Headings	2015	2016	2017	2018	2019	2020	2021	2022
Production								
Rough wood	6,668.8	6,899	7,292.5	7,616.3	7,259.4	7,136.5	11,007.7	11,730
Sawn timber	1,176.1	1,227.7	1,264.5	1,487.0	1,659.5	1,619.8		
Exports								
Rough wood	2,134.6	2,309	2,844.4	2,949.9	2,258.1	1,936.8	4,455.6	4,747.1
Sawn timber	999.2	879.9	924.9	1,070.6	1,194.2	1,257.2		

Source: BEAC and our calculations.

3.4.1.4 Livestock products

3.119. Grazing land covers one third of the region's area. Chad, Cameroon and the Central African Republic are the main livestock producers in the subregion, accounting for 95% of total herd numbers. Consequently, livestock farming is one of the pillars underpinning the Community's efforts to accelerate economic growth and achieve the objectives it has set itself in its Regional

[19] Of the 2.2 million hectares of forest, 400,000 are being exploited, 500,000 have been exploited, 600,000 are unexploited and 700,000 are being preserved as forest reserves.

[20] Decision No 05/21-CEMAC-UEAC-CM-36 providing for a ban on the export of tropical timber in the form of rough wood from 1 January 2023.

[21] Central African Forest Commission.

Economic Programme. 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 livestock and an international transhumance certificate.

3.120. Chad is a leading farming country, with an estimated 147 million head of livestock and 36 million head of poultry (2022 estimate). "Livestock" account for 80% of total herd numbers. The group is mainly made up of ruminants such as goats (31.6%), sheep (30.7%), cattle (24.3%) and camels (6.8%). Poultry is dominated by chicken farming, with 26.6 million head, or 77% of the total. Other poultry includes ducks, geese, guinea fowl and pigeons.

3.121. According to the Statistical Yearbook of Cameroon 2017, the national herd of Cameroon amounted to 114,525,665 head of livestock in 2016, broken down as follows: Poultry: 93,929,640 head, including broiler chickens, accounting for 82.01% of total livestock during the period, followed by cattle at 6.5% (7,456,123 head), goats at 5.6% (6,365,528 head), pigs at 3.1% (3,491,280 head), and sheep at 2.9% (3,283,086 head). Behind this increase in production, despite the demands of Boko Haram which began in Cameroon's far north in 2013, damaging the livestock sector, is a series of projects and programmes launched by the Government to promote and stimulate livestock activities in the country. These initiatives have resulted in an average annual increase of 8% in cattle numbers over the period under review, a 14% rise in sheep numbers, and an average annual increase of 1.1% in goat numbers, compared with average annual increases of 4.6% and 4.7% respectively for pig and poultry populations.

3.122. There has been no formal livestock census in the Central African Republic for over 30 years. However, the authorities estimate that, in 2012, there were around 4 million head of cattle, 5 million small ruminants, including 750,000 goats, plus 1.6 million pigs and 6 million poultry. But the sector was one of the most devastated in the early days of the crisis, suffering a 55% fall in 2013. According to forecasts by the Central African Institute of Statistics and Economic and Social Studies, the sector has been recovering since 2014, with growth rates of 3% and 6.5% in 2015 and 2016 respectively.

Table 10: CEMAC livestock production

('000 head)

Type	2015	2016	2017	2018	2019	2020	2021
Cattle	35,726	37,963	40,062	42,288	45,566	47,247	49,677
Sheep	30,049	32,046	34,182	36,448	38,832	40,392	42,036
Goats	42,320	44,690	47,228	49,923	53,812	55,794	58,986
Camels	6,414	6,837	7,288	7,769	8,276	8,632	9,202
Horses	1,073	1,100	1,127	1,154	1,268	1,323	1,355
Asses	2,804	2,873	2,943	3,015	3,621	3,777	3,869
Pigs	6,463	6,816	7,239	7,686	8,444	8,658	9,077
Poultry	129,387	133,528	138,836	145,308	154,308	159,396	164,712

Source: BEAC.

3.4.1.5 Fishery products

3.123. The Community countries have some 553,863 km² of exclusive economic zone (EEZ) and 1,752 km of shoreline. Potential annual fish production is estimated at 800,000 tonnes, but this has not been fully exploited.

3.124. The second meeting of the Steering Committee of the CEMAC Inland Fishing and Aquaculture Promotion Project (PPCA-CEMAC) was held on 1 February 2019 in Malabo, Equatorial Guinea. Organized by CEBEVIRHA, in collaboration with the Food and Agriculture Organization of the United Nations, the event aimed to mobilize resources for the implementation of the Project.

3.125. The initiative aims to improve fisheries production and increase aquaculture production with a view to contributing to nutritional food security and reducing poverty within the community, which has a population of 60.6 million spread over an area of 3 million km². The fisheries and aquaculture subsector plays a very important socioeconomic role in the economies of the CEMAC countries through its significant contribution to nutritional food security, job creation and the fight against poverty.

3.126. CEMAC countries are highly dependent on food imports in general. This is reflected in fish and shellfish imports, which totalled around CFAF 215 billion in 2018, up 20% on 2017. Cameroon alone accounts for 70% of fish imports in the subregion. The question that has been asked for many years is why fisheries production is so low in relation to demand, when the subregion has abundant resources for marine and inland fishing and for aquaculture.

3.127. The fisheries sector is faced with inadequate and unsuitable equipment and boats, inefficient organization of the professions involved and market access problems. Artisanal fisheries lack sheds for setting and cleaning nets and buildings for preserving and storing fish, repairing outboard motors and building pirogues. The inadequacy of market infrastructures, particularly in rural areas, especially for storage and preservation, remains a major obstacle to the collection, storage/preservation and ventilation of product supply. The result is higher marketing costs, which have a significant impact on the cost price and limit the accessibility of products.

3.128. The productive resources of inland fisheries within CEMAC significantly outstrip those of maritime fisheries; naturally, all fisheries in landlocked countries (Central African Republic, Chad) are inland. There is a clear preponderance of inland fisheries in Cameroon, and even in Congo; only Gabon and Equatorial Guinea, whose continental fishing potential is relatively modest, are exceptions to this rule. According to FAO statistics, the region's recorded production of freshwater fish was around 450,000 tonnes in 2015, compared to around 130,000 tonnes of marine origin. It is therefore justified that the inland fisheries sector should receive at least equal, if not greater, attention than the maritime fisheries sector.

3.129. Against this backdrop, cumulative imports amount to a considerable volume of almost 350,000 tonnes, including 200,000 tonnes to Cameroon alone. These imports are of low-priced pelagic marine fish (sardines, jack and horse mackerel, etc.) that satisfy basic demand, mainly from the poorest urban populations. Most of these imports now come from other African countries (Mauritania, Senegal and Namibia). Consumption of freshwater fish, on the other hand, is essentially covered by local production in all the CEMAC countries. In general, there is relatively little cross-border trade in freshwater fish.

3.130. The aquaculture/fish farming sector, meanwhile, remains marginal, despite the many efforts that have been devoted to it for at least two decades, and despite the emergence of a few commercial enterprises. Although the precise level of production is particularly difficult to estimate in each case, it can be said that overall cumulative production barely exceeds 10 to 15,000 tonnes. Even then, most of this production is artisanal and semi-commercial.

3.4.2 Mining and energy

3.131. The CEMAC zone's energy strategy revolves around the implementation of the region's energy policy. The Central African Power Pool (CAPP) is responsible for implementing an important part of this policy, in particular the generation and transmission of electricity. Through the CAPP, the CEMAC countries comply with a legal framework that includes the Code for the Central African Regional Electricity Market and the Code for the Operation of Interconnected Electricity Networks.

Oil and natural gas

3.132. In 2021, activity in the oil sector continued the decline that began in 2020, following two consecutive years of growth of 2.3% and 1.2% in 2019 and 2018. It has been greatly affected by the lack of investment in the development and drilling of oil wells recorded in 2020, together with the barrier measures and travel restrictions put in place to deal with the COVID-19 pandemic. In Chad, oil production fell by 4.6%, mainly as a result of production difficulties encountered by US operator Exxon Mobil, which suspended its operations at the Doba field in 2021.

3.133. In Gabon, oil production fell by 7.0% in 2021 as a result of constraints related to compliance with OPEC+ production quotas and operational failures (damage to electrical cables supplying the Anguille and Torpille oilfields and low equipment availability at Total Gabon and Assala Gabon).

3.134. In Equatorial Guinea, the oil sector remained in recession, driven by a 17.3% drop in production in 2021 and having been in continuous decline since 2013, despite the completion of a major gas project that had enabled gas activities to grow by 11.8% in 2021 after three consecutive years of decline.

3.135. According to the BEAC, oil production in the CEMAC was estimated at 39.2 million tonnes in 2021, down 11% on 2020. Congo confirms its leadership in this sector, accounting for almost 35% of subregional production, ahead of Gabon (25%), Equatorial Guinea (15.6%), Chad (15.5%) and Cameroon (8.7%). Only three countries produce gas: Cameroon, Congo and Equatorial Guinea.

3.136. CEMAC production was estimated at 6,280,900 tonnes in 2021, up 9% on 2020, driven by production growth in Equatorial Guinea (+11.8%) and Cameroon (+4.2%). According to the BEAC, the outlook for gas production in 2022 is favourable at the subregional level (+20.6% compared with 2021), while it is stable for crude oil.

Table 11: CEMAC oil and mining production

Headings	2015	2016	2017	2018	2019	2020	2021	2022
Crude oil (in millions of tonnes)	48	44.2	42.1	44.3	45.9	44.1	40	39.7
Natural gas (in thousands of tonnes)	5,963.8	6,410.5	6,805.4	6,747.1	6,350.5	5,798.7	6,240.9	7,273.2
Aluminium (in thousands of tonnes)	79.7	69.4	80.6	65.9	53.2	47.5	36.4	
Diamond (in thousands of carats)	0	12.6	59.8	80.3	25.3	50.4	103.6	115.3
Gold (in kg)	150	151.4	343.9	224.6	465.9	511.1	1,824.2	2,874.3
Manganese (in millions of tonnes)	4.2	3.4	4.9	5.4	7.3	8.5	9.5	10.6

Source: BEAC.

3.137. In conclusion, the primary sector was the main contributor to growth in 2020 and 2021, mainly owing to the decline in activity in the oil sector. The latter's contribution to growth was negative by around 1.1 points in 2021 on account of the sharp 9.4% fall in oil production, despite a 9.1% rise in gas production. By contrast, the agriculture, livestock, hunting and fishing branch and the forestry branch have helped to mitigate the recession recorded in 2021 in the primary sector, with respective contributions to growth of around 0.3 points and 0.1 points. These sectors have benefited from the good performance of industrial and export agriculture in all the CEMAC countries, and of timber production, which is catching up after the decline seen in 2020 as a result of the fall in external demand caused by the COVID-19 pandemic. Of particular note was the continued rise in palm oil production in Gabon, driven by an increase in cultivated areas and yields, and the positive performance in cotton production in Chad.

3.138. The dynamism of activity in the *agriculture, livestock and hunting* branch is the result of the continued acceleration of the implementation of numerous agricultural development projects in the Community, such as the *agropoles* in Cameroon, the "Gabonaise des Réalisations Agricoles et des Initiatives des Nationaux Engagés (GRAINE)" project in Gabon and the agricultural development projects set up in Bouenza, Niari and other localities in Congo.

Table 12: CEMAC food crop production

(Thousands of tonnes)

Crop	2015	2016	2017	2018	2019	2020	2021
Millet and sorghum	2,670.8	3,008	2,611.7	2,502.5	3,383.3	3,444.6	3,342.1
Maize	2,553.0	2,736.5	2,844.2	3,064.1	3,036.2	3,099.3	3,065.1
Rice/paddy	477.6	544.5	523.7	626.5	691.6	690.3	638.4
Potato	224.6	231.8	240	258.2	241.8	247.8	254.2
Cassava	7,020.2	7,475	7,110.8	6,928.6	7,471.4	7,661.0	8,053.6
Macabo/taro/yam	1,697.2	1,757.2	2,099.2	1,810.3	1,973.1	2,022.5	2,075
Plantain	4,022.1	4,109.1	3,994.7	4,246.1	4,595.2	4,708.2	4,813.8
Groundnuts	909.7	1,065.7	1,067.1	1,094.7	1,069.4	1,045.9	979.0
Berbere	431.1	453.7	448.5	578.6	528.4	538.2	494.4
Sugarcane	1,136.6	960	1,209.0	1,264.7	1,218.1	1,256.0	1,289.5
Sesame	191.9	193.9	200	214.8	262.3	249.2	245.3
Palm oil	211.1	227.8	290	312	335.8	344.1	353.1
Squash	29.5	30.3	31	31.8	33.6	35.4	26.2
Wheat	1	1.7	1.9	1.8	1.6	1.8	1.5

Crop	2015	2016	2017	2018	2019	2020	2021
Cow peas	138.1	144.1	152	151.9	152.9	154.6	151.7
Pearl millet	592.1	725.7	660.2	756.6	717.6	686.6	621.4
Mango	66.3	68.1	68.7	68.9	52.9	53.6	57
Total	**22,372.8**	**23,736**	**23,552.6**	**23,912.2**	**25,765**	**26,238.5**	**26,461.4**

Source: BEAC, annual report.

3.4.3 Manufacturing sector

3.139. In 2021, the *manufacturing industries* branch continued the upward trend that began in 2016. It contributed 0.4 points to growth in 2021, compared with 0.1 points and 0.3 points in 2020 and 2019, respectively, and was driven by: (i) the continued increase in energy supply, with the injection into the southern interconnected grid of 65 MW of power generated by the Menve'ele hydroelectric dam in Cameroon, and with the installation in Gabon of the Grand Poubara dam, most of whose output is used by the mining company COMILOG; (ii) an increase in installed productive capacity through the entry into operation of new units, such as Neo Industry at Kekem (32,000 tonnes) and Atlantic Cocoa at Kribi (38,000 tonnes) in Cameroon, bringing installed cocoa-grinding capacity to 120,000 tonnes, in addition to CIMENCAM's new cement plant in Yaoundé, with an installed capacity of 500,000 tonnes, and the Awala and Mouila palm oil processing plants in Gabon; and (iii) the ramp-up of new cement plants in Cameroon, Congo and Gabon.

3.140. Real GDP growth in the CEMAC manufacturing sector was +3.8% in 2021, compared with 0.5% in 2020 and 2.8% in 2019. Therefore, the CEMAC manufacturing sector did not enter a recession in 2020, unlike the building and public works subsector (-1.8% in 2020).

3.141. In 2021, as in 2019, building and public works made a positive contribution to growth (0.2 points). This recovery of activity in the building and public works sector is attributable mainly to public capital expenditure in all the CEMAC countries apart from Equatorial Guinea and Chad, following: (i) a net increase in oil revenues, boosted by the robust performance of oil prices; and (ii) the gradual return of confidence from development partners thanks to the impetus provided by the conclusion of second-generation programmes with the IMF, which has improved the disbursement of grants and foreign loans.

3.4.4 Services sector

3.142. The services sector has been making a positive and relatively more significant contribution to regional economic growth for many years. This contribution amounted to 1.2 growth points in 2022 (following 1.7 points in 2021), far higher than in the primary sector (0.5 points in 2022 and -1.2 points in 2021) and the secondary sector (0.3 points in 2022 compared with 0.8 points in 2021).

3.4.4.1 Telecommunications and broadcasting

3.143. Upon the proposal of the CEMAC Commission, Community Regulation No. 04/20-UEAC-CM-35 on roaming on mobile electronic communications networks open to the public within CEMAC member States was adopted on 8 September 2020. This Regulation applies to all operators and providers of mobile electronic communications services established in a CEMAC member State. It also applies to all mobile electronic communications services originating and/or terminating in a member State of the Community.

3.144. The current state of the CEMAC roaming dossier is mixed, as it is influenced by numerous factors that have the potential to limit its implementation. These include the lack of ownership of the project by some of the subregion's telecommunications regulatory authorities, the lack of involvement of the Ministries in charge of the dossier and, above all, the unwillingness of telephone operators to play fair. These bottlenecks have resulted in a significant delay in the implementation of Regulation No. 04/20-UEAC-CM-35 with regard to the initial timetable.

3.145. Mobile telephone operators, while providing the connectivity that makes this implementation possible, must consult with regulators, within the framework of the national technical committees set up for this purpose, to define all the pricing and technical arrangements for implementing free roaming. However, free roaming is now in effect between Gabon and Congo, and significant progress has been made in exchanges between operators and regulators in Chad and Gabon on the one hand, and Congo and Chad on the other.

3.146. The minutes of the meeting of the national technical committees of Equatorial Guinea and Gabon have also been signed, thereby setting the date of entry into force of free roaming at 31 January 2023. In this connection, on 27 October 2022, Cameroon and Gabon also signed the minutes sanctioning the work of the national technical committees of both countries. The effective and total completion of the free roaming project in 2023 is a *sine qua non*-condition for CEMAC's evolution towards a single telephone network.

3.4.4.2 Banking and insurance sector

3.147. According to the Bank of Central African States (BEAC), by the end of 2022 the CEMAC zone had 53 banks, distributed across the States as follows: Cameroon: 16 banks, Congo: 11 banks, Chad: nine banks, Gabon: eight banks, Equatorial Guinea: five banks, and Central African Republic: four banks.

3.148. Of these banks, 19 are CEMAC-owned. Of the nine largest CEMAC banks, i.e. those classed as systemic by the Central African Banking Commission (COBAC), four are banks with predominantly local capital (Afriland First Bank Cameroon, BGFI Bank Group, CCEI Bank Equatorial Guinea and Commercial Bank Chad), three are subsidiaries of pan-African groups (Société Commerciale de Banque Cameroun and BICEC with majority Moroccan capital, and Ecobank Transnational the headquarters of which are in Togo) and two are subsidiaries of non-African foreign banks (Société Générale Cameroun and Standard Chartered).

3.149. According to BEAC, the quality of the banking system's portfolio has improved: overdue debt stood at CFAF 1,976 billion, or 19.2% of gross loans, at 31 July 2022, compared with 21.4% a year earlier. In addition, the rate of coverage of past-due loans by provisions stood at 63.5%, compared with 59.4% in July 2021. At 31 July 2022, the prudential situation of CEMAC's 53 reporting banks was as follows:

- 16 banks are in breach of minimum capital representation provisions;
- 12 banks have a core capital ratio below the 8% minimum;
- 12 banks have a net capital-to-risk weighted assets ratio below the minimum of 10%;
- six banks are in breach of the overall limit of eight times net equity for the sum of weighted risks exceeding 15% of net equity;
- 20 banks failed to comply with the individual limit on weighted risks incurred on a single beneficiary for a maximum amount of 40% of their net capital, compared with 18 banks one year earlier;
- 17 banks had a ratio of coverage of fixed assets by permanent resources below the required minimum of 100%, compared with 12 banks one year earlier;
- nine banks had a liquidity ratio below the regulatory minimum of 100%, compared with six banks a year earlier;
- 12 banks are unable to finance at least 50% (regulatory threshold) of their uses with a residual maturity of more than five years with permanent resources, compared with 13 banks in 2021;
- Lastly, 10 banks are in breach of the overall limit on commitments to their shareholders, directors and managers, and to their staff, set at 15% of net capital.

3.150. In total, 19 banks had sufficient capital to comply with all the prudential ratios based on this aggregate at 31 July 2022. The prudential ratios with which the greatest number of banks are in conformity are those relating to equity capital, the reserve ratio and the overall limit of the risk division standard. The prudential ratios least complied with are the individual risk limit, the minimum capital representation, the fixed asset coverage ratio, the core capital ratio and the conversion coefficient.

3.151. In reality, very few banks fail to comply with prudential standards. COBAC effectively ensures that all authorized banks comply with all prudential standards, by imposing sanctions on the non-compliant banks concerned.

3.4.4.3 The microfinance sector in the CEMAC zone

3.152. According to BEAC, at 31 December 2019, the microfinance sector in the CEMAC zone comprised 501 licensed and operating microfinance institutions (MFIs) (compared with 619 in 2018), 384 of which were in Cameroon (412 in 2018), 16 in the Central African Republic (11 in 2018), 47 in Congo (57 in 2018), 15 in Gabon (14 in 2018), two in Equatorial Guinea (three in 2018), and 37 in Chad (122 in 2018).

3.153. The balance sheet total for CEMAC MFIs rose from CFAF 1,197 billion in 2015 to CFAF 1,514 billion in 2019, an increase of 26% over the period. However, deposits fell by 12%, from CFAF 944 billion to CFAF 828 billion. Gross loans fell from CFAF 531 billion to CFAF 496 billion between 2015 and 2019, a drop of 3%.

3.154. Past-due loans rose by 32% from CFAF 72 billion to CFAF 95 billion between 2015 and 2019, representing 18% of gross loans in 2019. Lastly, the aggregate net profit of reporting MFIs stood at CFAF 4,840 million on 31 December 2019, an increase of CFAF 2,487 million compared to 2018.

3.4.4.4 Financial markets

3.155. 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.

3.156. The BVMAC[22] was established in July 2019 following the merger of the former Douala Stock-Exchanges (DSX) and the former BVMAC created in Libreville (Gabon). This merger should serve as an impetus to broaden and deepen CEMAC's financial markets and ensure better access to liquidity for listed entities. This is a decisive step forward for the region, which is more than ever engaged in an unprecedented process of economic and financial integration.

3.157. In October 2017, at a summit held in N'Djamena, the Heads of State of the subregion decided to merge the two stock exchanges in the CEMAC zone. This decision was confirmed at a subsequent summit on 24 March 2018. A compromise was reached: the single stock exchange would be based in Douala and the regulator in Libreville. The two markets have been brought closer together, starting with the regulator. The CMF[23] and COSUMAF merged in April 2019, while the subregion's stock markets merged at the end of June 2019.

3.158. According to BEAC, subregional stock market activities have increased, notably with the rise in market capitalization and the strengthening of activities on the equity and bond markets. Between August 2021 and August 2022, the market capitalization of all listed securities rose by 23.6% to CFAF 1,064.5 billion. This was mainly due to the listing of new securities.

3.4.4.5 Insurance

3.159. The insurance sector accounts for a relatively large share of GDP in the CEMAC countries. In 2017, life and non-life insurance premiums written represented 15.8% of GDP in Cameroon, 7.9% in Gabon and 4.7% in Congo. Cameroon and Gabon are the most dynamic markets in the subregion.

3.160. Despite the gloomy economic climate, business in the insurance sector remains buoyant, with a steady rise in production (CFAF 411.8 billion in 2020, up 1% on 2019 and 6.5% on 2018). The non-life branch accounts for 76.7% of this production, compared with 23.3% for the life branch.

[22] Central African Stock Exchange.
[23] Financial Markets Commission.

Table 13: Insurance sector output in CEMAC by type of premiums written

(CFAF billion)

Type of premium	2018	2019	2020
Non-life	297.3	313.6	313.9
Life and capitalization	89.3	94.0	97.9
Together	386.6	407.6	411.8

Source: CIMA Annual Report 2020.[24]

3.161. The insurance market in the CEMAC countries comprises 47 insurance companies, broken down as follows: 24 in Cameroon; nine in Gabon; seven in Congo; three in Chad; two in the RCA; and two in Equatorial Guinea.

3.4.4.6 Professional services

3.162. In 2021, CEMAC adopted a series of texts aimed at harmonizing existing regulations in the various member States, with a view to creating a common market for services. Ten community texts on trade in services, including one on the mutual recognition of professional qualifications, have thus been adopted. The texts are as follows:

- a community directive on services, which sets out a general framework and establishes general provisions to facilitate the freedom of establishment of service providers and the free movement of services. The directive specifies the areas and sectors not covered, such as services already covered by community regulations (banking services, transport services, telecommunications, professional services – accountancy, tax advice, etc.);
- four directives on professional services relating to the free movement and establishment of architects, midwives, surgeons and pharmacists;
- a regulation on the legal profession;
- a directive on the education sector concerning freedom of movement and establishment for the creation of a private education establishment by a national of a CEMAC member State established in the territory of another member State;
- a directive on freedom of movement and establishment, for the opening of a travel agency and tourist organization by a national of a CEMAC member State established in the territory of another member State, in the tourism sector;
- a directive on freedom of movement and establishment for the setting up and opening of private health facilities by nationals of a CEMAC member State established in the territory of another member State, in the hospital services sector;
- a community regulation adopting the framework agreement on the mutual recognition of professional qualifications.

3.163. Generally speaking, the services sector has made a positive contribution to economic growth since 2010, with the exception of 2020, when it made a negative contribution. Its contribution of 1.6 points to growth in 2021 stemmed from the good performance of tradable services owing to: (i) in Cameroon, the continued dynamism of vehicle repair and trade activities, and the effects of work relating to the commissioning of major first-generation structural projects and the development of infrastructure with a view to the organization of the CHAN 2021 and the CAN 2022, (ii) in the Central African Republic, the revival of trade activity marked by remarkable performances achieved in the sale of refined petroleum products and vehicles, (iii) in Gabon, a good level of activity in the transport sub-branch in conjunction with a sustained level of activity in the mining and timber industries, coupled with the commissioning of new port infrastructure (Port Général Cargo and GSEZ Port Minéralier) and, (iv) in Equatorial Guinea, the combined effects of a good level of activity in the trade, catering and hotel sectors, as well as in financial services.

3.5 Challenges faced in implementing trade policy and sectoral instruments in CEMAC

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

[24] Inter-African Conference on Insurance Markets.

- 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. Hence the need to harmonize and improve the collection and processing of foreign trade statistics in CEMAC member States in order to guard against challenges linked to contradictory statistical data serving as the basis for calculating compensation;
- non-compliant/non-uniform application by member States of the list of products subject to the reduced VAT rate;
- 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 transit corridors and at borders;
- the lack of computerization of the customs administrations of the member States, and of interconnection between the computer systems of the customs administrations of the various member States, impedes the functioning of the community transit regime, as do the ineffectiveness of the means used to track cargo along the corridors, and various forms of harassment.

4 OUTLOOK

4.1 Macroeconomic outlook

4.1. The macroeconomic outlook is broadly stable for 2023. Economic growth is expected to reach 2.7% in 2023, after reaching 2.9% in 2022.

4.2. **On the supply side**, growth is expected to be driven by both the oil and non-oil sectors. The oil sector experienced positive growth in 2022 after two consecutive years of recession. It grew by 0.6% in 2022 and is forecast to grow by 0.4% in 2023. This renewed dynamism in the oil sector in 2022 was due to an increase in oil production in Gabon (up by 6.1% in 2022 and 3.1% in 2023), as well as the good performance of gas activities in Equatorial Guinea. Thanks to a substantial increase in gas production (19.5%) following the start of full production under the backfill gas project, the oil sector resumed positive growth in 2022 (3.7%) following a period of recession.

4.3. In Cameroon, the oil sector remained in recession in 2022 and is expected to remain so in 2023, despite the resumption of development and drilling investment in the sector following the good performance of crude oil prices. It declined by 0.8% in 2022, before contracting sharply by 4.5% in 2023, as a result of a drop in oil production owing to field maturity, and a slowdown in gas production after five years of consecutive increases since the offshore gas production platform came on stream in June 2018.

4.4. The non-oil sector, for its part, continued, in 2022, to build on the dynamism regained in 2021 after the recession recorded in 2020, and this process is expected to continue in 2023. The sector grew by 3.1% in 2022 and is expected to grow by 3.8% in 2023. At the sectoral level, the primary, secondary and tertiary sectors all made and are expected to make a positive contribution to growth in 2022 and 2023 respectively. However, the tertiary sector remains the main engine of growth, contributing 1.3 points to growth in 2022. It is expected to contribute 1.6 points in 2023. Over this period, activity in the sector is expected to be driven by both tradable and non-tradable services.

4.5. **On the demand side**, as in 2021, growth in 2022 was driven by domestic demand. Domestic demand is set to benefit from the continued lifting of the restrictive measures put in place to contain the spread of the COVID-19 pandemic, and from the improvement in member States' budgetary positions as a result of terms of trade holding up well. The contribution of domestic demand to growth, after peaking at 7.3 points in 2021, fell to 4.1 points in 2022 and is expected to fall to 1.3 points in 2023.

4.6. Inflation rose sharply to 5.2% in 2022 and 6.5% in 2023. The resurgence of inflationary pressures is thought to be the result of post-COVID-19 economic stimulus measures around the world and supply chain disruptions caused by the advent of the pandemic, which have led to a rise in the cost of sea freight, exacerbated by the conflict between Ukraine and Russia. Inflationary pressures would also be sustained by the depreciation of the euro against the US dollar, leading to a *de facto* depreciation of the CFA franc against the dollar due to the nominal anchor of the CFA franc to the euro. In 2023, all CEMAC member States will have inflation rates above the community threshold of 3%, including Cameroon (+8.2%), CAR (+12.1%), Congo (+3.8%), Gabon (+4.5%), Equatorial Guinea (+4.9%) and Chad (+5%).

4.7. CEMAC's macroeconomic outlook for 2023 is based on continued buoyant activity in the non-oil sector. Economic growth will be driven mainly by: (i) non-oil growth (+3.3% in 2023 compared with +3.4% in 2022), (ii) an acceleration in inflationary pressures, (iii) a surplus in the overall budget balance, including grants, falling slightly from +2.5% of GDP in 2022 to +1.9% of GDP in 2023, and (iv) a deterioration in the current account balance, which will contract to +0.9% of GDP in 2023 compared with +7.4% in 2022.

4.8. On the monetary front, the money supply is forecast to grow by 9.9%, while net foreign assets are set to increase by 25%. Foreign exchange reserves are expected to rise by 11.5% to CFAF 7,992 billion by the end of 2023, giving a currency cover rate of 77%, compared with 73.1% in December 2022. In terms of months of imports of goods and services, reserves look set to rise to 4.9 in 2023 from 3.9 in 2022.

4.2 Outlook for the implementation of trade policy instruments

4.9. The Community is facing market access restrictions imposed by some of its trading partners, such as the EU regulation on deforestation, which is likely to hamper community exports of key products such as cocoa, coffee, palm oil and cattle. It is therefore necessary to maintain a dialogue with the various partners concerned.

4.10. Within the context of the accelerated implementation of African Continental Free Trade Area (AfCFTA) provisions on the free movement of products in AfCFTA State Parties, and as part of reforms to be carried out in the member States and at the level of the CEMAC subregion, it is particularly important to:

- further strengthen the capacities of national origin committees, including the competent national body responsible for issuing certificates of origin for products eligible for AfCFTA's preferential tariff;
- revise community texts on rules of origin and the approval procedure for CEMAC-originating products so as to bring them into line with AfCFTA provisions; and
- increase support for the private sector in preparing applications for preferential tariff approval.

4.11. Furthermore, with a view to tackling the many non-tariff barriers that remain along the transit corridors linking the CEMAC member States, on 10 November 2022 the CEAU Council of Ministers adopted a regulation on the establishment, organization and operation of the CEMAC Joint Task Force of member States operating along inter-State corridors.

4.12. The Joint Task Force is responsible for implementing existing community texts on the free movement of people and goods within the CEMAC zone.

4.13. Each national branch of the CEMAC Joint Task Force is responsible for: facilitating the free movement of people and goods within the CEMAC zone, in particular local products and goods approved under the CEMAC preferential tariff, and nationals of community countries in the corridors linking the six member States; monitoring the main inter-State corridors; ensuring the protection of border posts and equipment as part of the CEMAC-INTERPOL border security project; and controlling migratory flows.

4.14. In terms of trade facilitation, and to ensure that the stakeholders concerned are fully informed, it is important to remember that at the CEMAC level, the CEAU Council of Ministers adopted, on 10 November 2022, a directive that sets out the procedures for publishing import, export, transit and appeal procedures on the websites of the customs administrations of the member States, in accordance with the provisions of Article 71 of the CEMAC Customs Code. However, the other public notification methods provided for by the national laws of the member States remain in force. Member

States shall take the necessary steps to ensure that the procedures provided for in this directive are published by 31 December 2023 at the latest.

4.15. Member States should take the appropriate steps to comply with this community directive within the above-mentioned time frame. The directive will help the private sector, and indeed all users, gain a better understanding of import, export, transit and appeal procedures, and will undoubtedly help to facilitate intra-community, continental and international trade.

4.3 The Regional Economic Programme (PER)

4.16. In 2010, to supplement the achievements described above and address the challenges arising from the process of regional integration and, in particular, the distortions of trade policy instruments, including the sectoral policies mentioned above, 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".

4.17. The PER's 2010-15 operational plan has been poorly implemented. For this reason, the CEMAC Commission has proposed that the 2017-21 operational plan should focus on a limited and realistic portfolio of flagship projects that are likely to lead to decisive progress for CEMAC over the next five years. **Thirteen flagship projects** have been selected, based on two missions:

- ***Strengthening physical integration*** through three strategic axes, namely the development of: (i) regional transport corridors; (ii) electricity production and interconnection; and (iii) digital infrastructure and interconnection.
- ***Accelerating trade integration*** through two strategic axes: (a) the facilitation of the free movement of people and goods; (b) the development of human capital and the diversification of economies.

4.18. By 2021, the physical integration of the community space and the facilitation of transport will boost trade within CEMAC. Ten new road sections (3,170 km) will ensure that all six CEMAC member States are linked by road. Similarly, the CAR and Chad will be opened up thanks to the entry into operation of the Oubangui river route and the interconnection and extension of the existing rail networks to Chad and the CAR. At the same time, the harmonization of customs procedures, the construction of three dry ports in Douala (Cameroon), Ngueli (Chad) and Bangui (CAR), and the construction of 12 border posts, will help to improve the flow of trade, cut transit times and costs by 50% and reduce logistics costs by 20%.

4.19. Five million more people will have access to electricity thanks to greater and better-shared electricity production. Current projects will provide additional output of almost 900 MW. Interconnections will make it easier to transfer national surpluses to neighbouring areas with shortages, and will lay the foundations for the future electricity market, in line with Central African Power Pool (PEAC) guidelines. In addition, the development of interconnections linked on the Atlantic coast to the Brazzaville (Congo) – Calabar (Nigeria) backbone will favour export opportunities and thus make it easier to attract private investment in the development of CEMAC's vast hydroelectric potential.

4.20. **The PER's 2017-21** operational plan will also enable decisive progress to be made regarding the Community's digital infrastructure. A single telephone network will be set up (a "One Area Network", like that in the East African Community), which will enable consumers anywhere in CEMAC to communicate with the same telephone number without roaming charges, i.e. at a local rate.

4.21. In addition, with the fibre-optic backbone that is already in place in Equatorial Guinea and currently being installed in Cameroon, Gabon and Congo as part of the Central Africa Backbone project in partnership with the World Bank and the AfDB, a community broadband network is gradually being set up, creating the conditions for the emergence of a truly digital economy potentially providing 50,000 jobs. By 2021, these digital infrastructures will make it possible to drastically reduce internet access costs (-90%) and increase the flow of telephone communications between States (+50%).

4.22. The PER foresaw that by 2021, the Centres of Excellence Programme would also make it possible to significantly strengthen the training offering within CEMAC, if necessary through Public

Private Partnerships (PPP). There is considerable demand for training in the region. The CEMAC economy needs managerial staff, particularly in the sectors driving growth (hydrocarbons, mining, agriculture and agro-industry, forestry and the timber industry, fisheries, tourism, the digital economy, the financial sector, etc.), as well as skilled workers and a large number of senior technicians, particularly in cross-disciplinary professions such as maintenance, mechanics and electricity.

4.23. It is important that the region's training offering is suitable, substantial and of high quality. Through its institutional reform programme, CEMAC has already begun this process by reorienting its community educational institutions towards an economic and legal model more conducive to their transformation into Centres of Excellence. However, it would like this process to be extended to a critical mass of training structures throughout the Community and would like to see such structures given the necessary support and impetus through a dedicated "**CEMAC Centres of Excellence**" project. The plan was that by 2021, 20,000 students would be receiving training in CEMAC Centres of Excellence.

4.24. This is the link between axis 4 of the PER, "the development of human capital", and the aim of the streamlining process for CEMAC's specialized training institutions (ISF), which was to create a disciplinary and/or geographical merger of these community educational establishments, a scenario validated by a steering committee in 2022. An assessment of the four (4) ISFs shows that, overall, they lack the material resources to build a competitive higher education offering and the critical mass required to act as drivers of development and quality of service. Given that the ISTA, EIED, ISSEA and IEF complement each other in terms of training offerings, and that the trend among training institutions at international level is to seek critical mass, it has been proposed that these four (4) structures merge. The CIESPAC and EHT will form part of the community university centre of excellence at the Afro-American University of Central Africa (AAUCA) in Djibloho, Equatorial Guinea, which is currently being restructured.

4.25. The aim of the merger is to create a strong and competitive higher education institution that will provide high-quality training tailored to the needs of the job market in the CEMAC zone. The merger will create synergies that cannot be achieved with the four institutions operating separately. In addition to obvious complementarity in terms of training, there are other reasons behind the decision to merge, including:

- common management and a common vision as regards development;
- achieving critical mass and a dominant position in the educational/CEMAC environment;
- internal mobility for students and teachers;
- the pooling of resources and achieving economies of scale.

4.26. Three (3) community centres of excellence have been identified and are currently being made operational. They are:

1. The Grande École Communautaire d'Économie et de Management (GECEM). This establishment, resulting from the merger of the four (4) ISFs, is a strong and competitive public and private institution that seeks to:

    a. strengthen resources, partnership networks and the training offering;
    b. align the training offering with the changes taking place in professions such as those pertaining to customs;
    c. ensure the introduction of a common core of management skills, essential for any area of specialization; and
    d. provide training to a critical mass of managers with diverse expertise to meet the requirements of the PER.

4.27. In the medium term, the subregion will have leaders and managers capable of developing and putting in place the essential elements likely to boost the emergence of CEMAC through quality human capital and the development of world-class inclusive economic intelligence-based companies.

2. The Université Inter-États Cameroun Congo (UIECC). This institution has been designated a "Community Technology Reference Hub" and is spread over two campuses: Sangmélima, for the development of digital industries, ICT and artificial intelligence, and Ouesso for agro-industry, agro-forestry, industrialization and wood-related trades. The UIECC's

Sangmélima-based École Supérieure Internationale de Génie Numérique (ESIGN), which currently has 500 engineering students from Cameroon, Congo and other CEMAC and African countries, is tasked with expanding the pool of digital talent, since creativity is key to developing digital solutions, which require both technical and creative skills.

3. The Afro-American University of Central Africa (AAUCA) in Djibloho, Equatorial Guinea. This institution, which has been designated a community centre of excellence, offers training in the areas of mining and the environment, climate change and the environment, metallurgy, health and social sciences and education. Through this trans-disciplinary and professionalized approach to training, the aim is to train a critical mass of experts with the motivation and ability to develop an endogenous ecosystem of skills adapted to market needs, built around clusters of innovative companies.

4.28. During the Extraordinary Summit of CEMAC Heads of State, held in Yaoundé on 22 November 2019, the Heads of State and Government adopted 12 integration projects that had been selected by the Steering Committee of the CEMAC Economic and Financial Reform Programme (PREF-CEMAC) on the basis of objective project maturity criteria. They mandated the Chair of the PREF-CEMAC Steering Committee to mobilize the funding required for these 12 integration projects and to monitor their effective implementation.

4.29. The Paris Donors' Round Table was subsequently held in November 2020 with a view to financing these 12 CEMAC integration projects. This Round Table was an historic success not only because it brought together member States, friendly States, technical and financial partners, and private investors at the highest level, but also because it raised nearly EUR 3.8 billion against a sought-after amount of EUR 3.3 billion. Funding for eight of the 12 projects presented was thus secured by the end of the Round Table. A technical monitoring committee, placed under the supervision of the Chair of the PREF-CEMAC Steering Committee and made up of representatives of CEMAC member States, the AfDB, the World Bank, the BDEAC, CEMAC and the PREF-CEMAC, was set up and entrusted with the role of monitoring the mobilization of funding pledged by donors and private investors and coordinating the implementation of these projects.

4.30. To date, thanks to the vital support of the various stakeholders, notably the CEMAC Commission, the AfDB, BEAC, the World Bank, FODEC and particularly the BDEAC, 73% of these 12 integration projects (i.e. eight projects) have actually been launched, recording remarkable progress just two years after the Round Table event. The national management teams for these various projects are now in place. Furthermore, disbursements by the World Bank, the AfDB and the BDEAC have continued to be made to the States concerned, in accordance with the loan and grant agreements duly signed and ratified by the national parliaments. In addition, the European Union and the European Investment Bank have just granted new financing for the continuation of roadworks under two of these projects.

4.31. As for the three remaining integration projects, the process of restructuring them in PPP mode with a view to building and operation in BOT mode is well under way with the instrumental support of funding providers and public and private investors. These projects are: the Chollet hydroelectric development and associated power line project (Cameroon, Congo, Gabon, CAR), the Beloko dry port construction project (Douala-Bangui Corridor) and the Dolisie dry port construction project (Port-Gentil - Pointe-Noire - Brazzaville - Kinshasa Corridor).

Table 14: Major projects

Strategic focus	No.	Project title
Developing regional transport corridors	1	10 road sections to link the whole of CEMAC
	2	Rehabilitation of the Oubangui-Congo river route
	3	CEMAC rail loop
	4	Construction of three dry ports - BELOKO (CAR) - NGUELI (Chad) - DOUALA (Cameroon)
Developing electricity generation and interconnection	5	Electricity generation and interconnection of the regional electricity network
Building infrastructure for a digital single market	6	CEMAC integrated digital infrastructure
	7	Study on the installation of a satellite in Central Africa
	8	CEMAC single telephone network
	9	Interconnection of CEMAC customs administrations

Strategic focus	No.	Project title
Facilitating the free movement of goods, services and people	10	Construction of 12 border crossings
	11	Biometric identity cards, CEMAC passports and biometric terminals
Developing human capital and accelerating economic diversification	12	CEMAC excellence cards
	13	Regional business upgrading programme

4.32. Building on the success of the first wave of funding for integration projects, the second cycle of the CEMAC 2023-28 priority integration projects programme comprises 12 projects selected by the PREF-CEMAC Ministerial Steering Committee. All these projects meet key internationally recognized criteria as regards: their integrative nature (at least two beneficiary countries), their maturity (feasibility study completed, APS and APD available), their nature (investment projects, development projects are already taken into account in member States' national programmes), and their relevance in terms of the economic challenges of the subregion, the recommendations of the various CEMAC Heads of State Summits, the post-COVID-19 community recovery plan for the economies of the subregion, and the rapid and concerted implementation of the CEMAC import substitution strategy for local produce.

4.33. The projects under CEMAC's second priority integration projects programme focus on developing physical infrastructure to support the development and competitiveness of the subregion's economies (Axis 1), strengthening the production of stable, affordable energy accessible to the people of CEMAC (Axis 2), promoting the single market to strengthen trade integration (Axis 3) and economic diversification to densify the production base, protect the environment and promote inclusive growth and development (Axis 4).

4.34. The projects by axis are as follows:

- **Axis 1:**
- Development of the Pointe-Noire-Brazzaville-Ouesso-Bangui-N'Djamena Congo-CAR-Chad corridor, phase 2;
- Development and asphalting of the Kélo-Pala-Léré-Cameroon border road (Chad-Cameroon);
- Construction and asphalting of the 168 km Kougouleu-Medouneu-Equatorial Guinea border road (Gabon-Equatorial Guinea);
- Development and asphalting of the Garoua-Boulaï-Baboua road (Cameroon-CAR) on corridor 2;
- Construction of the railway extension between Ngaoundéré and N'Djamena (Cameroon-Chad);
- Construction of the Ndende-Doussala road on the Libreville-Brazzaville corridor (Gabon-Congo);
- Construction of access roads to the road-rail bridge (Congo-DRC);
- River and port developments on the Congo River and its tributaries (Congo-Cameroon-CAR-DRC).
- **Axis 2:**
- Electricity connection between Grand Poubara and Imboulou (580 km) (Gabon-Congo);
- Electrical interconnection between Cameroon (Bertoua) and the CAR (Boali).
- **Axis 3:**
- Construction of a dry port at Ebibeyin in the tri-border area (Cameroon-Equatorial Guinea-Gabon);
- Construction of the Ngueli dry port (Chad-Cameroon).
- **Axis 4:**
- Support for the development of the timber industry in the Congo Basin.

4.35. The aim of these priority integration projects is to set up, within the CEMAC region, basic infrastructure, such as transport, electricity and telecommunications infrastructure, without which there can be no economic take-off. The priority integration projects should also enable the subregion to strengthen its resilience against future shocks, to develop intra-community trade in order to ensure food security, most notably through the implementation of import-substitution projects for the subregion's local products, and lastly to take greater advantage of the AfCFTA.

4.36. As part of the financing strategy for this second project cycle, CEMAC plans to organize a second round table event in Paris at the end of November 2023 under the distinguished patronage of His Excellency Mr Denis Sassou N'Guesso, President of the Republic of the Congo and Chair of the PREF-CEMAC.

4.4 Master Plan for the Industrialization and Economic Diversification of Central Africa (PDIDE)

4.37. This plan aims to accelerate the structural transformation of Central Africa's traditionally commodity-dependent economies into modern economies driven by higher value-added and higher productivity activities in the manufacturing and services sectors.

4.38. This vision will be achieved by focusing on the following three primary objectives: (i) increase the value added to natural resources via their local transformation by developing downstream industries in the various value chains identified according to their export and expansion potential; (ii) encourage production efficiency and improve marketing efforts with a view not only to entering African regional markets, but also to finding openings in European and Asian markets; and (iii) encourage the strengthening of national innovation systems in the production areas of the marketing process, with a focus on the overall strengthening of sustainable global competitiveness oriented towards an innovation-based economy.

4.39. The shared vision of the future for Central Africa reflected in the PDIDE is for it to become a world-class manufacturing base, a key hub for energy solutions, and a regional research and innovation hub focused on the integration of brains, data, technologies, intelligence and software.

4.40. This shared vision has given rise to seven strategic axes:

- Axis 1: A shared vision of the future;
- Axis 2: Traditional value chains;
- Axis 3: Competitiveness hubs, clusters and Special Economic Zones (SEZs);
- Axis 4: Human capital;
- Axis 5: Natural capital;
- Axis 6: Infrastructure;
- Axis 7: Financing.

4.41. Each strategic axis has its own issues, strategic objectives, actions and responsible players. The PDIDE is a long-term plan for the economic development of Central African countries. Gradual, ongoing implementation is a key factor in its success. It is set to be implemented in three phases:

- Phase 1: (2023-27). Focus on implementing the PDIDE action plan;
- Phase 2: (2027-31). Focus on accelerating long-term infrastructure development through PPPs;
- Phase 3: (2031-35). Focus on improving national industries so that they are globally competitive, and on implementing high-level technologies to achieve sustainable development.

4.42. At present, the procedure for adopting the Central Africa PDIDE at the level of the various community bodies, in particular the Council of sectoral Ministers responsible for industry in CEMAC and ECCAS, is ongoing and rapidly moving forward. Nevertheless, in collaboration with the Economic Commission for Africa (ECA), a regional workshop was held in Douala from 22 to 26 May 2023 to disseminate and enrich the draft reports and working documents on common commercial and industrial strategies to support the implementation of the AfCFTA in Central Africa. During the workshop, it was recalled that the Extraordinary Summit of African Heads of State on Industrialization and Economic Diversification in Africa, held in Niamey, Niger, from 20 to 25 November 2022, had underscored Africa's renewed determination and commitment to industrialization as one of the central pillars for achieving the continent's economic growth and development objectives. It is therefore important that the regional industrial strategy (CEMAC-ECCAS), through the shared vision of the Master Plan for Industrialization and Economic Diversification (Central Africa PDIDE), accelerate policies that promote industrialization and economic diversification in Central Africa. The focus is on the vision, axes, implementation instruments and SEZs. The identification of priority value chains and the operationalization of SEZs seek to translate the industrial vision into concrete action in the countries of the ECCAS zone.

4.43. Furthermore, it should be noted that at the CEMAC Commission level, priority actions have already been taken to structure the value chains identified in the Central Africa PDIDE for which raw materials are available locally and which have strong integration, export and expansion potential for the countries of Central Africa. These include, in particular, the mining and energy value chains. Industrialization and economic diversification strategies have also been introduced, namely: implementation of the timber sector industrialization strategy, drafting of the Common Mining Policy and drafting of the Community Mining Code, the main aim being to put an end to "From Pit to Port" mining, which consists of taking run-of-mine ore (raw ore) and loading it onto the nearest ship before shipping it abroad.

4.5 The import substitution strategy for local products

4.44. An import substitution strategy for local products (rice, fish, beef, hydrocarbons) was drawn up and validated by the PREF-CEMAC in August 2022. It follows on from the recommendations of the Extraordinary Summit of CEMAC Heads of State held on 18 August 2021, which sought to bring about genuine structural transformation with a view to CEMAC's industrialization. The strategy aims to encourage local production of the above-mentioned products in order to meet the needs of the Community's internal market while reducing imports.

4.45. Statistics issued by the FAO show that in 2018 more than CFAF 2,870 billion was spent by CEMAC countries on imports of fish, rice, meat and hydrocarbons. The import substitution strategy seeks to encourage and develop intra-community trade, create the conditions for greater diversification of the subregion's economies, and support external stability. The strategy has three main strands: (i) urgent measures; (ii) measures to increase local production of products; and (iii) measures to increase marketing.

4.46. Measures to increase the marketing of these local products include the following:

- the establishment of cross-border markets and the creation of marketing structures for these products so as to ensure the functioning of intra-CEMAC supply chains;
- improvements to the distribution channels for these products and the introduction of measures to prevent the oligopolistic behaviour of large traders that dominate the markets by imposing their laws;
- the introduction of a marketing information system for the local products concerned.

4.47. Improving governance in the marketing of these products.

REPORT BY CAMEROON

1 INTRODUCTION

1.1. Since 2013, when Cameroon's trade policy was last reviewed by the World Trade Organization, the Government has placed its development policies in a broader and more global perspective, with a focus on the structural transformation of its economy, by strengthening the inclusive nature of growth, with the aim of becoming an emerging country by 2035, with a liberalized economic and trade policy accompanied by strategic interventions whenever the circumstances require.

1.2. Under the impact of persistent inflationary pressures and supply difficulties in several advanced economies, mainly attributable to the consequences of the Russia-Ukraine conflict, which led to a slowdown in global growth in 2022, after the rebound recorded in the previous year, Cameroon's economic recovery was constrained by the unprecedented rise in inflation, which reduced household purchasing power and increased production costs for businesses.

1.3. This situation led the overall growth of the Cameroonian economy to stagnate at 3.6% in 2022, due in particular to the sharp slowdown in the growth of the secondary sector, which recorded growth of 0.6% compared to 3.2% in 2021. However, this was offset by the good performance of activities in the primary (+4.8% compared to 2.9% in 2021) and tertiary (+5.0% compared to 4.3%) sectors, which benefited from the strong performance of oil prices and the impact of the TotalEnergies 2021 Africa Cup of Nations, in addition to the dynamism of the financial and telecommunications subsectors.

1.4. On the budget front, despite the rise in international hydrocarbon prices, the more than proportional increase in subsidized prices at the pump led to the budget being increased by CFAF 328 billion (+5.8%) to CFAF 6,080.4 billion, from the CFAF 5,752.4 billion provided in the Initial Budget Law. At the end of the 2022 financial year, the total revenue raised amounted to CFAF 4,327.6 billion, compared to the CFAF 4,080.9 billion forecast in the Rectified Budget Law, representing a realization rate of 106%.

1.5. Inflation stood at 6.3%, exceeding the CEMAC convergence criterion of 3%. Inflation was highest in the food sector (12.9%), and more specifically for oilseeds (27%), bread (16.3%) and fish (14.4%).

1.6. With regard to trade, the trade balance showed a deficit of CFAF 784 billion, with an improvement in this deficit of CFAF 462 billion compared to 2021, essentially due to the improvement in export prices. Exports of non-hydrocarbon products in the first 10 months of 2022 rose in value by 14.5%, reaching CFAF 1,033 billion. Among these products, strong performers were:

i. raw aluminium, exports of which rose by 18.2% in volume and 17% in value;
ii. cocoa paste and cocoa butter, which rose in volume by 4.1% and 31.3% respectively, and by 51.4% and 43.5% in value;
iii. sawn timber, the value of which was up 24.7% and the volume up 30.7%;
iv. natural rubber, which saw an increase of 18.5% in export volumes and 37.2% in value;
v. cocoa beans, the volume and value of which were up by 4.8% and 8.4% respectively;
vi. raw cotton, with an increase of 23.8% in export volumes and 25.1% in value.

1.7. With regard to hydrocarbons, the country recorded a 78.7% increase in exports in 2022, linked in particular to the surge in oil and gas prices. In the case of crude oil, exports rose by 58.9% in value, despite a 3.6% fall in the volumes exported. Liquefied natural gas exports rose by 162.9% in value, despite a more moderate increase in volume of 6.2%.

1.8. The import bill amounted to CFAF 3,601 billion, up 14.4% on 2021, mainly due to the higher acquisition costs of certain key products, such as:

i. fuels and lubricants, which rose in absolute value by an estimated CFAF 318.3 billion (+65.8% in relative value) due to soaring prices;
ii. crude or refined palm oil, which rose by CFAF 39.9 billion in absolute value (+99.8%);
iii. frozen seafood, which rose in absolute value by CFAF 29.9 billion (+28%);

iv. plastics, which increased in absolute value by CFAF 18 billion (+15.1%);
v. fertilizers, which increased by CFAF 16.3 billion in absolute value (+47.1%), despite a 44.1% drop in the volume imported;
vi. printing and publishing products, imports of which rose in absolute value by CFAF 14.7 billion (+143.7%);
vii. cereal products, which rose in absolute value by CFAF 14.3 billion (+4.4%), due to the significant rise in wheat procurement costs (+11.6% in value, despite the 11.8% fall in volumes);
viii. made-up textile products, which increased in absolute value by CFAF 10.2 billion (+23.9%).

1.9. As far as public investment is concerned, there was a 28% increase in the Public Investment Budget compared to 2021, reaching CFAF 1,419 billion in 2022. The objectives are:

- the completion and implementation of large-scale first-generation projects;
- the rehabilitation and maintenance of existing infrastructure;
- the development of transport infrastructure to facilitate trade and make production areas accessible, which should make it easier to supply markets under the best possible conditions;
- supporting the development of the digital economy by increasing the density of the telecommunications network and infrastructure.

1.10. Private investment showed the same trend as in 2021, with net inflows of CFAF 534.4 billion, sustained mainly by the increase in foreign direct investment (CFAF +372.4 billion) and net drawings (CFAF +129.5 billion).

1.11. At the end of December 2022, outstanding public debt (including the debt of state-owned enterprises) stood at CFAF 12,183 billion, or 44% of GDP, compared to 44.7% the previous year. This level remains below the CEMAC convergence criterion of 70%.

2 RECENT DEVELOPMENTS IN THE CAMEROONIAN ECONOMY

2.1 Real sector

2.1. **In the primary sector**, activity accelerated in 2022 (+4.8% compared to +2.9% in 2021), due to the strong recovery in industrial agriculture (+3.8% compared to +0.4% in 2021) and forestry and logging (+10.4% compared to +1.3% in 2021). These performances were driven by:

i. the maturation of several plantations in the banana and rubber sectors;
ii. the gradual resumption of the activities of the Cameroon Development Corporation, after the constraints imposed by the security crisis in the south-west region;
iii. the continuing implementation of the cotton sector recovery and modernization plan;
iv. the rise in the purchase prices payable to producers, particularly in the cotton and cocoa sectors.

2.2. As a result of sharp price rises on the international market, export volumes of bananas, sawn timber, cocoa beans, raw cotton and rubber rose by 9.1%, 30.7%, 4.8%, 2.9% and 18.5% respectively.

2.3. **The secondary sector** has seen a slowdown compared to 2021 (+0.6%, compared to +3.2%) due to the significant rise in the prices of the main raw materials and sea freight. This slowdown has been more pronounced in the agri-food industries (+2.9% compared to +5.2% in 2021), where operators have had to contend with the rise in wheat prices and supply difficulties caused by disrupted logistics chains.

2.4. However, this sector continues to be resilient thanks to the entry into operation of new operators, the increase in production capacity in existing industries and the adoption by the Government of specific measures needed to contain the rise in freight costs and support companies' cash flow.

2.5. These measures include:

i. the maintenance of the 80% reduction in the freight rate to be taken into account to determine the customs value of goods imported by sea;
ii. the suspension of payments of certain taxes and duties for actors in the milling sector, including the weighing fee on wheat imports (for six months) under the pre-shipment conformity assessment programme and the advance payment of corporate tax;
iii. the upward revision of the prices of certain fast-moving consumer goods subject to approval, in order to take account of the increase in forwarding costs and input prices.

2.6. The tertiary sector remains dynamic due to the good performance of the following sectors:

i. "catering and hotels" (+3.6% compared to +7.3% in 2021), the performance of which was linked to the TotalEnergies 2021 Africa Cup of Nations;
ii. "information and telecommunications" (+10.1% compared to +6.1% in 2021), which is experiencing particular growth as a result of the COVID-19 pandemic;
iii. "banks and financial institutions" (+14.8% compared to +10.3% in 2021), as a result of the Government's efforts to facilitate access to finance for private sector operators.

2.2 Prices

2.7. In Cameroon, price rises in 2022 were at their highest level for almost 13 years (since 2008). According to the National Institute of Statistics, the overall price level in Cameroon in 2022 rose by 6.3% year-on-year, up four points on the level recorded in 2021. This rise in prices at the national level, which is well above the Community norm of 3%, is the result of inflationary pressures in all regions of the country. Pronounced price rises were recorded in the cities of N'Gaoundéré (+7.4% after +1.0% in 2021), Bafoussam (+7.3% after 2.4% in 2021), Buea (+7.1% after +1.7% in 2021), Bamenda (+6.8% after +3.8% in 2021), Maroua (+6.4% after +3.2% in 2021), Yaoundé (+6.2% after +1.8% in 2021), Douala (+5.7% after +1.9% in 2021), Bertoua (+5.5% after +4.4% in 2021), Ebolowa (+5.7% after +3.7% in 2021) and Garoua (+5.4% after +2.1% in 2021).

2.8. Most of this inflation has been imported and driven by the rise in the overall price level of local products, which has risen by around 6.4% (compared to 2.2% in 2021), contributing five percentage points to total inflation, mainly as a result of the higher cost of imported inputs.

2.9. For imported products, the rise in prices is estimated at 5.0% (compared to 3% in 2021) and the contribution of this rise to total inflation is 1.3 points. Looking at the trends in local goods prices for each sector of activity, it appears that local inflation in 2022 was largely driven by goods in the primary sector. Indeed, the prices of goods in this sector rose by 11.0% compared to 4.7% in 2021, while the prices of goods in the secondary and tertiary sectors rose by only 5.6% and 2.9% respectively, compared to 1.6% and 0.9% in 2021.

2.3 Public finance

2.10. Cameroon adopted a budget of CFAF 5,752.4 billion for the 2022 financial year. This was amended to CFAF 6,080.4 billion in June 2022 to take account of the consequences of the Russia-Ukraine conflict, representing an increase of CFAF 328 billion in absolute value and 5.8% in relative value. This revision of the state budget made it possible to raise oil revenues by CFAF 244 billion (+43.4%) following the surge in the global per-barrel oil price, and to guarantee provision of petroleum product subsidies due to the Government's determination to maintain stable prices for hydrocarbons at the pump.

2.11. At the end of the 2022 financial year, the overall budget deficit (based on payment orders, including grants) stood at CFAF 501.2 billion, i.e. almost 1.8% of GDP. Cameroon mobilized a total budget revenue of CFAF 4,327.6 billion, representing an increase of CFAF 830.3 billion (+23.7%) compared to 2021. This rise is explained by the strong performance of oil revenue (CFAF +491.8 billion) and non-oil revenue (CFAF +338.5 billion). The oil revenue collected was estimated at CFAF 974 billion at the end of December 2022, up 102.0% compared to the end of December 2021. This trend is the result of the significant rise in global oil prices. Compared with the annual target of CFAF 806 billion, the realization rate is 120.8%. Non-oil revenue rose from CFAF 3,015.1 billion in 2021 to CFAF 3,353.6 billion in 2022, an increase of CFAF 338.5 billion

(+11.2%). This increase is mainly due to higher returns from major taxes, including VAT, the tax on non-oil companies, the special income tax and the tax on income from moveable capital assets. Compared with the annual target of CFAF 3,274.9 billion, the realization rate is 102.4%.

2.12. Grants mobilized in 2022 amounted to CFAF 142.3 billion, consisting mainly of programme grants, especially the Debt Reduction-Development Contract (C2D) and project grants.

2.13. Expenditure and net lending stood at CFAF 4,887.1 billion, or 104.3% of the expenditure envisaged in the Rectified Budget Law, and was up 15.1% on the expenditure and net lending for the same period in 2021. Expenditure on wages amounted to CFAF 1,188 billion and expenditure on goods and services to CFAF 841.8 billion. Interest expenses were estimated at CFAF 262.6 billion at the end of December 2022.

2.4 Balance of payments

2.14. In 2021, Cameroon's balance-of-payments current account deficit worsened. While the level of external financing has improved, the overall balance remains in deficit. The overall balance deficit is down to CFAF 153.9 billion, compared to CFAF 432.6 billion in 2020.

2.15. In 2021, the current account deficit deteriorated to reach CFAF 996.8 billion (4.0% of GDP), compared to CFAF 872 billion (3.7% of GDP) in 2020. This deterioration was mainly due to the increasing deficit in services, particularly freight. The goods and primary income deficits narrowed, while the secondary income surplus improved. The current account deficit for 2022 should be lower.

2.16. The goods deficit decreased, falling from CFAF 391.3 billion in 2020 to CFAF 288.1 billion in 2021. This was due to an increase in export earnings (CFAF +797.9 billion) that exceeded the rise in import expenditure (CFAF +694.7 billion).

2.17. In services, the deficit increased by CFAF 351.8 billion to reach CFAF 588.2 billion. This increase was mainly attributable to the rise in transport and travel activities following the reopening of borders. The deficit worsened in all categories: transport (CFAF -337.3 billion in 2021 compared to CFAF -113.4 billion in 2020), travel (CFAF -113.3 billion compared to CFAF -70.5 billion in 2020), insurance (CFAF -60.6 billion compared to CFAF -37.8 billion in 2020) and other services (CFAF -77.9 billion compared to CFAF -14.8 billion in 2020).

2.18. As for primary revenues, in 2021 the deficit fell by CFAF 78.3 billion to reach CFAF 405.2 billion, compared to CFAF 483.5 billion in 2020, mainly as a result of the fall in dividends paid by the local subsidiaries of foreign companies.

2.19. For secondary revenues, the surplus rose to CFAF 284.6 billion from CFAF 239.2 billion in 2020. This change was mainly attributable to the increase in transfers from the diaspora, following the upturn in economic activity in Europe and America.

2.5 Monetary situation

2.20. The monetary situation at the end of December 2022 was balanced in terms of resources and jobs at CFAF 9,792.7 billion, representing an increase of 13.2% compared to the end of December 2021, thanks in particular to the measures taken to tighten monetary conditions in order to combat inflationary pressures. Money supply at the end of December 2022 grew by 11.7% year-on-year to reach CFAF 7,985.7 billion. This increase was linked to a significant rise in bank deposits (+13.6%). At the end of December 2022, there was a sharp increase in net foreign assets and domestic credit compared to the situation at the end of December 2021.

2.21. With regard to the contributions to the money supply, at the end of December 2022, there was a sharp increase in net foreign assets and domestic credit compared to the situation at the end of December 2021. Net foreign assets rose by 21.6% year-on-year thanks to the strong export earnings that followed the significant rise in the price of exported raw materials and improved foreign exchange repatriation. At the end of December 2022, Cameroon's official reserves therefore stood at CFAF 3,190.7 billion, up 26.5% compared to the end of December 2021. Domestic credit rose by 9.5% year-on-year to reach CFAF 6,598.6 billion at the end of December 2022. This favourable trend was mainly due to the marked improvement in lending to the economy (+13.7%), and more particularly lending to the private sector, which grew by 12.0%. The State continued to have a net liability position with the banking system. However, the Government's net position improved year-on-year, rising from CFAF 2,013.4 billion in December 2021 to CFAF 2,008.3 billion in December 2022.

2.6 Situation in the banking sector

2.22. In 2022, bank liquidity improved by 5.1 points. The ratio of bank reserves to deposits rose from 18.9% in December 2021 to 24% in December 2022. Currency in circulation rose by just 4.7% over the same period.

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), which was the Vision's action plan for the period 2010-20. Since 2020, Cameroon has adopted the National Development Strategy (SND30) 2020-30, covering the second decade of the implementation of the Cameroon Vision 2035.

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 stage;
- to strengthen national unity and consolidate the democratic process.

3.2 Objectives of the National Development Strategy

3.4. The SND30 is based on three fundamental goals: (i) mixing import substitution and export promotion based on the comparative advantages of the national economy; (ii) fostering a strategic and pragmatic State that puts in place the facilities for the emergence of the private sector as the main driver of economic growth and carries out targeted interventions in highly strategic sectors; (iii) creating a link between indicative planning and imperative planning, combining the fairly restrictive format of five-year planning with the indicative format of strategic planning. This will involve: (i) increasing the annual growth rate from 4.5% to 8.1% on average over the period 2020-30; (ii) increasing growth in the secondary sector (excluding oil) to more than 8% on average; (iii) reducing the trade deficit from 8.8% of GDP in 2018 to less than 3% in 2030. This target incorporates Sustainable Development Goals 8, 9, 11 and 12 to (i) reduce the poverty rate from 37.5% in 2014 to less than 25% in 2030; (ii) to reduce underemployment from 77% in 2014 to less than 50% in 2030; (iii) to raise the Human Capital Index score from 0.39 in 2018 to 0.55.

3.5. In 2021, growth was 3.7%, compared to 0.5% in 2020. It was projected to rise to 3.8% in 2022.

4 GROWTH STRATEGY

4.1. The strategy is built around four main pillars. The first pillar, relating to the structural transformation of the national economy, deals with economic planning, which must lead to the resolution of the clearly identified problems, in particular: the low level of industrialization and the weakness of backward and forward intersectoral links; the weak structure and productivity of family farming enterprises in rural areas; and productive infrastructure, for which priorities must be clearly defined.

4.2. The second pillar deals with the development of human capital. It addresses social sector strategies (education and training, health, social protection, employment, etc.) with a view to building a more productive workforce. From this point of view, the Government's action seeks to continually improve social policies, in line with the theories of endogenous growth, which suggest that most growth comes from the combination of well-prepared human resources and technological innovation.

4.3. The third pillar deals with the promotion of employment and the integration of young people into the economic circuit. More specifically, it addresses the issue of underemployment and making job training fit for purpose, ensuring in particular that the training offered is aligned with the labour needs of the productive sector. The aim is to put in place an effective framework for the emergence of businesses that create the most jobs, namely, very small enterprises, SMEs/SMIs and the social economy, including cooperatives and the craft industry. In addition, particular attention will be paid to regulating the labour market in order to optimize the use of human resources.

4.4. The fourth pillar concerns governance, decentralization and the strategic management of the State. In addition to the traditional aspects, this last pillar includes issues relating to local development, multiculturalism and bilingualism, which are at the heart of the third dimension of the Vision 2035, namely, "unity in diversity".

4.1 Infrastructure development

4.5. Convinced of the key role played by infrastructure in facilitating trade and promoting strong and sustainable growth through the competitiveness that good quality infrastructure generates, the Government of Cameroon is investing massively in infrastructure during the period in which the strategy is being implemented, particularly as part of large-scale projects. Public investment expenditure has been allocated as a priority to the construction/rehabilitation of infrastructure in order to provide better conditions for a real boom in investment. The following large-scale projects have already been completed:

- Kribi industrial port complex (phase 1) (four terminals capable of handling vessels of 100,000 tonnes and mooring berths capable of handling vessels with a draught of 15 m);
- Lom Pangar reservoir dam (water storage capacity of 6 billion m^3);
- Memve'ele hydroelectric power station (installed capacity of 211 MW);
- Kribi gas power station (generation capacity of 216 MW);
- Mekin hydroelectric power station (installed capacity of 15 MW);
- Dibamba thermal power station (generation capacity of 86 MW);
- Second bridge over the Wouri River (six-lane road bridge and two-track railway bridge);
- Additional road network paved since 2010 (2,616 km);
- Western access to Douala (2x2 lane 13 km road from Bonassama to Bekoko);
- New social housing built since 2010 (5,000);
- Eastern access to Douala – Phase 1 (10 km road from the *marché des fleurs* (flower market) intersection to the bridge over the Dibamba River);
- Deployment of fibre optics around the national perimeter and in the hinterland (over 18,000 km);
- The Yaoundé-Nsimalen motorway;
- Stadiums (Olembe, Japoma, Limbe, Bafoussam etc.).

4.6. In addition to these large-scale projects, which have been completed despite schedule delays, other projects are under way, such as the construction of the Yaoundé-Douala motorway, the Bini à Warak hydroelectric dam, the Nachtigal-Amont hydroelectric dam and the project to supply the city of Yaoundé and the surrounding area with drinking water from the Sanaga River.

4.7. As part of its deliberate drive towards emergence, the Government plans to implement so-called second-generation large-scale projects to methodically and progressively structure its development up to 2035.

4.8. These large-scale projects are part of the second phase of the operationalization of Cameroon's long-term development vision, which covers the period 2020-30.

4.9. During this period, the efforts undertaken by the Government will continue in order to:

- reduce the sectoral gaps observed after the implementation of the DSCE;
- optimize the operationality of the large-scale first-generation projects;

- boost productive sectors and strengthen economic activities so that Cameroon can become an upper-middle income country by 2030.

Table 4.1 Portfolio of large-scale initiatives under the National Development Strategy 2020-30

N2	PLAN/PROGRAMME/MAJOR PROJECTS
1	**Reconstruction and development plan for the north-west, south-west and far north regions** • Schools, hospitals and churches destroyed • Public investment budget projects redirected due to insecurity • Roads including the Ring Road (continuation and end) • Railways • Menchum dam • Katsina-Ala dam • Mamfé dam • Limbé deep-water port
2	**"Train My Generation" programme** • Capacity-building and certification for technical workers in the informal sector
3	**Science, technology, engineering and mathematics (STEM) plan** • Mass orientation of students towards scientific subjects • Strengthening science courses (building/equipping laboratories and technology workshops) • Expanding the range of training courses in schools offering a technical, industrial and commercial education. • Creation of high-quality vocational high schools (professions are those of the five agro-ecological zones: 1-Monomodal forest zone; 2-Bimodal forest zone; 3-High plateau zone; 4-High savannah zone; 5-Sudano-Sahelian zone)
4	**Energy plan** This will involve upgrading all the transport and distribution networks and increasing installed capacity to 5,000 MW by 2030 by completing large-scale projects under the development plan for the electricity sector: Bini à Warak (75); Nachtigal (420); Ngoila (84); Song-Dong (280); Grand Eweng (1,800); Chollet (600); Kikot (720); Makay (350); Mouila Mougue (420); Njock (200), etc.
5	**Agro-industrial programme** The aim is to boost national production of the products that form the basis of our industrialization by implementing specific plans such as: • The cocoa plan (produce 600,000 tonnes before 2025 and double this by 2030) • The palm oil plan (double the current production before 2027) • The cotton plan (produce one million tonnes of cotton by 2030) • The rice plan (reach two million tonnes of milled rice by 2030) • The fish plan (produce 50% of national demand and 100% of feed locally) • The maize plan (double the current production by 2030 to cover 100% of national demand through local production) • The rubber plan (produce 200,000 tonnes of natural rubber by 2030) • The timber plan (limit the export of rough wood and develop a timber industry for national and subregional use)
6	**Digital programme** This will involve significantly reducing the digital divide, in particular by continuing to expand the fibre optic network, building two data centres and implementing the e-government system.
7	**Multimodal transport infrastructure development programme** The aim will be to encourage the development of complementary transport infrastructure across the country to prevent the development of one form of infrastructure if another can provide similar benefits. This programme includes: (i) the completion of the Yaoundé-Douala-Limbé and Kribi-Edéa motorways; and (ii) the Douala-Ngaoundéré-Ndjamena railway (684 km).
8	**Programme for the daily management of transport infrastructure**
9	**Cameroonian Primary Aluminium Company expansion project**
10	**Limbé oil yard (phase 2)**
11	**Kribi industrial port complex**
12	**Programme for the modernization of major cities** The aim will be to reconfigure existing cities to transform them into modern ones. CFAF 200 billion per year, for five years, for Yaoundé and Douala; CFAF 50 billion per year for Bamenda and Buea; and CFAF 25 billion per year for the 10 other urban communities.
13	**Universal health coverage**
14	**Direct social transfers plan**
15	Construction of a new modern terminal at Douala and Garoua airports

Source: National Development Strategy 2020-30.

4.10. At the institutional level, the electricity sector development fund was created by the President of the Republic.

4.11. **Energy**. By carrying out programmes to maintain, rehabilitate and develop the country's energy capacity, Cameroon expects progressively to reduce the structural requirements in energy needs to achieve the anticipated growth objectives, become an exporter of electricity and thus help to bring the trade balance into equilibrium. One goal was to raise the country's production capacity to 5,000 MW by 2020.

4.12. 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, Mekin and Natchigal dams; the Yassa thermal power station and the Kribi gas power station.

4.13. There are also plans to construct:

- the Colomines and Ndokayo mini hydroelectric power stations in the eastern region;
- the Menchum hydroelectric dam;
- the Ngoila hydroelectric dam;
- the Chollet hydroelectric dam;
- the Limbé gas power station;
- the Grand Eweng hydroelectric dam;
- the Kikot hydroelectric dam;
- the Njock hydroelectric dam;
- the Katsina-Ala hydroelectric dam;
- the Maroua and Guider solar power plants;
- the Ngaoundéré solar power plant;
- the Garoua solar power plant;
- the Song Mbengue solar power plant;
- the Warak solar power plant. The overall cost of this 10-year programme is estimated at nearly CFAF 5,853 billion for the electricity generation and transmission works and CFAF 663 billion for the rural electrification programme.

4.14. In the field of renewable energies, priority is being given to developing the legal and regulatory framework for renewable energies and the transfer of the management of solar power systems.

4.15. **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. Road construction will continue. In order to increase the durability of dirt roads and ensure the maintenance of paved roads, the Government plans to trial concrete pavements. This new option will make it possible to promote the import substitution policy by replacing bitumen with locally produced cement. 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 are being supplemented by the rehabilitation of the road network (2,000 km of asphalted roads were 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 national road network and large-scale infrastructure projects in support of the private sector (Yaoundé-Douala-Bafoussam-Yaoundé motorway loop, eastern and western access to Douala). This strategy will have to be backed by major institutional reforms.

4.16. **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 neighbouring countries.

4.17. In terms of road transport, a number of large-scale projects are currently under way, which should help to increase the density of the national road network, estimated at around 121,000 km. These projects include:

- connection work as part of the first phase of the Yaoundé-Douala motorway project, with an overall physical completion rate of 67%;

- the Kribi-Lolabe motorway, which is almost complete;
- work as part of the second phase of the project on the eastern access to Douala;
- asphalting of the Sangmélima-Bikoula road, which is 87% complete.

4.18. In terms of ports and railways, the Government will be focusing on the development of new port and rail infrastructure to support the priority growth-generating projects. These main projects include:

- the construction of the Limbe deep-water port and oil yard;
- construction as part of the second phase of the Kribi deep-water port project, 40% of which has been physically completed to date;
- the continued implementation of the Cameroon Airlines Corporation restructuring plan;
- the opening of the cabotage line between the ports of Kribi and Douala;
- the construction of the railway line linking Ngaoundéré to Ndjamena;
- the construction of a pilot bus station in Limbe;
- capacity-building for the meteorological and climatological services.

4.19. In addition, new railway lines (more than 1,000 km) have been built to international standards.

4.20. **Information and communications technology (ICT)**. The strategic ICT objectives for the period up to 2020 included:

- raising fixed teledensity to 45% and mobile teledensity to 65%;
- equipping 40,000 villages with modern telecommunications facilities;
- making 2 Mb/s access available to the public in all towns with a digital exchange;
- multiplying by 50 the number of direct and indirect jobs;
- densifying the network, improving national postal coverage and optimizing telecommunications networks and services;
- connecting government agencies to broadband and training their staff on cybercrime;
- setting up a collaborative digital platform for secondary schools in Cameroon.

4.21. **Mail and postal financial services**. The strategy in this area sought to organize the public and private supply of postal services and make it significant enough to fully satisfy the demand, in quantity and quality, at affordable prices, by 2020. Two programmes need to be completed:

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

4.22. **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.

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

- the maintenance and rehabilitation of urban infrastructure;
- the development of 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;
- development of the Yaoundé municipal lake and renovation of the Mingoa valley;
- construction of rain drainage systems to limit flooding.

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

- rehabilitating the existing infrastructure, which, for the most part, is more than 20 years old;
- extending the existing networks, which have failed to keep pace with urban and demographic expansion;
- promoting the implementation of large-scale connection programmes;
- speeding up the implementation of the project to supply the city of Yaoundé and the surrounding area with drinking water from the Sanaga River;
- continuing the project studying rural drinking water supply;
- implementing a nationwide programme to rehabilitate Scanwater stations.

4.2 Modernization of the production system

4.25. **Rural sector**. Following the adoption of the rural sector development strategy in 2005 and the mixed results of its implementation, the Government intends to make the transition to second-generation agriculture. The overall aim of second-generation agriculture is to generate sustainable growth in the sector that respects environmental capital. It seeks to ensure the country's food and nutritional sovereignty through the rational and balanced modernization of production systems. It involves both medium-sized and large farms, strengthening their complementarities and promoting their integration into value chains and their links to markets. It must contribute to the sound management of natural resources and the protection of the environment, and is part of a green economy approach. In this context, modernizing the production system will require:

- making production inputs 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 production chains.

4.26. This new agricultural policy has been implemented through the adoption of a new development strategy for the rural sector and a new agricultural investment plan for 2020-30, which are linked to the new development strategy whose vision is to transform the rural sector into "a major driver of the national economy that creates decent jobs and products to meet domestic demand and to be exported, in addition to ensuring food and nutritional security in a context of sustainable development" by 2030.

4.27. The four strategic axes of the new development strategy for the rural sector and the new agricultural investment plan 2020-30 are:

a. sustainable growth of production in the plant, forestry, livestock and fisheries sectors;
b. improving collective infrastructure and access to production inputs and the market;
c. strengthening the resilience of production systems, the sustainable management of resources and the food and nutritional security of vulnerable populations in the face of climate change;
d. improving governance and human capital in the rural sector.

4.28. The modernization of the production system in the rural sector is being accompanied by the improvement of the institutional environment in the sector through the adoption of a number of policies and laws:

i. Guidance for the National Policy on the Granting of Agro-Pastoral Subsidies, adopted in 2018;
ii. Manual of procedures for the subsidization of productive agricultural inputs and equipment in Cameroon, created in 2019;
iii. National Climate Change Adaptation Plan, drawn up in 2015;
iv. National Plant Seed Policy, drawn up in 2018;
v. National Development Plan for Non-Wood Forest Products, drawn up in 2018;
vi. Strategic Plan for Agricultural Research, drawn up in 2017;

vii. National Strategy for Reducing Emissions from Deforestation and Forest Degradation, Promoting Sustainable Forest Management and Forest Conservation and Increasing Carbon Stocks, drawn up in 2018;
viii. Animal Health and Veterinary Public Health Policy, drawn up in 2018;
ix. Law No. 2021/023 of 16 December 2021 governing inter-professional organizations in Cameroon.

4.29. **Mining**. In the SND30, the mining sector is considered to be one of the major pillars of the efforts to develop the national economy with a view to ensuring Cameroon's emergence by 2035. Cameroon's subsoil is rich in mineral and geological deposits, the exploitation of which would help to increase the sector's impact on the national economy. The mining sector covers two aspects: the mining of solids and hydrocarbons. With regard to hydrocarbons, the exploitation of gas is governed by Law No. 2002-013 of 30 December 2002 establishing the Gas Code and the exploitation of oil by Law No. 2019/008 of 25 April 2019 establishing the Oil Code.

4.30. With regard to the mining of solids, a distinction is made between industrial and artisanal mining. The latter is subdivided into simple artisanal mining and semi-mechanized artisanal mining. The mining of solids is still essentially small scale: it is estimated that only 10% of small-scale mining production is channelled into the formal national economy, while the remaining 90% is sold through clandestine networks. The main products mined are gold and diamonds.

4.31. Until the end of 2020, gold mining was supervised by the Artisan Mining Support and Promotion Framework (CAPAM), which operated in eight regions: east, Adamaoua, north, centre, south, coastal, south-west and north-west. Its role was to buy gold from artisanal miners and collect the 25% single tax from operators engaged in semi-mechanized artisanal mining. Since 2012, CAPAM has transferred 796 kg of gold to the State as part of efforts to boost Cameroon's gold reserves, for an estimated value of CFAF 14.7 billion.

4.32. As far as diamond mining is concerned, the Permanent Secretariat of the Kimberley Process (KPNPS) is the national observatory set up in 2011 to comply with the principles and requirements of diamond-producing countries, the rough diamond industry and non-governmental organizations whose objective is to stop the flow of so-called conflict diamonds into the official circuit. Its aim is to end the links between trade in rough diamonds and armed conflicts. The KPNPS operates in the central, southern, eastern, coastal, Adamaoua and northern regions. From 2013 to 2021, it certified 18,736.4 carats of diamonds.

4.33. There have been a number of changes in the way artisanal mining is regulated. The transition from the 1964 Mining Code to the 2001 Code, which was amended and supplemented in 2010, led to intense mining activity, with an increase in the number of mining permits issued. However, a number of major problems continue to hamper the growth of the mining sector, particularly small-scale mining. These problems include: (i) overlapping between mining permits and protected areas; (ii) uncontrolled allocation of artisanal mining permits, which very often concern areas covered by research permits, even though research permits grant exclusive rights; (iii) the plundering of mining resources; (iv) weak institutional control; (v) failure to comply with environmental constraints; (vi) difficulties in financing the development of the sector.

4.34. In order to remedy these problems and ensure the efficient exploitation of mining resources, Cameroon adopted a new Mining Code set out in Law No. 2016/017 of 14 December 2016. The new Mining Code introduces a number of innovations in the governance of the mining sector, including the introduction of a participatory, transparent and accountable system for resource management, the updating of the conditions under which mining activities can be carried out, the intensification of controls and repression and, finally, the strengthening of the promotion and development of mining activities.

4.35. One of the innovations in the new Mining Code is the creation of bodies to implement mining policy. These are: (i) the Mining Sector Development Fund, intended to finance mining inventory activities as part of the detection of anomalies and mineral occurrences, in addition to other activities related to the development of geological and mining infrastructure; (ii) the Fund for the Restoration, Rehabilitation and Closure of Mining Sites and Quarries, which will be used to finance activities under the programme to preserve and rehabilitate the environment damaged by mining projects; (iii) the special local capacity development account, whose role is to finance the development of human resources and local industry. There are also plans to set up a structure to monitor and control the production, marketing, promotion and processing of substances obtained from artisanal and semi-mechanized mining activities.

4.36. Decree No. 2020/749 of 14 December 2020 created the National Mining Company, whose role is to develop and promote the mining sector, with the exception of hydrocarbons and quarry substances, and to manage the State's interests in this area. This company replaces the CAPAM, whose monitoring and control missions were limited. This Decree represents a significant step forward in the governance of the sector. However, a number of other decrees are being drafted to enable the new Mining Code to be fully implemented.

4.37. **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;
- applying the new and more ambitious Incentives Code, to attract foreign direct investment in Cameroon.

4.38. **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 craft enterprises within their economic environment and improving the marketing system. The recent creation of the SME bank is part of this process.

4.39. **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 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 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 was part of this approach.

4.40. With regard to **tourism**, Cameroon's objective was to develop integrated tourism products so as to be able to receive at least two million international tourists a year and six million domestic tourists by 2020. 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 and leisure activities 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.

4.3 Human development

4.41. 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 to support 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.

4.42. **Health**. Improving the health of the population 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 Millennium Development Goals. Essentially, this strategy aims to provide universal access to quality health care and services by improving 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.

4.43. **Education and vocational training**. The Government intends to focus on 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 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 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 education, which involves establishing a transparent and credible system of flow regulation, strengthening the educational guidance system and improving pay scales for technical trades.

4.4 Regional integration and trade diversification

4.44. 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 develop exports by strengthening subregional and regional integration, consolidating market share on the traditional markets (Europe and America) and then seeking outlets on the emerging markets. It focuses mainly on products of the soil by taking advantage of the environment and its five fairly favourable agro-ecological zones, and above all, by progressing from the raw product to the processed product stage.

4.45. **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 is unequivocally assuming its leadership role in the subregion. The second challenge is the Economic Community of Central African States (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 Western Africa, Northern Africa, Southern Africa and Eastern Africa, in particular as part of the African Continental Free Trade Area (AfCFTA) launched in January 2021.

4.46. With the ultimate aim being to better implement the Agreement establishing the AfCFTA, Cameroon has adopted an implementation strategy that identifies the priority actions to be undertaken so that the private sector can benefit from the AfCFTA, in addition to measures to strengthen the institutional mechanisms that would ensure successful implementation of the Agreement.

4.47. The strategy's main strategic areas of intervention are:

i. appropriation of the Agreement establishing the AfCFTA by the various national stakeholders, in particular through capacity-building for all socio-economic players and the design and dissemination of communication materials;
ii. revising the legal and institutional framework, with the creation of a national committee to implement the AfCFTA and an export promotion agency, as well as strengthening the country's economic diplomacy capabilities;
iii. improving the quality and quantity of economic and commercial infrastructure, in particular by increasing the density of transport and communication infrastructure;

iv. reducing tariff and non-tariff barriers to trade by streamlining controls on cross-border corridors and actively promoting cooperation to harmonize quality standards at the subregional and continental levels;
v. promoting the production and processing of primary products, by supporting innovative production capacities with the aim of having surpluses to export, and by continuing to improve the business environment;
vi. developing cross-border and continental value chains, promoting, for example, meetings between entrepreneurs from different countries;
vii. prioritizing trade with Nigeria and the ECCAS, which are nearby markets that can open the door to markets further away;
viii. implementing business intelligence measures;
ix. creating a trade finance bank;
x. setting up an implementation and monitoring/evaluation mechanism, including the establishment of a national committee for the AfCFTA.

4.48. **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 regain African Growth and Opportunity Act eligibility, and to take advantage of the export opportunities it offers, especially in the textile and so-called cultural product sectors.

4.49. **Trade with 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.

4.50. **For the period 2020-30**, Cameroon's development policy will focus on strengthening regional integration in order to stimulate national growth, make the institutional framework for regional trade more effective, increase trade and investment flows and develop the backbone of integration infrastructure. Regional integration is an opportunity for Cameroon to see an industrial take-off, with a view to: (i) creating a single subregional market that improves resilience to external shocks; (ii) taking advantage of economies of scale to step up intra-regional trade; (iii) benefiting from the advantages of local specialization; and (iv) carrying out certain joint projects while avoiding waste and duplication. To that end, the Government intends to significantly accelerate genuine integration at the subregional and regional levels by removing the relevant obstacles, with a view to taking advantage of international trade, mobility and the dissemination of inputs (capital, labour, etc.). To achieve this, the Government intends to work towards: (i) accelerating the process of regional and subregional integration; (ii) finalizing the process of rationalizing the CEMAC and ECCAS economic communities; and (iii) conquering markets with high potential.

4.4.1 Trade facilitation

4.51. The Government intends to make Cameroon an attractive and competitive country for foreign trade. To that end, action will be taken to: (i) rationalize measures for accommodating vessels and other means of transport; (ii) simplify import and export procedures through logistics platforms; (iii) streamline transit and transhipment procedures; (iv) strengthen governance and implement the Agreement on Trade Facilitation.

4.52. More specifically, this will involve: (i) reducing the time taken for goods to pass through ports for importation, exportation and transit; (ii) reducing the cost of passing through ports for importation and exportation; (iii) completing the process of digitalizing procedures on port platforms; (iv) implementing measures under the Agreement on Trade Facilitation; (v) improving transparency in foreign trade procedures.

4.5 Financing of the economy

4.53. **Taxation**. The Government is aware that no sustainable economic recovery can be envisaged without a real policy on investment financing policy and, therefore, in 2013, it had the National Assembly enact a law establishing the Investment Incentive Code, the application of which will be accompanied by the implementation of the Investment Charter. This law provides for common incentives (tax and customs benefits guaranteed) for a period of 15 years, which include: (i) five years for the installation phase, during which time investors pay virtually no taxes or duties; and (ii) 10 years for the operating phase, during which time investors benefit from exemptions or reductions in the payment of registration duties, customs duties and all other fees and service charges applicable to the import of all types of equipment, construction materials, tools, spare parts, intermediate products, supplies and consumable goods that have no similarity to products manufactured locally, with the exception of duties, taxes and other charges of a non-fiscal nature that constitute remuneration for services.

4.54. **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 bank for financing SMEs is opening up new horizons.

4.55. **Microfinance**. With a view to strengthening and extending basic financial services and improving the quality of the services provided by micro-finance establishments (EMFs), 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 EMFs by the National Monetary Authority, compatible with COBAC regulations; and (iii) to further strengthen the monetarization of the economy, in particular by extending the automation of the payment systems to EMFs.

4.56. **Greater mobilization of national savings**. The main courses of action under this policy will include: (i) steering micro-finance institutions towards retail bank status, (ii) dynamizing 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 Cameroonian 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 certain large projects often involves the development of related activities, from which local residents nearby should be able to benefit. Therefore, 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 revitalize every aspect 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 textile products, tourism, wood, fruit and vegetables, 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 VSEs by means of: (i) flexible tax regulations; (ii) facilitating 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 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 existing 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 labour-intensive approaches**. Four components have been identified: (i) development of an institutional policy environment that favours labour-intensive approaches; (ii) capacity building for the players involved; (iii) promotion of the application of labour-intensive approaches in public investment; and (iv) improved knowledge of labour-intensive approaches. In particular, in the building and public works sector, the strategy calls for the use of labour-intensive approaches in rural road maintenance and civil engineering, for example.

6 GOVERNANCE AND STRATEGIC MANAGEMENT OF THE STATE

6.1. Governance reforms will focus on: (i) decentralization and local development; (ii) strengthening the rule of law and the safety of people and property; (iii) improving public service delivery; (iv) economic and financial governance; (v) regional planning; and (vi) promoting bilingualism, multiculturalism and citizenship.

6.2. **Decentralization and local development**: To encourage local people to participate fully in local governance, the authorities are committed to establishing a special status for the North-West and South-West Regions, and to strengthening the effective autonomy of the other regions and municipalities. To this end, the Government intends to transfer all the resources associated with the powers devolved to them to the decentralized local authorities. To this end, (i) regional elections and regional executive authorities have been set up; (ii) arrangements for exercising supervision to lighten the burden on the operation of decentralized local authorities have been established, and the State is in the process of refocusing its operations on non-transferred tasks. Action should continue with a view to: (iii) substantially increasing the resources transferred to decentralized local authorities; (iv) reforming local taxation to diversify and improve its effectiveness, and to consolidate the mobilization and procedures of effective transfers of the revenue from said taxation to the local authorities; (v) reviewing the mechanism by which funds are made available to the local authorities; and (vi) ensuring greater fairness in the transfer of resources to the local authorities, to more effectively reflect local disparities. The mechanism for collecting and redistributing local and regional taxes will also need to be optimized to strengthen the capacity of local authorities to deliver services.

6.3. **Strengthening of the rule of law and the safety of persons and property**. In order to improve political and institutional governance, priority will be given over the period 2020-30 to: (i) strengthening the rule of law and the protection of human rights; (ii) finalizing judicial reform with a view to consolidating the judiciary; (iii) stepping up the fight against insecurity, crime and terrorism; (iv) strengthening crisis prevention and management; and (v) improving institutional communication.

6.4. **Improving public service delivery**. The authorities undertake to carry out actions aimed at: (i) modernizing public administration; (ii) optimizing how public administration operates; (iii) improving the management of the State's human resources; and (iv) strengthening the fight against corruption, embezzlement and conflicts of interest.

6.5. **Economic and financial governance**. The measures in this sector focus on: (i) modernizing public finance management; (ii) improving debt management; (iii) optimizing the management of public institutions and enterprises; (iv) improving the business climate; (v) strengthening development cooperation and partnership; (vi) encouraging the diaspora to contribute to development; (vii) regulating and monitoring the national economic space.

6.6. **Regional planning**. The main focus will be on: (i) creating and connecting urban and rural development hubs; (ii) developing communication and service networks; (iii) continuing and finalizing the development of regional land use management schemes; (iv) opening up poorly served areas to ensure better integration into the regional urban network; (v) promoting the development of secondary cities in the regional urban fabric, to help them emerge as regional balance clusters; (vi) turning border areas into genuine areas of economic development; (vii) putting in place a system to prevent and protect against environmental risks that threaten most urban centres (flooding, erosion, landslides, etc.); (viii) ensuring the sustainable development of the region; and (viii) ensuring compliance with land-use planning standards.

6.7. **Promoting bilingualism, multiculturalism and citizenship**. With a view to maintaining social cohesion and promoting national integration, the authorities have taken a number of targeted measures, namely: (i) the creation of the National Commission for the Promotion of Bilingualism and Multiculturalism; (ii) the establishment of Common Law sections at the Supreme Court and the National School of Administration and Magistracy; (iii) the recruitment of thousands of bilingual teachers; (iv) the reorganization of the Civic Service Agency for Participation in Development; (v) the teaching of thousands of young people and adults about civic values; and (vi) the development of a reference framework for civic education and national integration.

6.8. **Improvement of the business environment**. In regard to the framework for business, Government action focuses, in particular, on strengthening monitoring and 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.

6.9. The Government's progress in this area in recent years has focused in particular on:

i. introducing a mechanism for offsetting debts arising from final fines imposed by the State or memorandums of understanding approved by the courts in tax and customs matters against the taxes, duties and fees of the taxpayer concerned;
ii. adapting the procedures for valuing imported vehicles and other equipment to commercial practices and to CEMAC Community regulations, with a view to improving predictability for users and harmonizing the methods used to determine the customs value of rolling stock;
iii. clarifying the principle of bank guarantees for customs operations;
iv. implementing the 2022 version of the Harmonized Commodity Description and Coding System and the revised version of the CEMAC Customs Code, which strengthen taxpayers' rights, and enshrine the best customs practices championed by the Trade Facilitation Agreement of the WTO, the Revised Kyoto Convention and the SAFE Framework of Standards of the World Customs Organization;
v. exempting all tax deductions of remuneration paid by enterprises offering pre-employment training courses to young graduates as part of a training and socio-professional integration assistance programme, especially those led by the National Employment Fund;
vi. establishing legislative recognition of the fact that VAT exemption certificates do not need to be issued in advance in order to benefit from these exemptions, in order to strengthen the legal security of taxpayers and improve the tax environment for businesses;
vii. introducing in Article 149.5 of the General Tax Code of the possibility of transferring duly validated VAT credits from absorbed enterprises to absorbing enterprises, in response to a concern regularly expressed by the private sector;
viii. establishing an exemption from the special re-export tax for oil contract holders and their subcontractors, particularly during the research phase;
ix. reducing the rate of registration duties applicable to large-scale transfers of corporate rights from 15% to 5%;
x. removing the requirement to certify the certificate of location for online registration;
xi. clarifying the conditions for registration and removal from the active taxpayer file;

xii. applying restrictions on the duration of on-site inspections;
xiii. simplifying the conditions for obtaining a tax clearance certificate.

6.10. **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.

6.11. **Improved access to information for citizens**. 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.

6.12. **Protection of the national economic space**. In response to the phenomena linked to 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. The average annual growth rate is expected to be around 8.0% over the entire 2021-30 period, under the baseline scenario. The primary sector should see average annual growth of 7.9%, i.e. 2.2 percentage points higher than under the baseline scenario. The secondary sector is set to deliver a positive upswing, driven in particular by the manufacturing and construction industries. The projected average annual growth rate between 2021 and 2030 is 7.5%, 2.4 percentage points higher than under the baseline scenario. Excluding the mining and quarrying industries, the sector is expected to grow by 8.3%, an increase of 2.3 percentage points compared with under the baseline scenario.

7.2. In the manufacturing sector, the agri-food industries should see average growth of 8%, compared with 5.8% under the baseline scenario.

7.3. The tertiary sector is expected to see an average annual growth rate of 8.3%, compared with 5.9% under the baseline scenario.

8 MACROECONOMIC OUTLOOK

8.1. Forecasts for the 2022-25 period are still subject to various constraints and risks that could jeopardize the resulting budgetary and financial balance. These risks pertain not only to the assumptions underlying the macroeconomic projections, but also the effectiveness and efficiency of the new measures designed to support the mobilization of tax and customs revenues, the effectiveness of measures to optimize and control expenditure, the capacity of the domestic financial market to absorb government expenditure needs, and the availability of the budgetary support expected from the various partners. This macroeconomic and budgetary outlook may be influenced by external and internal risks.

8.2. In regard to external risks, the continuing Russia-Ukraine conflict could lead to a less significant level of activity than forecast, and consequently to a lower than expected level of tax and customs revenues. Further shocks to energy and food prices could keep global inflation higher for longer. In addition, global financial conditions are expected to continue to worsen, driven by the tightening of monetary policies in advanced economies, in line with the current record levels of inflation and expectations that are still on the rise, even if a downturn is expected from 2023 onward.

8.3. In regard to domestic fiscal risks, the unanticipated rise in the price of petroleum products and essential goods could further exacerbate the current account deficit and the budget deficit, if the Russia-Ukraine conflict does not abate in 2023 and continues to put pressure on world oil prices. The high cost of subsidizing hydrocarbon prices at the pump could therefore affect fiscal sustainability.

8.4. The security risk in the North-West, South-West and Far-North regions continues to weigh on government expenditure, particularly through direct interventions from the national oil company (SNH), which remain high. Similarly, the cost of subsidizing hydrocarbon prices at the pump, which are projected to reach CFAF 300 billion in 2023, represents a major risk to budgetary sustainability, should crude oil prices rise more than expected and the US dollar continues to appreciate.

8.5. Budgetary risks also lie in the deteriorating financial situation of certain public and semi-public sector enterprises, which continues to require substantial financial support from the State budget, triggering a lifting of the ceiling on projected expenditure and therefore compromising the financial balance built up over the medium term. In addition, should financial conditions on the domestic financial market be unfavourable, the expected mobilization of CFAF 400 billion in medium and long-term government securities in 2023, as well as the refinancing of treasury bonds, could disrupt the financial balance established over this period. Similarly, the assumption that payments by Treasury correspondents (public institutions and decentralized local authorities) would be limited to payments of their own revenues made during the year would compromise the financial balance, if these payments exceed the level of revenues actually paid into the respective accounts of these entities held with the Treasury.

9 COMMERCIAL POLICY

9.1 Trade policy objectives and instruments

9.1. Through the National Development Strategy 2020-30 (NDS30), Cameroon's aim is to bring about structural change in its economy by making fundamental changes to its productive, industrial, financial, administrative, environmental and social systems in order to promote strong, inclusive and endogenous economic growth that focuses on job creation and high value-added activities. Trade policy has a crucial role to play in this vast development project. At the domestic level, the aim is to supply the national market on a regular basis under conditions of healthy and fair competition, by taking action to:

- guarantee healthy and fair competition in the domestic market, in particular, by: (i) revising Law No. 98/013 of 14 July 1998 on Competition; (ii) transforming the National Competition Commission into an independent authority, with enhanced powers; (iii) modernizing the mechanisms for monitoring and punishing commercial fraud; (iv) strengthening the capacities of consumer rights associations and the bodies tasked with supervising them; (v) developing quality infrastructure, in particular standardization, technical regulations (standards made mandatory) and metrology; and (vi) reforming marketing channels in order to preserve trade margins and producers' incomes;
- implement economic patriotism by promoting the "Made in Cameroon" label;
- control, in a concerted manner, the prices of consumer products;
- control the standards and quality of products put on the market;
- promote the "Made in Cameroon" label;
- improve consumer protection and the crackdown on product quality fraud;
- reduce smuggling;
- strengthen price controls and speculation, with a view to keeping inflation below 3%.

9.2. At the external level, the aim of Cameroon's trade policy is to develop exports by taking action to:

- continue to implement the National Export Strategy;
- to penetrate the national, subregional and regional markets with "Made in Cameroon" products;
- develop e-commerce;
- improve the foreign trade statistics system to enhance trade intelligence;
- develop a trade defence strategy as an extension of the import substitution policy;
- establish the export promotion agency (APEX).

9.3. Legally, Cameroon's trade policy is governed by Law No. 2015/018 of 21 December 2015 governing commercial activity in Cameroon and Law No. 2016/004 of 18 April 2016 governing Cameroon's foreign trade. These laws established the principle of freedom of trade and industry.

9.4. In this regard, import and export activities are open to natural and legal persons of Cameroonian or foreign nationality. Foreigners wishing to do business in Cameroon must obtain approval from the Ministry of Trade if they have a majority shareholding in a company. This approval is a formality insofar as it does not require any particular substantive conditions, but simply requires the filing of an administrative file for declaratory purposes.

9.5. The import substitution policy, which is an extension to the structural transformation of the Cameroonian economy, by means of improved production structure(s) to strengthen local supply, is broken down into the following main actions:

- monitoring the strict application of the Prime Minister's circular on the allocation of market shares reserved for SMEs;
- restricting contracts above a certain threshold to SMEs;
- introducing non-discriminatory tax incentives for enterprises operating in priority sectors and/or using mainly local inputs;
- developing more appropriate financing arrangements;
- pursuing the national champions policy;
- establishing specific standards to protect and develop local industries;
- re-taxing imports of certain fast-moving consumer goods, which were exempted from tax in 2008 in response to the food riots and which are produced locally;
- organizing permanent activities and other events to promote Cameroonian expertise;
- strengthening the use of levers/tools to protect the internal market from external competition for certain locally produced goods;
- organizing economic missions for foreign diplomatic missions to promote the "Made in Cameroon" label;
- ensuring the effective application of the government measure to display at least 20% of Cameroon's products in supermarkets;
- lobbying government departments and local and regional authorities to implement internal measures aimed at promoting the preferential use of local products by the general public.

9.6. There are also specific measures for certain priority sectors set out in the NDS30 that enjoy comparative advantages. These are agriculture, fishing and livestock farming, the agri-food industry and the timber industry. In regard to agriculture, the main focus is on developing local supply in four areas:

i. facilitating access to land, in particular through the drafting of the Rural Code and the development of large sustainable hydro-agricultural areas;
ii. the development of fertilizer and seed production units;
iii. the promotion of the use of locally produced biofertilizers;
iv. managing sustainable land use;
v. In the fisheries and livestock sectors, the objective is to support:
vi. the development of networks of laboratories for the analysis and manufacture of veterinary medicines, with a view to reducing costs for producers;
vii. the development of pastoral water supply areas, fish hatcheries, landing stages, and milk collection and processing centres;
viii. the sustainable use and conservation of oceans, seas and coastal areas.
ix. In regard to the agri-food industry, local supply should be supported by:
x. increasing the availability of raw materials, in particular by reducing fraudulent exports, continuing to open up production basins and increasing local production;
xi. bringing production into line with international standards by raising awareness and providing support for producers; and
xii. expanding storage and packaging infrastructure.

9.7. In the timber industry, actions are aimed at:

a. developing the domestic market for logwood, in particular by revising the legal and regulatory framework, improving the use of logging residues and stepping up the exploitation of communal and community forests;
b. strengthening the technical and technological capacities of stakeholders;
c. promoting the sustainable management of flora.

9.8. Since Cameroon's last trade policy review, the Import Verification Programme (IVP) has been implemented, under Decree No. 2015/1875/PM of 1 July 2015. It replaces the preshipment inspection system, notified to the WTO in 2001[1] as provided under the programme for guaranteeing customs revenue (PSRD). Under the IVP, the Société Générale de Surveillance (SGS) carries out on-arrival inspections of the origin, value and tariff classification of goods from all sources (including CEMAC member States) with an f.o.b value of CFAF 2 million or more.

9.9. Notable advances include the replacement of the SGS import verification notice by the value and tariff classification report (RVC), and the introduction of 100% scanning. SGS and INTERTEK International have also been implementing the preshipment conformity assessment programme for imported goods (PECAE) on behalf of ANOR since 2016. The main aim of the PECAE is to certify the quality of imported products, which are subject to technical regulations, with a view to protecting the environment and public health.

9.10. The IVP has been carrying out arrival inspections since 2016. Preshipment inspections are no longer carried out. However, the switch from preshipment inspections to arrival inspections has not changed the cost of this service for importers. SGS checks on arrival are validated by a report on the value and tariff classification of the imported goods. Under the IVP-NG, SGS is responsible for checking the origin, customs valuation (provision of export prices) and tariff classification of goods on the basis of documentary analyses. Verification begins with the submission of the trader's intention to import, evidenced by the filing of an import declaration.

9.11. Checks are then carried out upstream through SGS's vast network of affiliates around the world, resulting in the issuance of a value and tariff classification report prior to the arrival of goods at the port of Douala. This decision support tool is made available to the Customs Administration in real time for the settlement of the customs declaration when clearing customs. The IVP does not interfere with checks carried out on incoming goods. Arrival inspections are not carried out as part of the IVP. It is important to note that the new provisions on documentary verification incorporating risk analysis are fully in line with the WTO's recommendations on trade facilitation, which recommend no longer requiring preshipment inspections in connection with customs valuation and tariff classification.

9.12. The switch to container scanning at the port of Douala is not part of the IVP contract. Scanning is carried out as part of the security measures put in place by the Government, which take precedence over the contribution made to modernizing the capacity of the Customs Administration. However, SGS and INTERTEK International are still carrying out preshipment inspections to ensure compliance with the 123 mandatory Cameroonian standards, while arrival inspections are used for pricing and valuation matters.

9.13. Under the IVP and PECAE, an "inspection and control tax" is levied at a rate of 0.95% of the f.o.b value of imports, with a minimum collection of CFAF 110,000 per delivery or shipment. On imports of CFAF 2 million, the rate corresponding to the flat rate of CFAF 110,000 is 5.5%. In addition, as part of the identification control of imported second-hand vehicles (CIVIO), SGS inspects them on arrival. An inspection fee of CFAF 25,000 is levied for each vehicle. The SGS also undertakes the customs valuation of these vehicles. There is a 30% reduction on the taxable value of vehicles less than seven years old in order to encourage the rejuvenation of the vehicle fleet. Vehicles in transit do not have to go through the CIVIO procedure.

9.14. Imports by sea must be accompanied by an electronic cargo tracking note (ECTN); this document must be obtained from the Cameroon National Shippers' Council (CNCC). Shipment of any cargo without the validated ECTN constitutes a breach of the provisions of Article 11 of the above-mentioned Order. In this case, a regularization CGS will be issued by the CNCC in Douala.

Table 9.1 Current CGS pricing in Cameroon

Products	Africa	Europe	ROW
Imports			
Conventional bulk			
Rice/wheat/prod. Food	EUR 100/BL	EUR 100/BL	EUR 100/BL
Container in 10 TEU increments	EUR 55/BL	EUR 55/BL	EUR 100/BL
Vehicles	EUR 20/BL	EUR 20/BL	EUR 100/BL

[1] WTO document G/C/W/245/Add.2 of 29 March 2001.

Products	Africa	Europe	ROW
Exports			
* Basic commodities			
Coffee/cocoa	CFAF 5,000	CFAF 10,000	CFAF 10,000
* Other products	CFAF 10,000	CFAF 15,000	CFAF 15,000
* Container per 10 TEU	CFAF 15,000	CFAF 20,000	CFAF 20,000
* Other	CFAF 15,000/BL	CFAF 20,000/BL	CFAF 20,000/BL

Source: CNCC.

9.2 Tariff and customs policy, including rules of origin

9.2.1 Customs value

9.15. All imported or exported goods, irrespective of their value, must be declared to customs by a customs broker. In some cases, this can be done electronically (ASYCUDA++) **(CAMCIS)**. In addition to the detailed customs declaration, which contains the c.i.f (import) or f.o.b (export) value, goods released for consumption must be covered by a special declaration of elements of value to enable the inspection services to assess the accuracy of the declared value.

9.16. Cameroon applies the transaction value, but not in full. In practice, customs values are set administratively for many products. These include the following products: worn clothing; used tyres; new tyres; second-hand goods; tiles; shoes, clothing and clothing accessories, handbags, socks; pasta; polypropylene and polyethylene bags; kraft paper bags; granulated white sugar; sugar cubes; raw granulated sugar; wheat flour; concrete reinforcing bars; matches; frozen fish; frozen poultry; meat and offal; beer; vegetable oils; Asian lubricants; raw salt; refined salt; fabrics; biscuits; tinned sardines; black steel tubes and sheets.

9.2.2 Common External Tariff (CET)

9.17. Cameroon applies the CEMAC Common External Tariff (CET), although there are 170 tariff lines (2.9% of total tariff lines) for which the rates applied differ from the CET. It applies rates lower than those of the CET to 51 tariff lines, generally for certain chemical and textile products. In addition, for 119 tariff lines, mostly food products, certain metals and minerals and products from the chemical industry, it applies rates higher than those of the CET. These derogations from the CEMAC CET are said to be in response to social concerns or requests from operators. One of the major innovations is the implementation of the CET in the 2017 version of the HS and its configuration in the new customs information system (CAMCIS) which is pending migration to the HS 2022 planned for 1 January 2022.

9.18. The 2008 ordinances and the 2009 Law on Finance suspended import duties on certain essential products, including frozen fish, rice, salt, wheat and meslin, wheat flour and maize cake, and de-categorized cement and clinker. The 2016 and 2017 Laws on Finance reintroduced the CET for fish, rice, wheat and meslin, and re-categorized cement at 20% and clinker at 10%. Customs duties and taxes have also been waived on imports of crude oil for refining, medicines, medical materials and equipment to combat HIV/AIDS, imported equipment for persons with disabilities, imported medicines and inputs for the pharmaceutical industry (measures to combat the COVID-19 pandemic) and imported capital goods for agriculture, livestock farming and fishing (promotion of the import-substitution policy).

9.2.3 Community preferences, rules of origin

9.19. In regard to Community preferences, the National Committee for the Approval of Industrial Products Originating in CEMAC was set up by Order No. 206/CAB/PM of 23 December 2010. It falls under the authority of the Minister responsible for trade, and its main mission is to examine applications for approval in accordance with CEMAC regulations on the free movement of industrial products originating in the subregion. Community origin is attested by a certificate of origin issued in Cameroon by the Chamber of Commerce.

9.20. Under the interim EPA, which has governed trade relations between Cameroon and countries of the European Union since 2007, proof of the originating status of goods is demonstrated either by the movement certificate or by the declaration of origin issued by the supplier and submitted by the exporter of the goods to the relevant department. The movement certificate is a proof of origin document issued under the EU-Cameroon preferential agreement (Eur1-CMR), while the certificate of origin is valid for non-preferential origin.

9.21. Lastly, it is worth noting the ongoing implementation of the African Continental Free Trade Area with the entry into force on 1 January 2021 of the Preferential Tariff, and the introduction of a certificate of origin covering goods originating in the AfCFTA.

9.2.4 VAT

9.22. The statutory rate applicable in Cameroon is **17.5%**, plus a local tax equivalent to 10% of the VAT rate, bringing the effective applied VAT rate to **19.25%**, above the range set out in the CEMAC Directive. The General Tax Code lists the goods (which may be imported or locally produced) that are exempt from VAT. The list is made up primarily of certain essential food products, agricultural equipment and inputs, medicines, books and newspapers. Exemption is also granted for inputs and equipment for the pharmaceutical industry; leasing transactions undertaken with a view to buying agricultural, livestock breeding or fisheries equipment; and materials and equipment for utilizing solar or wind power. These provisions appear to be contrary to the CEMAC Directive which, *inter alia*, explicitly prohibits VAT exemptions or waivers as part of measures to encourage enterprise start-ups and investment.

9.23. Paraffin, which is in principle exempt from VAT as an essential good, is in practice taxed at VAT; domestic gas is exempt, contrary to Community provisions; and premium petrol and diesel are taxed, but not at the common rate.

9.2.5 Excise tax

9.24. Cameroon generally applies excise tax at the maximum rate provided for by Community provisions, i.e. 25% (fruit juices, aerated beverages, mineral waters, malt beers, vermouth and other wines made from fresh grapes, other fermented beverages (cider, perry, hydromel)), eaux-de-vie, whisky, rum, gin and spirits (except for undenatured ethyl alcohol), cigars, cigarillos and cigarettes, chewing tobacco and snuff, other manufactured tobaccos, foie gras, caviar and its substitutes, salmon, precious stones and metals, and jewellery. A reduced rate of 12.5% was introduced in 2006 for private vehicles with a cylinder capacity of 2,000 cm^3 or more, and an exemption for locally produced mineral water. They are included in the 2018 Budget Law. There is also a specific excise tax on non-renewable packaging and games of chance and entertainment. Lastly, a 2% excise tax on mobile phone calls and Internet services is also applied.

9.25. Under the 2017 Budget Law, used private vehicles over 10 years old are subject to 12.5% excise duty, while those under 10 years old are not subject to excise duty. Commercial vehicles and road tractors over 15 years old, excluding agricultural tractors, are subject to a reduced rate of excise duty.

9.26. The Budget Laws of 2019, 2020 and 2021 introduced six *ad valorem* excise duty rates including: super low rate (0%); low rate (5%); medium rate (12.5%); general rate (25%); high rate (30%); and super high rate (50%).

9.27. In order to comply with Community legislation in the CEMAC zone, the 2023 Budget Law has increased the rates for stamp duties and certain specific stamps, such as:

- stamps on foreign passport visas;
- tiered stamps;
- motor vehicle stamps (excluding transporters);
- airport stamps (excluding domestic flights);
- bill of lading stamps;
- stamps on driving licences, firearms licences, hunting licences, etc.

9.28. These rates are still significantly lower than those charged in countries at a comparable level of development. On average, the cost of a standard size stamp is CFAF 2,000.

9.29. Lastly, the 2019 Budget Law (Article 5.3) introduced an additional excise duty based on the specific taxation system for beverages, and a special excise duty intended to finance the removal and treatment of waste for the benefit of decentralized local authorities.

9.3 Investment

9.30. Law No. 2013/004 on incentives for private investment provides for exemptions from customs duties and taxes on equipment and materials for new enterprises in the set-up phase.

9.31. Other investment tax regimes provide tax and customs privileges, such as: (i) Foreign enterprises incorporated in Cameroon may invest by means of a public private partnership (PPP) contract pursuant to Law No. 2008/009 of 16 July 2008 determining the fiscal, financial and accounting regime applicable to PPP contracts. This arrangement provides specific tax and customs benefits for the design, construction and operation phases of the partnership contract; (ii) in accordance with Law No. 2013/004 of 18 April 2013, as amended and supplemented by Law No. 2017/015, enterprises may also enter into framework agreements with the Government. These agreements, which amount to tax approvals, are used as the basis for granting the tax benefits provided for in the 2013 law above. These benefits are divided into common incentives and specific incentives.

9.32. The 2023 Budget Law also introduces a series of tax measures designed to:

- strengthen the existing common law system for promoting the agricultural, livestock and fisheries sectors;
- provide additional specific facilities for enterprises processing local raw materials.

9.33. In regard to the facilities provided by the existing system, we note the following:

- In the investment phase:
  - exemption from tax and employers' contributions on salaries paid to seasonal agricultural workers;
  - VAT exemption on the purchase of pesticides, fertilizers and inputs, as well as agricultural, livestock and fishing equipment and materials;
  - exemption from registration duties on transfers of land used for agriculture, livestock farming and fishing;
  - exemption from registration duty on loan agreements to finance agricultural, livestock and fishing activities;
  - exemption from property tax on properties belonging to agricultural, livestock and fishing businesses and used for these activities.

- During the operating phase:
  i. For the first five years of operation:
     - exemption from trade licence fees;
     - exemption from the advance payment and minimum collection of income tax;
     - exemption from income tax.

  ii. After the fifth year:
     - exemption from trade licence fees;
     - payment of a flat-rate income tax deduction at a rate of 0.5% of turnover, plus 10% in respect of additional municipal levies.

9.34. In addition, the State exempts farmers, livestock farmers and fisherers from VAT on the sale of local produce (Article 128.6 of the General Tax Code).

9.35. Other specific additional facilities have been granted for the processing of local raw materials. To this end, enterprises that process local raw materials benefit from a 50% rebate on the monthly advance payment and income tax.

9.36. Enterprises in the following sectors are eligible for these measures:

- in the agricultural sector;
- in the livestock sector;
- in the fishing industry;
- in the leather products sector;
- in the cabinet-making sector.

9.37. In the specific case of the brewing sector, the State has optimizing the system for promoting beverages produced from local raw materials:

- a 30% reduction in the tax base for *ad valorem* excise duties on these drinks for a period of three years from 1 January 2023;
- empowering the Minister of Finance to waive the 40% minimum threshold if local raw materials are not available.

9.38. Tax relief for taxpayers has also been granted:

- continuing the policy of lowering tax rates by reducing the rate of corporation tax for SMEs from 28% to 25%;
- extending the 50% reduction in the rate of advance payment of income tax to enterprises producing pharmaceutical products and fertilizers in order to promote local production;
- increasing the deductibility rate for damage and breakage incurred by enterprises in the brewing sector from 0.5% to 1% of the total volume of production, in order to take into account the reality of the losses incurred by these enterprises;
- exempting from VAT purchases of essential foodstuffs made from farmers by public bodies responsible for regulating or managing foodstuff stocks.

Economic zones

9.39. In Cameroon, the free trade zone is a transitional regime leading toward the implementation of economic zones. The first free trade zones were set up in 1990. They are scattered throughout the country, but 95% are in Douala. These zones are set to become economic zones. The advantages granted to enterprises incorporated in free zones are as follows:

- exemption from import duties on equipment and inputs, with the exception of private vehicles and fuel;
- exemption from export duty and VAT;
- direct removal of imported goods (without prior payment of customs duties and afterwards on presentation of a deposit).

9.40. They are required to have the provisional list of imported products validated annually by the customs authorities. In addition, 80% of production in the free zones must be exported, and 20% may be released for consumption on the domestic market.

9.4 Competition and consumer protection

9.41. Law No. 98/013 of 14 July 1998 on Competition sets out the conditions for competition in the internal market. It provides a framework for anti-competitive practices, infringements and penalties, procedures for detecting and prosecuting infringements, and establishes the National Competition Commission. The composition of the National Competition Commission, its organization and operating procedures are set out in Decree No. 2013/7988/PM of 13 September 2013.

9.42. In particular, the law prohibits agreements or arrangements on prices or that aim to influence prices, or that seek to impede market access or restrict competition, unless the competition authority considers that they are profitable for the economy and allow efficiency gains which would otherwise not be possible. An enterprise which has a dominant position may not use this position to prevent another enterprise from setting up on the market or to supplant it, put pressure on distributors or cause an increase in competitors' production costs. However, no sanctions should be taken if the anti-competitive practice aims to improve economic efficiency.

9.43. The Law on Competition applies to both public and private enterprises. It also applies when the effects of anti-competitive practices by enterprises abroad are felt in Cameroon itself, subject to agreements and treaties between Cameroon and the host countries of the enterprises concerned.

9.44. Consumer protection policy is set out in Decree No. 2016/0003PM of 13 January 2016 on the organization and operation of the National Consumer Council, which has the following missions: (i) to promote the exchange of views between public authorities, organizations protecting the collective interests of consumers and employers' organizations; (ii) to foster consultation between representatives of consumer interests and delegates from employers' organizations on consumer protection issues; (iii) to issue opinions on draft legislation on matters within its remit; (iv) to study all issues relating to the consumption of goods and services or consumer protection that are referred to it by the Government.

9.5 Standardization, quality, sanitary and phytosanitary measures

9.45. The Agency of Standards and Quality (ANOR) is the national body tasked with drawing up and approving standards, ensuring certification and compliance with standards, monitoring cooperation with specialized committees and international bodies in the field of standards and quality, and implementing any mission entrusted to it by the Government. The Agency was established in 2009.

9.46. Animal products must undergo a veterinary or health inspection before being released for consumption. Live animals must be accompanied by an international or national vaccination card. The Law on Standardization governs the national standardization system and the national quality mark, certification of conformity; approval of testing laboratories, quality control bodies, and standardization organizations or offices; and quality control.

9.47. The standards portfolio comprises **2,552** standards, 123 of which are mandatory and cover the following areas of activity: food technology and products; construction and public works; energy; chemical engineering; and industry. MINMIDT[2] has an affiliated structure (laboratory) tasked with: (i) developing methods of analysis and product testing; (ii) monitoring all aspects of industrial metrology in collaboration with the relevant authorities and organizations; iii) participating in the activities of international organizations and committees specializing in testing, characterization and industrial, scientific and technical metrology techniques.

9.48. Cameroon also has several analysis and testing laboratories in the following areas: building and public works (Labogénie), drugs (Lanacome), agri-food (IRAD), biochemistry (Centre Pasteur), hydrocarbons (Hydrac), Véritas, and the National Reference Laboratory for Legal Metrology (MINCOMMERCE). MINADER[3] ensures compliance with standards and quality control for agricultural inputs. The same is true for MINEPIA[4] in its sector of activity.

9.49. Around seven sector ministries are involved in quality control.

9.6 Commercial defence

9.50. In terms of trade defence, Cameroon is gradually putting in place a system to protect on a regular basis its local production sectors when they face either import surges (safeguard measures), subsidized imports (countervailing measures) or dumped imports (anti-dumping measures). Decree No. 2017/6523/PM of 7 June 2017 establishing the procedures for the application of Law No. 2016/004 of 18 April 2016 governing foreign trade in Cameroon, established the composition and procedures of operation of the Anti-dumping and Subsidies Committee that was set up in 2022, with the task of conducting investigations relating to trade defence. The Committee is currently working on drafting procedural manuals and other guides, and on raising awareness of the importance of this tool in the industry. In order to protect its industry, the import of certain consumer products, such as chicken, sugar cubes, portland cement and concrete iron, has been temporarily prohibited. However, imports of granulated sugar are not prohibited. Furthermore, it should be recalled that, in view of Law No. 2013/004 of 18 April 2013, as amended and supplemented by Law

[2] Ministry of Mines, Industry and Technological Development.
[3] Ministry of Agriculture and Rural Development.
[4] Ministry of Livestock, Fisheries and Animal Industries.

No. 2017/015 of 12 July 2017, Cameroon supports the establishment of industrial enterprises in all sectors of economic activity, especially those covered by the industrialization master plan.

9.7 Cooperation with the WTO

9.51. Having been a Member of the GATT since 3 May 1963 and of the World Trade Organization (WTO) since 13 December 1995, Cameroon has undertaken a series of reforms with a view to establishing a market economy based on a liberal trade regime, characterized by an trade openness that has enabled the country to participate more fully in international trade, with a substantial increase in international trade.

9.52. By way of illustration, in 2022, Cameroon imported products from 193 countries and exported to 125 countries. As a staunch defender of a rules-based multilateral trading system, Cameroon plays an active role in activities relating to the WTO's missions, namely the administration, implementation and negotiation of agreements, as well as the examination of trade policies and the settlement of disputes.

9.53. In regard to the administration and implementation of agreements, Cameroon notifies the WTO Secretariat of its trade measures, in accordance with the relevant disciplines set out in the various agreements. As part of its trade liberalization policy, which is part of its various development strategies under the umbrella of "Vision Cameroon 2035", of which the National Development Strategy 2020-30 is the second stage of implementation, Cameroon ensures that its trade measures comply with the WTO Agreements and all the regional trade agreements to which it is a party, in particular CEMAC, ECCAS, EPA, ICO and FTAA.

9.54. Cameroon also hosts the WTO Chairs Programme through the Institute of International Relations of Cameroon, as well as a WTO Reference Centre based within the Ministry of Trade. In addition, several Cameroonian officials have received technical assistance from the WTO's Institute for Training and Technical Cooperation.

9.55. The country therefore has solid expertise in WTO law and practice. In regard to the negotiation of agreements, Cameroon actively participated in the negotiations of the Dillon Round, the Kennedy Round, the Tokyo Round and the Uruguay Round, as well as those currently taking place under the auspices of the WTO.

9.56. Cameroon's WTO negotiating groups are: the ACP Group, made up of African, Caribbean and Pacific countries; the African Group, of which it is currently the coordinator, made up of African WTO Member countries; and the G-90, made up of the African Group, the ACP Group and the group of least developed countries.

9.57. This strong cooperation with the WTO resulted in Cameroon being selected by the General Council to host the 14th WTO Ministerial Conference.

10 CONCLUSION

10.1. The macroeconomic outlook depends on the uncertainty stemming from the duration of the war in Ukraine and the expected impact of the economic policy measures taken by the Government. The Government will have to make some difficult choices, in particular between the high level of subsidies and the level of public investment expenditure in accordance with the development ambitions set out in the NDS30.

10.2. Economic activity is expected to grow by 4.2% in 2023, compared with the 4.6% initially forecast, in line with the deteriorating outlook for the global economy. It should average 5% between 2023 and 2025.

10.3. On the supply side, growth in the oil sector is projected to be -1.3% in 2023 and -1.2% in 2024, reflecting the gradual depletion of oil fields, which will be partially offset by gas production. In 2025, the SNH forecasts a substantial increase in gas production (256 billion cubic feet versus 93 billion in 2024). In the non-oil sector, growth is forecast to be 4.5% in 2023 and 5.2% on average between 2023 and 2025, assuming effective implementation of the actions set out in the NDS30.

10.4. In the primary sector, growth is projected to be 4.3% in 2023 and 4.7% on average between 2023 and 2025. This trend is expected to be underpinned by the implementation of the import-substitution policy, the positive effects of recovery programmes and development plans for the cocoa, coffee, banana, cotton and rubber sectors, and firm prices for major export products.

10.5. In the secondary sector, growth is projected to be 3.6% in 2023 and 8.1% on average between 2023 and 2025. Despite the drop in crude oil production, the sector should benefit from: (i) the increase in gas production; (ii) the expansion of certain industries, in particular cement factories; and (iii) the performance of the agri-food and other manufacturing industries, driven by improved electricity supplies, as a result of the commissioning of hydroelectric dams and the construction of electricity transmission infrastructures. The construction and public works sector should also support growth, with the implementation of major second-generation projects and the reconstruction of the North-West, South-West and Far-North regions.

10.6. In the tertiary sector, growth is projected to be 4.5% in 2023 and 5.0% on average between 2023 and 2025. This growth is expected to be driven by the "telecommunications", "financial services", "vehicle trade and repair" and "restaurants and hotels" lines, which will be boosted by the strong performance of upstream sectors (primary and secondary).

10.7. In regard to GDP utilization, domestic demand should benefit from the upturn in public investment and the recovery in consumption, underpinned by a buoyant labour market and contained inflation. Between 2023 and 2025, household end consumption is expected to grow by an average of 3.9%. Investment growth is expected to be more vigorous, averaging 6.1% over the period.

10.8. In regard to prices, inflation should not exceed the CEMAC 3% threshold between 2023 and 2025, not only as a result of measures taken to control prices, but also to improve the local supply of consumer goods in conjunction with the reorganization of the local market.

10.9. In regard to the external accounts, the projected current account deficit is expected to fall to an average of 2.0% of GDP between 2023 and 2025, mainly as a result of the promotion of exports of cocoa, wood, coffee and cotton products, and the effective implementation of the import-substitution policy.

REPORT OF THE REPUBLIC OF THE CONGO

1 INTRODUCTION OVERALL CONTEXT

1.1. The Republic of the Congo is a State in Central Africa, located between 4 degrees North latitude and 5 degrees South latitude, and 11 degrees east longitude to 18 degrees west longitude.

1.2. The country covers an area of 342,000 km² on the west coast of Africa in the Gulf of Guinea. The country shares borders with the Central African Republic to the north, Cameroon to the north-west, Gabon to the west, Angola to the extreme south-west and the Democratic Republic of the Congo to the east and south. It stretches over 1,500 km from north to south and 425 km from east to west.

1.3. The Republic of the Congo has a 170-kilometre window on the Atlantic Ocean, with Pointe-Noire and Madingo-Kayes as its main seaside resorts. The country has a vast network of rivers, making up the Congo Basin. There are around ten major rivers and two larger ones (the Congo and the Kouilou-Niari). The country's topography is dominated by three types of physical landscape: plains, hills and plateaux.

1.4. Its population was estimated at 5.7 million in 2022. According to the results of the latest census, the Republic of the Congo is made up of men and women in almost equal proportions, i.e., 50.02% and 49.98% respectively. Just under half the population is aged under 15, representing 42.63% of the total population. People aged over 65 years represent only 3.66% of the total population.

1.5. Despite a growing urban population representing 65% of the total population, the population is unevenly distributed across the country, with 70% concentrated in the south of the country, on the coast, on the banks of Middle Congo and near the Congo-Ocean railway line, which links these two areas. The Republic of the Congo is one of the most urbanized countries in Africa.

1.6. This high level of urbanization is concentrated mainly in Brazzaville and Pointe-Noire, which are the most densely populated cities. The Republic of the Congo is a low-density country, with an average of 15 inhabitants per square kilometre.

1.7. Congo has a wealth of natural resources, including oil, timber, potash, zinc, uranium, copper, phosphates, diamonds and gold.

1.8. Over the past few years, the Republic of the Congo has evolved in an international context marked by several successive crises, namely: (i) economic and financial, linked to the fall in the price of oil since 2014; (ii) health, with the COVID-19 pandemic that swept through the world in the last quarter of 2019 and paralysed several sectors of the global economy; and (iii) geopolitical, with the conflict in Ukraine that began on 24 February 2022, whose repercussions on economies and monetary and financial policies worldwide continue to be severely affected.

1.9. Against this backdrop, despite the Government's efforts to manage the country's economic and financial policy, these three crises are hampering its action, particularly in the implementation of the 2018-22 National Development Plan, then the 2022-26 NDP, and in the execution of the three-year economic and financial programme agreed with the International Monetary Fund (IMF) under the Extended Credit Facility (ECF) in July 2019, then in 2022.

1.10. According to estimates by the IMF and BEAC, economic activity in Congo is set to increase by 1.5% in 2022, after contracting by 2.2% in 2021. The economic growth rate in 2022 was not strong enough to bring down the poverty rate. The proportion of the population living below the international extreme poverty line has risen slightly from 52.0% in 2021 to 52.5% in 2022.

1.11. Overall inflation remained under control at 3% in 2022. However, food prices rose by 6.2% year-on-year over the same period, exacerbating food insecurity in the country. Although Congo remains in a situation of debt distress due to accumulated arrears, high oil prices, improved debt management and debt restructuring agreements have helped to restore the viability of public debt, which fell from 102% of GDP at the end of 2021 to 94% at the end of 2022.

1.12. After the adoption of the NDP, the Russia-Ukraine conflict and its failure to be resolved, coupled with the effects of the COVID-19 pandemic, has exacerbated the socio-economic pressures on households and businesses. The Government of the Republic of the Congo has urgently drawn up a resilience plan for the period 2022-23 in order to tackle the food crisis. This plan had to respond to selective measures and actions capable of mitigating the effects of the crisis in the short term and rethinking the production capacity of the Congolese economy in the medium term.

1.13. The overall aim of the resilience plan is to strengthen resistance to the impacts of the global food crisis. Specifically:

- maintain a satisfactory level of supply of basic foodstuffs in the country;
- stabilize food prices.

1.14. In order to achieve these specific objectives, the resilience plan defines actions and activities to be carried out as a matter of urgency and in the short term (12 months). For the medium term, the actions identified are part of the implementation of the National Development Plan (NDP) 2022-26, aimed at "a strong, diversified and resilient economy, for inclusive growth and irreversible sustainable development".

1.15. The first specific objective of the resilience plan addresses the issue of food supply and demand. There is an immediate and short-term need to guarantee food supplies through targeted actions. On the supply side, this resilience plan identifies accompanying measures for agricultural producers through multifaceted support to meet demand.

1.16. Achieving the second specific objective also depends on the immediate and short-term application of the actions to be carried out. Medium-term actions are aimed at reducing Congo's dependence on external food supplies, through a policy of import substitution.

1.17. In 2023, GDP is expected to grow by 3.5%, and at an average rate of 3.6% over the period 2024-25. This outlook could be affected by a number of risks, including oil price volatility and oil production instability, a stalling of the Russia-Ukraine conflict, weakening global demand, a further tightening of regional and international financial conditions, and extreme weather conditions.

1.18. Congo's dependence on the hydrocarbons sector remains a major obstacle to the country's economic emergence. The development of the mining industry, the discovery of new resources, the diversification of the economy, and the international context, the promotion of local transformation backed by the training of human capital, are determining factors in the evolution of the structure of the Congolese economy.

2 GENERAL ECONOMIC SITUATION

2.1. In a tumultuous international context, the year was marked by the persistence of the Russia-Ukraine conflict, which continues to disrupt commodity supply chains, with an impact on the general level of prices in countries that depend mainly on food imports, such as Congo, the Government regularly monitors the economic outlook.

2.2. By monitoring economic indicators during this period of food crisis, the public authorities can assess the effects of implementing the measures contained in the resilience plan, depending on whether or not they are producing the expected results and gradually offsetting the effects of the global food crisis on the Congolese economy.

2.3. After being affected by the COVID-19 pandemic in 2020, the global economy is now facing a new crisis, that of food products, caused by the disruption of supply chains as a result of the Russia-Ukraine conflict. These disruptions have made international trade difficult, with a detrimental effect on the pace of growth in world production, which has fallen in advanced countries as well as in emerging and developing countries.

2.4. This crisis has led some countries or economic zones, such as the United States and the eurozone, to review their monetary policy, firstly to limit the effects of the crisis on the functioning of their economies, for example through rationing measures, subsidies and a boost to purchasing power, and secondly to contain inflation by tightening monetary policy in order to preserve the purchasing power of vulnerable households. These measures have had a negative impact on the value of major currencies.

2.5. At national level, the context was marked by:

- IMF Board approval of the second review of the programme with the IMF under the Extended Credit Facility;
- Continued implementation of the 2022-26 National Development Plan (NDP) and the 2022-23 Food Crisis Resilience Plan, and execution of the 2023 budget.

2.6. Under the Extended Credit Facility, the second review of the Republic of the Congo's economic and financial programme, carried out in May 2023, highlighted the following points:

- an acceleration in post-pandemic economic growth in 2022, estimated at 1.7%, driven mainly by the non-oil sector. Consumption and investment were boosted by public spending and increased activity in agriculture, manufacturing and services;
- a contraction in oil production due to equipment problems in certain large fields;
- food inflation remained high, driven by rising import costs.

2.7. More generally, inflation was kept under control at 3% in 2022. However, food prices rose by 6.2% year-on-year over the same period, exacerbating food insecurity in the country.

- a situation of over-indebtedness due to accumulated arrears, high oil prices, improved debt management and debt restructuring agreements have helped to restore the viability of public debt, which has fallen from 102% of GDP at the end of 2021 to 94% at the end of 2022.

- an improvement in the State's current account, but subsidies granted to imports of refined petroleum products have widened the non-oil budget deficit for 2022;

2.8. To reduce the non-oil budget deficit, the Government's priorities include creating fiscal space:

- stimulating the mobilization of domestic revenue by rationalizing tax exemptions, particularly in the energy sector;
- rationalizing fuel subsidies, while strengthening mitigation measures to help the most vulnerable; and
- by prioritizing wider social spending and essential development spending.

2.9. Forecasts for 2023 show that GDP should grow by 3.5% in 2023, averaging 3.6% over the period 2024-25. This outlook could be affected by certain risks, in particular the volatility of oil prices.

2.10. Despite the volatile socio-economic context, the efforts made by the Government of the Republic have made it possible to achieve the encouraging results reported by the indicators below:

- Life expectancy at birth[1], 64 years in 2021;
- Population: 5,835,806 in 2021;
- Population growth rate: 2.3% in 2021;
- Human capital index[2] of 0.42;
- GDP of CFAF 10,257 billion in 2022 (source: BEAC);
- GDP per capita, USD 2,677 in 2021;
- Public investment
- Road network: 20,925 km comprising asphalted roads (1,976 km) and a railway network (886 km);
- International airports: two, including Maya-Maya in Brazzaville and Agostino Neto in Pointe-Noire;

[1] Viewed at:https://donnees.banquemondiale.org/indicateur/SP.DYN.LE00.IN?locations=CG.
[2] Viewed at: https://www.banquemondiale.org/fr/publication/human-capital.

2.1 National Strategy for the implementation of the African Continental Free Trade Area

2.11. The Congolese authorities have committed at the highest level to negotiations aimed at creating the African Continental Free Trade Area (the AfCFTA) and have enabled the ratification of the Agreement creating this area by Decree No. 2019 – 32 of 7 February 2019, making the Republic of the Congo the 19th Member of the African Union (AU) to join.

2.12. The Republic of the Congo's National Strategy for the implementation of the African Continental Free Trade Area (AfCFTA) was approved by Decree No. 2020-862 of 28 December 2020. Its main objective is "to significantly increase the volume of trade in goods and services from the Republic of the Congo to Africa and the amount of investment in Congo, by strengthening national production and competitiveness, thanks to a diversified, inclusive and sustainable economy".

2.13. Seven (7) specific objectives flow from this main objective:

- specific objective 1: Improve the macro-economic framework and the business climate to enable the development of the private sector and investment in order to stimulate growth, wealth creation and employment in Congo;
- specific objective 2: Put in place an appropriate regulatory and institutional framework to implement the various aspects of the AfCFTA: customs, quality, services, competition, investment and intellectual property;
- specific objective 3: Developing a broader range of competitive goods and services to enable the country's raw materials and natural resources – wood, agricultural products, mines, industry – to be processed to meet the needs of the national, regional and continental markets;
- specific objective 4: Develop commercial infrastructure – transport and logistics, energy, telecommunications and the digital sector – in Congo to attract investment, reduce costs, increase production and trade, and make the most of the country's geographical location;
- specific objective 5: Define public policies for a greener, more inclusive economy, based on redistribution, education and inclusion, to enable effective adaptation to the challenges posed by the AfCFTA and sustainable development;
- specific objective 6: To have a communication plan and monitoring and evaluation tools for the implementation of the national strategy;
- Specific objective 7: Set up mechanisms to mobilize internal and external funding.

2.14. The cost of Congo's national strategy for the period 2021-30 is estimated at CFAF 2,154.18 billion, equivalent to around EUR 3,295 billion.

2.2 Business climate

2.15. The latest World Bank "Ease of Doing Business" report is for 2020: the Republic of the Congo is ranked 180th out of the 190 countries analysed. The Government has set up an Interministerial Committee for the Improvement of the Business Climate, which produced an initial Action Plan in early 2018, leading to the drafting of several Decrees to facilitate business start-ups, and decrees institutionalizing the bodies of the Interministerial Committee (Permanent Secretariat, working groups, Observatory on the Improvement of the Business Climate).

2.16. The Government's new Action Programme, which aims to implement the 2021-26 Presidential Project for Society, includes the creation of a Technical Support Unit in the Prime Minister's Office, with the aim of speeding up reforms to the business climate. This Technical Support Unit will have to carry out impact assessments on legal texts, improve the business climate and in particular the "Doing Business" indices and Congo's ranking, simplify taxation and the parafiscal framework, facilitate business start-ups and reforms aimed at promoting the private sector and trade.

2.17. Since then, the Government has passed a series of laws aimed at putting in place the institutional framework to improve the business climate. The texts are as follows:

- Decree No. 2017-42 of 29 March 2017 on the organization of the Interministerial Committee for the Improvement of the Business Climate;
- Decree No. 2018-346 of 27 August 2018 establishing the National Committee for Consultation between the Private Sector and Public Administrations;

- Order no. 15022 of 28 August 2019 establishing the composition and working modalities of the observatory on improving the business climate;
- Order No. 9177 of 9 October 2018 establishing the composition and working modalities of the permanent secretariat of the Interministerial Committee for the Improvement of the Business Climate;
- Order No. 9178 of 9 October 2018 establishing the composition and working modalities of the working groups of the Interministerial Committee for the Improvement of the Business Climate.

2.18. For the "Cross-border trade" criterion in 2020, the Republic of the Congo was ranked 183rd out of 190 countries. The Technical Support Unit should quickly carry out an assessment of the situation and propose relevant changes to improve the situation and the country's overall ranking.

2.19. Strengthening governance and combating corruption are also prerequisites for diversifying the economy and achieving the inclusive and sustainable growth that the Congolese Government wants. Congo signed the United Nations Convention against Corruption and the African Union Convention against Corruption in 2005, and has enacted a number of important anti-corruption laws, including Law No. 5-2009 of 22 September 2009 on corruption, bribery, fraud and related offences. A National Commission to Combat Corruption, Misappropriation of Funds and Fraud (CNLCCF) has been set up, along with the Anti-Corruption Observatory, to enable civil society to provide advice to the CNLCCF and oversee its activities. A National Financial Investigation Agency (ANIF) has also been set up since 2008.

2.20. The country's initiatives also include participation in the Extractive Industries Transparency Initiative (EITI), which published its report on Congo at the end of 2019 (the analysis covered the situation in 2017).

2.21. In 1997, Congo ratified the Treaty of the Organization for the Harmonization of Business Law in Africa (OHADA), the purpose of which is to clarify the rules governing trade, contracts and corporate accounting. The process of harmonizing domestic legislation with certain OHADA uniform acts, in particular by referencing certain aspects of their implementation to national law, is still under way.

2.22. However, despite these advances, the business climate in the Republic of the Congo still suffers from a number of obstacles:

- the high cost of production factors (transport, etc.);
- a very high level of public debt to the private sector, which is holding back investment;
- insufficient legal certainty;
- an underdeveloped private sector and an under-diversified productive fabric;
- a very weak domestic market (production and purchasing power), limited and informal trade between neighbouring CEMAC/ECCAS countries, and weak regional integration;
- inadequate and uncompetitive supplies of electricity and water;
- difficult access to finance.

2.3 Foreign trade and investment

2.23. Foreign trade in goods with the rest of the world moved in opposite directions in the first quarter of 2023, in terms of exports and imports in value terms, but showed an increase in volume terms.

2.24. The value of exports of goods fell from CFAF 1,432.9 billion in the first quarter of 2022 to CFAF 1,211.7 billion in the first quarter of 2023, representing a 15.4% decline, while imports over the same period rose from CFAF 334.6 billion to CFAF 737.8 billion, representing an increase of 120.5%. Trade balance (1st quarter 2022-1st quarter 2023)

Table 2.1 Balance of trade, 1st quarter 2022 – 1st quarter 2023

(CFAF billion)

	1st quarter 2022	1st quarter 2023
Exports	1,432.9	1,211.7
Imports	334.6	737.8
Balance of trade	1,098.3	473.9

Source: Background note by the Directorate-General of the Economy.

2.25. For many years, the Republic of the Congo's main customers have been China (around 70% of Congolese exports every year), followed by India and the United States (each accounting for around 3% of exports). Congo imports mainly from France and China (between 15% and 20% of Congolese imports each year), and then mainly from other countries in the European Union and Asia. The Congolese economy remains poorly integrated in the African continent and the CEMAC/ECCAS countries. Africa accounts for around 3% of the country's exports (ECCAS): 0.84%) and 12% of imports (ECCAS: (1.85%).

Republic of the Congo foreign trade, main partners, in %, 2019 and 2020

Table 2.2 Republic of the Congo, main trading partners, 2019 and 2020

(%)

2019				2020			
Exports		Imports		Exports		Imports	
China	67.0	France	17.5	China	76.6	China	20.6
India	13.6	China	13.4	United States	3.4	France	16.6
United States	3.7	Belgium	12.1	India	2.8	Belgium	10.4
Iceland	2.9	United States	5.5	Peru	2.6	United States	4.6
Other	12.8	Other	51.5	Other	14.6	Other	47.8
Total	100	Total	100	Total	100	Total	100

2.26. Every year, oil accounts for between 85 and 95% of Congolese exports. The Republic of the Congo also exports raw and sawn timber (between 6% and 8% of its total annual exports). However, Law 33-2020 of 8 July 2020 on the Forestry Code prohibits the export of rough wood and encourages local wood processing.

2.27. According to statistics published by the National Statistics Institute for the third quarter of 2022, Congo's leading export partner remains the People's Republic of China. Exports from Congo to this country represent 38.76% of total flows. Portugal, India, the Netherlands and the United Arab Emirates rank second, third, fourth and fifth respectively, with 27.19%, 16.79%, 6.50% and 5.20% of total exports.

2.28. In terms of imports, in the third quarter of 2022, the People's Republic of China remained Congo's leading supplier, followed by France, Belgium, the United States and Brazil. Congo's imports from these countries during this period represented 38.42%, 10.90%, 9.21%, 4.04% and 2.93% of total imports respectively.

2.29. In terms of foreign direct investment (FDI), the Republic of the Congo attracted USD 4 billion in FDI in 2020, up 19.3% on 2019. It should be noted that this represented 10% of all FDI on the African continent in 2020, and that these flows are mainly concentrated in offshore oil.

3 SECTORAL ANALYSIS AND POLICIES

3.1. The private sector in Congo is underdeveloped and the technical capacity of the actors (producers and processors) remains limited. The private sector is fragmented, with large companies on the one hand, often subsidiaries of multinationals, mainly involved in oil, the exploitation of natural resources, public procurement and mass retailing; and on the other, a range of micro, small and medium-sized enterprises (MSMEs) operating in the formal and informal sectors, mainly in the tertiary sector (94%), with more than half of them in commerce. Barely 5% of Congolese MSMEs are involved in processing or manufacturing.

3.2. Through the National Development Plan 2022/2026, the Congolese Government has resolved to make the private sector the key player in the diversification and transformation of the economy.

3.3. It should be noted that the Republic of the Congo is committed to combating climate change, preserving its environment and promoting sustainable development of its economy. This is reflected, for example, in the obligation to carry out environmental impact studies before implementing any projects in the hydrocarbons, energy, forestry, intensive agriculture, industry and other sectors. Despite the Republic of the Congo's active participation in the Conferences of the Parties (COP 21, COP 22, etc.) and integration of the Sustainable Development Goals (SDGs), the stakes in terms of the environment, climate change and social inclusion are very high, but the resources deployed by the country remain limited.

3.4. With the population growing by 2 to 3% a year, the destruction of forests for agricultural purposes and to meet household energy needs is the main long-term threat to forests. Projections show a slight increase in rainfall. In some regions, there is already a drop in agricultural production caused by the disruption of the agricultural calendar, linked to excessive rainfall which causes plant diseases (anthracnose, bacterial blight, etc.), or by drought due to high levels of deforestation. Yields are falling and agricultural production per capita is declining, while the population is growing such that demand for food is set to double over the next three decades. Forests are experiencing a sharp decline in plant biodiversity and especially animal biodiversity as a result of hunting and poaching, as well as the destruction of natural wildlife habitats. As for the Congolese marine and coastal ecosystem, it is subject to coastal erosion and heavy pollution, particularly from the rivers running through the towns and from human and industrial activities in Brazzaville and Pointe-Noire.

3.1 Agriculture, forestry and fisheries

3.1.1 Agriculture and livestock

3.5. Congo has around 10 million hectares of agricultural land, of which barely 2% is farmed. Boosting the agricultural sector could enable the country to meet the food needs of its population, reduce its dependence on imports and, as part of the economic diversification programme, create a new source of income. This is the major challenge of the President's 2022-26 "Together, let's continue the march" programme, which places agriculture at the heart of Congo's economic diversification.

3.6. Despite enormous potential, agriculture's contribution to GDP over the past two decades has steadily declined, from 15% in the early 1970s. This sector contributes 9.5% of GDP and employs 34% of the working population (World Bank, 2021). Agricultural exports have become virtually non-existent. At present, less than 30% of the country's food needs are covered by local production, despite the fact that the country has a great deal of fertile land. Only a small proportion of this land is cultivated (less than 10%), and is mainly used for subsistence farming. As the sector is unable to satisfy domestic demand, Congo is heavily dependent on food imports, particularly meat, poultry and fish, despite its enormous potential, especially from inland fishing. These imports account for around 80% of national food consumption. The main crops are cassava, bananas, groundnuts and palm oil.

3.7. The agricultural sector is one to which the Government has devoted a great deal of effort in recent years, with the aim of increasing agricultural production in order to combat food insecurity and thereby reduce dependence on external food supplies. These efforts have taken the form of land reform, agricultural credit, the construction of infrastructure and the rehabilitation of rural tracks, new agricultural villages, the renewal of plant and animal equipment, agricultural mechanization, training, research and extension, and the implementation of the "agricultural incubator" project and protected agricultural zones (ZAP) by the Ministry of Agriculture.

3.8. Apart from sugar cane production, export crops and traditional cash crops (coffee, cocoa, palm oil and rice) have collapsed in recent decades. Cassava is the most widely grown food crop in all regions of the country, and by far the most important in terms of production, at around 1.5 million tonnes, ahead of bananas, Congo's second most important staple, and yams.

3.9. However, over the last 40 years, national demand for food products has risen steadily, driven by demographic growth, particularly in urban areas. Congo imports nearly CFAF 300 billion worth of agricultural and food products every year (2018/2020 figures, i.e., 25 to 30% of the country's total imports).

3.10. Yet the country has immense potential for development in the production, processing and marketing of food crops, fruit, vegetables, cereals, pulses, fodder, cash crops and livestock.

3.11. In December 2019, Parliament passed two laws tabled by the Government on the creation of the National Agency for the Development of Agriculture and Livestock, with the aim of reviving agriculture and fisheries in the national economic system, and with a view to reducing imports of agricultural products. The Government has also recently taken new initiatives: in March 2020, 782 business plans were validated in various agricultural sectors: cassava, pig farming, market gardening, bananas, sheep and goat farming, fish farming, poultry farming, maize, cocoa, fishing and processing.

3.12. These projects include:

- the agricultural technology demonstration centre in Kombé, on the outskirts of Brazzaville, for which Chinese expertise was sought;
- 17 South African farming families from the Congo-Agriculture company have been granted 1,200 hectares in the Niari and Bouenza departments to farm for a renewable 25-year period;
- the Oyo cattle farm is currently being used to test dairy and beef breeds imported from Brazil, while other share-cropping-type projects are being initiated.

3.13. The aim of the country's agricultural policy is to increase national production by combining family farming and agri-industry, in order to better cover the food and nutritional needs of the population and reduce imports. If properly implemented, it should be able to improve local production, the competitiveness of sectors, producers' incomes and employment.

3.1.2 Forestry and the timber industry

3.14. Congo is largely covered by tropical forests, which account for 60% of its national territory: 15 million hectares of forest can be exploited, representing a volume of 600 million m^3, with a wide variety of species that are among the most prized in the world, and significant non-wood products. The country benefits from high rainfall which is relatively stable (national annual average): 1,650 mm) and vast arable land covering around a third of its territory. Its forests represent the third largest area of forest on the African continent and constitute a major carbon stock. The exploitable potential of marketable and promotional standing species is estimated at 170 million cubic metres, with the possibility of extracting 2 million m^3 per year.

3.15. The forestry sector is a major national source of revenue, contributing 4% of GDP (forestry and processing) in 2019. A new forestry code was adopted in April 2020, formalizing the transition from the concession system to the production-sharing system. Efforts have been made to promote the sustainable management of the country's forest resources, and Congo is one of the most advanced countries in Central Africa in terms of certification. The country introduced a forestry policy (2014/2025) aimed at managing forests sustainably, contributing to the emergence of a green economy and combating climate change. In January 2017, a new National Environmental Action Plan (PNAE) was adopted to incorporate the new environmental concerns arising from the Paris Agreement, the recommendations of COP22 in Marrakesh and the Sustainable Development Goals (SDGs).

3.16. Overall, forestry operations focus on a small number of species (around a dozen, including okoume and sapelli, the most widely exploited species, moabi, padouk, sipo, akuminata and wenge) which are recognized for their value on the international market. The country does not earn enough income from its forests due to a low processing rate and limited control of the value chain. The sector is estimated to account for almost 4,000 jobs in forestry and 3,000 jobs in the processing industry, and is the country's second largest employer after the Government. However, the low level of professionalization of wood trades is a major constraint to the development of the sector.

3.17. Exports from the timber sector represented around CFAF 104 billion in 2020, 60% of which were rough wood.

Table 3.1 Summary of AVEs validated by product type in volume, value and export duties, 2021

Products	Validated volume (m3)	Volume validated (%)	Validated value (CFAF)	Validated value (%)	Export duties (CFAF)	Export duties (%)
Rough wood	621,872.21	66.80	69,089,105,235	50.15	6,553,839,764	77.08
Green lumber	179,252.95	19.25	38,937,264,342	28.26	1,557,490,574	18.32
Dry-sawn timber	101,913.63	10.95	23,016,721,366	16.71	345,250,821	4.06
Rotary-cut veneers	18,042.81	1.94	3,925,113,040	2.85	39,251,130	0.46
Panels, Glued laminates	5,841.29	0.63	1,384,961,189	1.01	6,924,805	0.08
Flooring, Mouldings. Furniture components	4,026.75	0.43	1,418,499,154	1.03	0	0.00
Eucalyptus logs	54.2	0.01	1,637,274	0.00	8,186	0.00
Total Congo products	**931,003.88**	100.00	**137,773,301,600**	100	**8,502,765,280**	100.00
Product in transit						
Rough wood	14,406.79		1,662,425,213		0	
Total product in transit	**14,406.79**		**1,662,425,213**		0	
Total for all products	**945,410.67**		**139,435,726,813**		**8,502,765,280**	

Table 3.2 Summary of AVEs validated by type of product in terms of volume, value and export duties in the branches, 2022

Products	Validated volume (m3)	Volume validated (%)	Validated value (CFAF)	Validated value (%)	Export duties (CFAF)	Export duties (%)
Rough wood	659,820.918	67.92	70,257,792,964	50.65	6,633,698,316	77.96
Green lumber	168,140.509	17.31	36,124,714,555	26.04	1,444,988,582	16.98
Dry-sawn timber	110,300.439	11.35	24,665,401,624	17.78	369,981,024	4.35
Rotary-cut veneers	24,381.629	2.51	5,312,761,625	3.83	53,127,616	0.62
Panels, glued laminates	6,089.321	0.63	1,442,853,942	1.04	7,214,270	0.08
Flooring, mouldings. furniture components	2,615.663	0.27	902,191,878	0.65	0	0.00
Eucalyptus logs	86.525	0.01	2,613,747	0.00	13,069	0
Total Congo products	**971,435.004**	100.00	**138,708,330,335**	100.00	**8,509,022,877**	100.00
Products in transit						
Products						
Rough wood	13,975.689		1,646,769,957		0	
Total product in transit	**13,975.689**		**1,646,769,957**		0	
Total for all products	**985,410.693**		**140,355,100,288**		**8,509,022,877**	

Source: SCPFE.

Table 3.3 Summary of Congo's forest product exports in volume, value and export duties

Headings	Volumes (m3)	Value (CFAF)	Export duties (CFAF)
Rough wood	624,056.910	71,314,395,874	6,813,290,197
Green lumber	161,099.110	33,981,849,951	1,359,273,998
Dry-sawn timber	82,352.450	18,751,054,795	261,265,822
Rotary-cut veneers	17,461.220	3,834,087,640	38,340,876
Glued panels and laminates	5,539.500	1,333,583,777	6,667,919
Flooring and mouldings	2,758,770	946,136,131	0
Eucalyptus	351.320	10,612,675	53,063
Total	**893,619.270**	**130,171,720,843**	**8,498,891,875**

Source: SCPFE.

3.1.3 Fishing

3.18. The Republic of the Congo has 170 km of coastline on the Atlantic Ocean, with an exclusive economic zone of over 60,000 km^2 and a continental shelf of 11,300 km^2. Together with the Cuvette and Kouilou-Niari basins and other bodies of water, the hydrographic area forms an aquatic complex with high fishing potential, covering a total surface area of 250,000 km^2. Many rivers flow through the country, in particular Congo, the Kouilou-Niari and the Oubangui Rivers. The potential catch would be around 180,000 tonnes per year, of which 100,000 tonnes from inland fishing and 80,000 tonnes from sea fishing.

3.19. The fisheries and fish farming sector accounted for just 0.8% of GDP in 2020. Infrastructure and equipment are limited, production systems are rudimentary, and structures for storing, preserving, processing and marketing fishery products are also insufficient, which hamper the development of the sector.

3.2 Extractive industries

3.2.1 Oil and gas

3.20. Congo is CEMAC's leading crude oil producer. Congo's proven oil reserves are estimated at 1.6 billion barrels, the fourth largest proven oil reserve in sub-Saharan Africa. The establishment of the African Petroleum Producers Association (APPO) in Brazzaville demonstrates the importance of this sector for Congo.

3.21. The structure of the Congolese economy has remained largely unchanged over the last fifteen years. It is mainly based on the hydrocarbons sector, which accounts for around 42% of GDP, 80% of exports and 60% of domestic revenue.

3.22. Oil accounted for 42% of GDP in 2021, and the extractive industries as a whole contributed 46.4% of GDP, a proportion that has fallen in recent years in favour of the development of the services sector in particular. However, oil still accounts for around 60-70% of government revenue.

3.23. The oil sector offers few significant employment and inclusion opportunities, as it is a capital-intensive sector.

3.24. The Republic of the Congo's natural gas potential offers new opportunities for the country. At the end of April 2023, the President of the Republic of the Congo laid the foundation stone for Congo LNG, the new liquefied natural gas plant in Pointe-Noire. At an estimated cost of USD 600 million, the project is designed to meet the country's liquefied gas requirements. The overall project involves the installation of two floating liquefied natural gas plants in the Nenè and Litchendjili fields, which are already in production, and in fields yet to be developed. This is the first natural gas liquefaction project in Congo. It is expected to reach an overall LNG production capacity of 3 million tonnes per year from 2025, much of which will be used by local industries and households, but also for export, mainly to Europe.

3.25. Italy's ENI has invested EUR 5 billion in Congo LNG. The oil group will operate the site based on a zero-emissions policy.

3.26. Congo is a member of the Extractive Industries Transparency Initiative (EITI), a voluntary initiative that aims to strengthen good governance of public revenues from oil, gas and mining in resource-rich countries. To this end, Decree No. 2019-383 of 27 December 2019 on the creation, powers, organization and operation of the national committee for the implementation of the Extractive Industries Transparency Initiative was published.

3.2.2 Mining

3.27. Congo has considerable mineral resources, including an iron ore deposit that ranks among the largest in West and Central Africa. Congo's subsoil also contains limestone, potash, zinc, lead, copper, manganese, diamonds and gold. The development of the mining sector has been identified for some 15 years as one of the priority areas for diversification of the Congolese economy. In 2020, three mining companies were in production in the copper (Soremi), lead and zinc (Lulu) and iron (Sapro) sectors.

3.28. Regarding diversification of the economy, the mining sector faces challenges because it follows the same pattern as oil – heavy investment, imported equipment and know-how. This is an outward-looking sector, and remains subject to the uncertainty of fluctuations in world prices. However, the mining sector could enable better territorial development, thanks to new access routes and economic development in areas other than the urban centres of Pointe-Noire and Brazzaville, and could have an impact on local development.

3.29. Local content objectives are included in most mining and oil agreements, as well as in specific legislation (Law No. 3-2000 of 1 February 2000 on the conditions for subcontracting).

3.30. Raw materials need to be processed at national level if the mining sector is to make a greater contribution to economic diversification, GDP and job creation. However, there are still major constraints, notably very limited access to energy, which makes it impossible to set up processing activities, and insufficient technical skills. The Autonomous Port of Pointe-Noire is also in the process of extending its facilities and creating a new quay, which should enable the transhipment or direct loading of at least 2 million tonnes of ore a year, and the construction of the future ore port is eagerly awaited.

3.3 Industries

3.31. Non-extractive industries accounted for 8.27% of GDP in 2019. Industrial companies are mainly active in the agri-food, wood processing, building materials, construction and public works sectors, and are mainly present in Pointe-Noire and Brazzaville. They often remain uncompetitive because of very costly production factors or factors that are unavailable in sufficient quantity and quality. As a result, our industries have been hard hit by the crisis linked to COVID-19 and the Russia-Ukraine conflict. The sector contracted overall (down 8.2%).

3.32. In 2017, Congo developed a National Industrialization Strategy based on the processing or development of natural resources and local raw products. The priorities are as follows:

- promote the development of agricultural and fisheries products;
- revitalize the construction industry, a promising sector for transforming the economy;
- strengthen wood-based industries and, in particular, further wood processing.

3.33. The development of industry should be based primarily on the four existing special economic zones (Pointe-Noire, Brazzaville, Ollombo-Oyo and Ouesso). Outside the special economic zones, the State will ensure that in each district, depending on the potential or natural resources available, at least one industry is set up to process the raw materials produced or the natural resources extracted in the district.

3.4 Services

3.34. Services accounted for 45.9% of the Republic of the Congo's GDP in 2019 and occupy more than half of the labour force, as this sector is the leading provider of jobs in the country. Services make a very important contribution to the fight against poverty by providing work for categories of the population that are often poorly trained (particularly in the construction, transport and retail sectors, among others).

3.4.1 Financial services

3.35. Congo's banking system comprises 11 commercial banks. It has been affected since 2016/2017 by a fall in public investment, which has had repercussions for private companies dependent on government procurement. As a result, the level of non-performing loans has risen sharply, but the banks remain profitable, even though they are also exposed to sovereign risk (the proportion of loans granted to the State and public companies remains high).

3.36. Overall, lending to the private sector remains limited (around 20% of GDP), costly (high interest rates, large collateral requirements) and concentrated on the short term: the situation is set to deteriorate further in the coming months owing to the consequences of COVID-19. This is why the Promotion, Guarantee and Support Fund (FIGA) for SMEs, brought into being by Law No. 23-2019 of 5 July 2019, is all the more relevant. This Fund offers a pathway to formalization, incubation and credit support through the Small and Medium Enterprises Development Agency and the Congolese Agency for Business Creation.

3.37. New technologies applied to financial payments (mobile banking, payment platforms and electronic payments) have also developed significantly: MTN and Airtel are currently the main mobile operators in Congo.

3.38. The insurance sector is growing, with an increasing number of companies operating as insurers and insurance brokers.

3.4.2 Transport

3.39. Major developments have taken place in the transport sector in recent years and are set to continue: private-sector participation is increasingly encouraged following the introduction of an incentive-based institutional framework. In his 2021–2026 Society Project, the President of the Republic intends, over the next five years, to develop new infrastructure vital to the country's development.

3.40. In terms of transport, this will involve, among other measures:

- modernizing the Congo-Ocean railway (CFCO) by bringing it up to standard, with a view to promoting subregional interconnection;
- making all the waterways serving the north of the country usable for at least 9 months out of 12;
- building a port adjacent to each special economic zone;
- equipping hinterland airports with all navigation instruments to the standards of the Agency for Air Navigation Safety in Africa and Madagascar;
- renovating existing railway stations and building a bus terminal in each district capital;
- contributing to the construction of Corridor 13 linking Ouesso (Congo) to N'Djamena (Chad);
- building the road-rail bridge between Brazzaville and Kinshasa;
- developing and equipping areas for the establishment of economic activities in each district capital and at the borders of regional integration communication routes.

3.4.2.1 Maritime

3.41. The development of transport infrastructure is a key factor in Congo's development. The country is firmly positioned as the gateway to the Democratic Republic of the Congo, Angola and Cameroon, which should help it to attract investment and make greater use of its geographical location and the Pointe-Noire Autonomous Port (PAPN) as a bridgehead to neighbouring countries.

3.42. The PAPN is at the crossroads of the major shipping routes of Europe, Asia and America, and is located in the Gulf of Guinea, halfway between Cape Town in South Africa and Dakar in Senegal. Pointe-Noire is the main deep-water port in the subregion, offering particularly attractive sailing and mooring facilities.

3.43. The PAPN has transport infrastructure that meets international standards. Thanks to its operational performance, the PAPN was named the best port in West and Central Africa in 2018 and 2019. In 2000, the port gained autonomy as a public industrial and commercial establishment. The PAPN continues to be expanded and modernized, with an increase in the length of quays, the construction of a fishing port, accompanying measures (port/customs procedures) and environmental management. A mineral ore port is also planned, along with a power station, storage areas, a potash processing plant, a foundry, a refinery (the country's second), a shopping centre, etc.

3.44. In February 2020, three new quays were inaugurated, with a total length of 1,840 linear metres: the multi-purpose quay, and quays D and G. Part of the PAPN modernization plan, these new facilities, including the multi-purpose quay for conventional 80,000-tonne vessels, were financed from the PAPN's own funds.

3.45. Strengthening the competitiveness of the PAPN is an important element of the business climate and should therefore contribute directly and indirectly to job creation by attracting investors and improving the competitiveness of businesses. The opening up of customs and trade borders with the advent of the AfCFTA should enable the PAPN to review its economic model in order to be more competitive and attractive for the import and export of goods at lower cost.

3.4.2.2 Inland waterways

3.46. Congo has a very large navigable river network, 7,276 km long but scarcely used overall, including 5,200 km in the international network and 2,076 km in the domestic network. In addition to the Ubangi, some 30 navigable rivers such as the Niari, the Bouenza, the Sangha, the Likouala, the Léfini and the Kouilou irrigate the entire country. The Congo River is the second largest river in the world after the Amazon. It is the largest navigable waterway in the whole of Africa, which gives the Republic of the Congo an important geostrategic position, particularly for the movement of people and goods, and for regional integration.

3.47. The river network links the Autonomous Port at Brazzaville to the northern hinterland. It serves the Central African Republic, southern Cameroon, northern Democratic Republic of the Congo, Gabon and the Great Lakes Countries such as Burundi, Rwanda and Tanzania. Congolese river ports have a natural vocation to serve the immense hinterland of the Congo River. The Republic of the Congo's ambition is to become a genuine multimodal hub capable of serving the towns in the north of the country, its capital and that of the Democratic Republic of the Congo, as well as neighbouring countries. The Republic of the Congo's main river port is Brazzaville, which accounts for 95% of the country's river traffic.

3.48. River ports are managed by a public body, the Autonomous Port at Brazzaville and Secondary Ports, which has outsourced part of its handling and storage operations to a private operator: Terminaux du Bassin du Congo (Congo Basin Terminals). The new port of Oyo, inaugurated in 2017, should also have autonomous port status.

3.4.2.3 Road

3.49. Roads serve the northern areas of the Republic of the Congo, Bas Congo (south-west Democratic Republic of the Congo), Angola (the Cabinda exclave) and southern Gabon. Congo has six national highways, the main ones being the RN1 between Brazzaville and Pointe-Noire (574 km) and the RN2 between Brazzaville and Ouesso (870 km). Road infrastructure is being improved, not only to link the country's main cities and hubs but also to improve links between Pointe-Noire and Brazzaville and neighbouring countries.

3.50. The RN2 between Brazzaville and Ouesso has been rehabilitated and is waiting to be extended by Corridor 13 linking Ouesso to N'Djamena via Bangui.

3.51. The interconnection between Congo and Cameroon has been completed, and the road has been finished on the Congolese side. A road to Gabon is planned. In March 2020, the African Development Bank decided to grant CFAF 92 billion for the construction of a bridge between Congo and Gabon. This project is expected to have an impact on the daily lives of at least 100,000 people by improving the efficiency of the transport logistics chain and helping to enhance people's access to basic socioeconomic infrastructure.

3.52. The road-rail bridge between Brazzaville and Kinshasa is not only an ECCAS regional priority but also one of the priorities of the Programme for Infrastructure Development in Africa. This project should help to ensure connectivity between Yaoundé-Libreville-Brazzaville-Kinshasa and to develop the Maloukou-Ignié Special Economic Zone 45 km north of Brazzaville.

3.53. There is heavy traffic between Pointe-Noire and Cabinda in terms of both goods and passengers, and the road is in good condition.

3.4.2.4 Rail

3.54. The Congolese rail network is operated by the CFCO. It is a main route to the hinterland. The railway infrastructure, which was already in a very poor state of repair before 1997, despite ongoing rehabilitation efforts, has many sections with damaged platforms and ballast in poor condition. The CFCO has been experiencing operational and management difficulties for many years due to dilapidated rolling stock and tracks, and to the irregularity and lack of trains. The Government plans to acquire new rolling stock and to undertake programmes to repair and maintain the railway tracks on the Brazzaville/Pointe-Noire and Brinda-Mont Belo lines, which will also be extended.

3.4.2.5 Air

3.55. The airline network comprises three international airports (Brazzaville, Pointe-Noire and Ollombo) and eight secondary airfields (Kay, Sibiti, Mossendjo, Makoua, Dolisie Impfondo, Djambala and Ouesso). The international airports of Brazzaville and Pointe-Noire have been modernized through major investments, in particular the construction of a new terminal and a second runway at Brazzaville airport, and they have been put out on concession in order to optimize their management. Each of these airports has a capacity of 2 million passengers per year.

3.4.3 Energy

3.56. The Republic of the Congo has a national electricity generation network consisting of dams and thermal power plants, with a current production capacity (March 2020) of around 895 MW. In his 2021–2026 Society Project, the President of the Republic intends to develop the energy sector over the next five years.

3.57. To this end, he hopes to:

- increase installed power generation capacity from the current 895 megawatts (MW) to more than 2,000 MW in 2025 by building the Chollet and Souda dams;
- build at least 1,000 additional kilometres of power lines to provide electricity throughout the country and ensure a regular supply.

3.58. The Electricity Code liberalizes the energy production sector. The other sectors – transport and distribution – are also open to competition, but there is still a de facto monopoly in these segments. Henceforth, the Government's wish is to entrust the management of the electricity sector to private operators. A call for tenders launched in April 2020 has already resulted in the selection of a private operator (Aksaï Energy Company Congo, under a 30-year concession agreement) to relaunch the Djéno power station and increase its capacity to 100 MW. Another concession contract was signed on 4 February 2021 between the Republic of the Congo and 3PRS Congo Pointe-Noire: this contract was approved in July 2021.

3.4.4 Telecommunications and new technologies

3.59. Facilitated by the installation of fibre optics in Congo, digital technology has become an important aspect of the country's development strategy. Congo is counting on partnerships between institutions, local project developers, foreign companies and national and international investors to boost the country's digital sector.

3.60. Congo Télécom is the public telephony operator. In 1997, the telecommunications sector was liberalized, with the dissolution of the National Posts and Telecommunications Office and the creation, in 2009, of the Postal and Electronic Communications Regulatory Agency (ARPCE). That same year, the regulations governing the electronic communications sector were defined, providing a framework for the digital sector. The universal service has existed since 2009, and the Fund was recently activated. Congo Télécom manages the infrastructure and has a monopoly on fibre optics.

3.61. As part of the West Africa Cable System, Congo has been connected to the submarine communications cable linking South Africa with the United Kingdom along the west coast of Africa. It has also devised and adopted a cyber strategy aimed at transforming the country into a regional ICT hub.

3.62. The liberalization of the telecommunications market in Congo by Law No. 14-97 of 26 May 1997 has led to the arrival of new players in the mobile telephony sector, which currently has two operators. The penetration rate was 108.9% for the mobile market in the first quarter of 2021 and 57% for mobile Internet in April 2021: the network is essentially 3G and 4G.

3.63. The two mobile phone operators, MTN and Airtel, have developed various services. In particular, they have enabled the development of Mobile Money, which is widely used.

3.64. In April 2019, the Government of the Republic of the Congo adopted its national strategy for the development of the digital economy, Congo Digital 2025, which aims to:

- promote fair access to digital services for all citizens;
- develop new skills and innovative activities that create added value;
- modernize the customs and practices of public services and develop digital content;
- establish the principles of good digital governance;
- guarantee the security and privacy of users in cyberspace;
- commit Congo to digital innovation to make it a reference in that regard in Central Africa.

3.65. The development of the digital economy in the Republic of the Congo is based on three strategic pillars:

- e-citizen: digital services and content for the general public;
- e-government: digital services and content for government agencies;
- e-business: services and content for businesses.

3.66. The Digital Development Fund was launched by the Government in 2020 with the aims of developing the private sector and entrepreneurship, and creating new employment opportunities. In March 2020, the Committee of the Universal Electronic Communications Access and Service Fund adopted an action plan with a budget of around CFAF 3 billion, which should enable Congo to break down inequalities in the use of and access to information and communications technology (ICT) in certain localities that remain disadvantaged.

3.67. The objective of the President of the Republic's 2021-26 Society Project is to extend the fibre optic network to all the country's district capitals within five years. The digital economy is seen as a vector for growth and jobs, and as a relevant means of diversifying the Congolese economy.

3.4.5 Tourism

3.68. In 2019, tourism's contribution to GDP was estimated at 6.0%. However, commerce, restaurants and hotels suffered an 18.2% decline in 2020 as a result of COVID-19. Tourism is seen as one of the pillars of economic diversification in the 2022–2026 National Development Plan. The National Sustainable Tourism Development Strategy and Master Plan were drawn up and validated back in 2016. They are based on the following pillars: (i) the development of tourism and leisure infrastructure; (ii) the promotion of cultural activities; and (iii) the modernization of the legal framework for the tourism sector.

3.69. As far as tourism is concerned, the Congolese Government is targeting a contribution of 10% of GDP from the high-end ecotourism, business tourism and African tourism segments. The tourism sector has potential in terms of inclusive growth, jobs, added value and the importation of foreign currency. The offering should focus on protected areas and natural sites, cultural tourism and the coast.

4 TRADE POLICY

4.1 Main trade agreements signed by the Republic of the Congo

4.1. Congo has been a member of GATT since 3 May 1963 and of the World Trade Organization since 27 March 1997.

4.2. It is a founding member of CEMAC, created in 1994 to replace the Central African Customs and Economic Union (CACEU), which was launched in 1964. As such, it has adopted and is implementing aspects of the common trade policy, in particular:

- the Common External Tariff (CET) applicable to goods from third countries;
- the CEMAC acts concerning the generalized preferential tariff (GPT) at the zero rate since 1 January 1998 allowing the free circulation of goods originating in the CEMAC zone;
- the rules of origin;
- the CEMAC Customs Code;
- Community customs regulations;
- the Community transit regime for internal taxes;
- competition regulations;
- the Community Investment Charter.

4.3. Congo has also been a member of ECCAS since 1983. As far as Congo's trade policy is concerned, membership of this Community has translated into:

- the elimination of customs duties and taxes with equivalent effect between Member States;
- the abolition of quantitative restrictions and other barriers to trade.

4.4. The 9th extraordinary session of the ECCAS Conference of Heads of State and Government, held on 18 December 2019 in Libreville, Gabon, resulted in the adoption of new institutional reforms, with a view to establishing a new system of governance for the institution to make it a strong regional economic community with a fresh executive architecture. Work is under way to harmonize the integration policies, programmes and instruments of CEMAC and ECCAS, with a merger scheduled for 2023.

4.5. The Republic of the Congo ratified the AfCFTA on 27 December 2018 and deposited its instruments of ratification with the African Union Commission on 10 February 2019, thereby becoming a State party to the Agreement. A national commission to monitor and evaluate the implementation of this Agreement was set up to define the content of the various stages and enabled work to be carried out on drawing up the National AfCFTA Implementation Strategy, adopted by Decree No. 2020-862 of 28 December 2020.

4.6. Bilateral agreements include the following:

- Negotiations between the EU and CEMAC+ came to an overall halt in September 2011 in Bangui (CAR) as a result of fundamental differences over market access and development issues. These concern, in particular, the liberalization rate and the length of the transition period for trade in goods. Since 1 January 2008, Congo has benefited from the Generalized System of Preferences (GSP) in its relations with the European Union.
- Congo has been eligible for AGOA in its relations with the United States since 2004 and will continue to be until 2025 (renewable). Oil, timber and minerals benefit from preferential treatment under AGOA and are the main products imported by the United States from Congo.

4.2 Trade policy formulation in the Republic of the Congo

4.7. Established by Decree No. 2003-48 of 20 March 2003, the National Multilateral Trade Negotiations Monitoring and Coordination Committee is a technical advisory body whose purpose is to prepare and coordinate Congo's participation in all multilateral trade negotiations.

4.8. Its remit is as follows:

(i) determine Congo's objectives and priorities in trade negotiations;
(ii) define and harmonize Congo's position with those of other countries in the subregion;
(iii) publicize and facilitate the administration of trade agreements resulting from multilateral trade negotiations;
(iv) study the impact of these agreements on the national economy.

4.9. Chaired by the Minister responsible for trade, the Committee has an Executive Secretariat under the responsibility of the Director-General of Foreign Trade. The members of this Committee are drawn from the technical administrative bodies concerned (trade, finance, economy, budget, Presidency of the Republic, etc.), employers' and inter-professional unions, consumer associations, the Professional Association of Banks and representatives of consular chambers.

4.3 Tariff and customs issues, including rules of origin

4.10. Congo's average WTO-bound tariff rate is 27.4%:

- 30% for agricultural products;
- 15.2% for non-agricultural products.

4.11. Congo applies the CEMAC CET and GPT. It should be noted that customs revenue accounted for around 5 to 6% of the State budget in 2020.

4.12. A number of instruments in the ECCAS-CEMAC free trade area have already been harmonized, and the Republic of the Congo is already implementing the joint provisions:

- the harmonized ECCAS/CEMAC certificate of origin comprising, on a single form, details of the request for inspection, the results of the inspection and details of the supplier/producer/exporter declaration;
- the ECCAS and CEMAC preferential tariff approval application;
- the product origin verification form; and
- the standard ECCAS-CEMAC preferential tariff approval scheme, which now includes a joint ECCAS-CEMAC Regional Approval Committee responsible for examining product approval applications for the TP/ECCAS-CEMAC.

4.13. A revision is under way of the CEMAC/ECCAS rules of origin as a result of the AfCFTA and should require a revision of regulatory texts at the national and regional levels and a revision of approval procedures. Products eligible for the Community preferential tariff (CEMAC/ECCAS) depend on an application for approval. National committees submit requests. The Committee for the Approval of Industrial Products (or "Origin Committee") has recently become operational in Congo: four companies have just been approved.

4.4 Trade facilitation

4.14. Congo ratified the Trade Facilitation Agreement (TFA) on 5 October 2017. The country has also notified 13 Category C measures to the World Trade Organization under the TFA. A first meeting of the Committee on Trade Facilitation was held in March 2020.

4.15. Progress has been made: the dematerialization of certain customs procedures, the use of ASYCUDA World and the creation of four single customs clearance windows and a single window for cross-border operations have improved the transparency of procedures and the management of borders and checkpoints. The single window for cross-border operations is a public establishment of an economic and commercial nature under the authority of the Ministry of Transport. It was created by Law No. 16-2003 of 19 July 2003 and is responsible for, among other matters:

- providing computer and communication services to allow the information that paperless foreign trade procedures and forms entail to be exchanged;
- ensuring the interoperability of the IT systems of foreign trade operators.

4.16. However, more needs to be done: the customs clearance process is still cumbersome for SMEs, documentation requirements are overcomplicated and irregularities and corruption are frequent, as is abuse of women cross-border traders. Moreover, there is no interface between ASYCUDA World and other foreign trade software, and the institutional approach to a functional single window is not optimal and lacks coordination between public and private actors and operational participatory processes. These barriers result in high costs for importers and exporters, and in a loss of competitiveness.

4.17. The Congolese Committee on Trade Facilitation does not formally exist (it is currently a subcommittee of the National Multilateral Trade Negotiations Monitoring and Coordination Committee). A draft order is being prepared to formalize the Congolese Committee on Trade Facilitation. A corridor regulation and development authority should also be created.

4.18. Trade facilitation is an important issue for economic actors, and major reforms are expected that will have beneficial consequences for operators and the business climate in Congo.

4.5 Non-tariff barriers and sanitary and phytosanitary measures

4.5.1 Non-tariff barriers

4.19. Non-tariff barriers have a significant impact on the development of Congolese trade, particularly those linked to trade logistics, transport infrastructure, administrative red tape, lack of transparency and governance.

4.20. Congo does not yet have a mechanism for reporting, monitoring and eliminating non-tariff barriers. However, the AfCFTA has created such a mechanism online (www.tradebarriers.africa). Thus, members of the public may file complaints on the website or by SMS (Short Message Service/text) at any time after they have encountered a specific trade barrier. A national focal point has recently been appointed and will be able to lodge complaints on behalf of complainants.

4.5.2 Sanitary and phytosanitary (SPS) measures

4.21. The development of value chains in Congo requires the promotion of reliable quality infrastructure. This concerns all the pillars of a quality system: quality management, standardization, metrology, conformity assessment, certification and accreditation. In Congo, quality infrastructure remains very limited. Various approaches to SPS and quality are being developed at the CEMAC regional level: CEMAC-NORM, CEMAC Métrologie etc. have recently been created. Action plans and technical committees have yet to be put in place, and a number of regulations need to be harmonized.

4.22. In 2020, the Republic of the Congo was elected to lead the Executive Secretariat of the Central African Quality Council (which brings together the CEMAC countries, the Democratic Republic of the Congo and Sao Tome and Principe) for a period of three years.

4.23. At the regional level, as at the national level, significant progress has been made in recent years, including very recently:

- Article 19 of the Investment Charter of Congo provides for the establishment of a national standardization, metrology, certification and quality management system in line with the international system. Today, this represents a key issue in the effective implementation of an industrialization strategy in Congo;
- Two important laws were adopted and enacted in 2015: Law No. 20-2015 of 29 October 2015 regulating the national standardization and quality management system, and Law No. 19-2015 of 29 October 2015 creating the Congolese Standardization and Quality Agency (ACONOQ). Other regulatory texts have been issued, including Decree No. 2018-170 of 24 April 2018 approving the statutes of ACONOQ.

4.24. Order No. 21345 of 15 July 2021 establishes the "Standardization-Metrology-Quality Promotion Project", the purpose of which is to:

- carry out feasibility studies and create a laboratory for standardization, metrology and quality promotion;
- complete the formalities for the Republic of the Congo to join the International Organization for Standardization;
- establish a legal, technical and sanitary framework for the development of standardization, certification, accreditation and metrology activities while regulating the national standardization and quality management system;
- define priorities areas for the implementation and development of standardization, metrology and the promotion of industrial quality;
- put in place strategies and seek funding mechanisms for standardization projects;
- facilitate the establishment of industrial projects that comply with metrology and quality standards by providing assistance with administrative, customs and tax formalities;
- facilitate the export of industrial products that meet international metrology and quality promotion standards.

4.25. The Congolese Standardization and Quality Agency (ACONOQ) is responsible for standardization, metrology, certification and quality promotion in all sectors of socioeconomic activity. From 2016 to 2018, a number of standardization and quality management activities were carried out, focusing mainly on the following areas, among others: raising awareness, disseminating information, training stakeholders, drafting standards (Congolese cement standard NCGO 0004-1: 2017; a standard on bottled water is under preparation) and support and guidance from various organizations.

4.26. In addition, two strategic committees were set up:

- the National Electrotechnical Committee, set up in 2016 to define policies and strategies in the field of electrotechnology, with Energie Électrique du Congo as Chair and the ARPCE as Vice-Chair;
- the National Codex Alimentarius Committee, set up in 2018 to handle food standards issues in cooperation with the WHO/FAO Codex Alimentarius Commission.

4.27. Two public laboratories were supported, equipped and trained: the LCDE ("La Congolaise des Eaux", in the water sector) and the National Institute for Research in Engineering Science and Technological Innovation, which is responsible for analysing, checking and certifying the quality of Congolese and imported agrifood products before they are sold on the market.

4.28. Congo believes that setting up a national framework for standardization and a quality control system should improve access to regional and international markets for its exports.

4.6 Services

4.29. As a Member State of the World Trade Organization, the Republic of the Congo is also a party to the General Agreement on Trade in Services (GATS). It has made commitments only under Chapter 9 on "Tourism" and Chapter 10 on "Recreational Services": in these sectors, in terms of market access, discretionary ministerial approval is required for Mode 3 (investment), but there are no limitations on national treatment; there are no bound commitments for Mode 4 (free movement of workers) and no limitations on market access or national treatment for Modes 1 and 2 (cross-border trade and consumption abroad).

4.30. There is a de facto monopoly in some sectors (Congo Télécom in fibre optic infrastructure; the CFCO in the rail sector, etc.), but a number of service sectors are open to competition with no restrictions on market access or national treatment, and it would be interesting to be able to consolidate this situation either at the WTO/GATS level or at the AfCFTA negotiations level, especially as they could help to improve the business climate and attract more foreign investors. This would, however, require certain laws to be reviewed and adapted, and regulatory authorities to be created or strengthened.

4.31. CEMAC Community regulations already exist in various service sectors, for example banking and insurance, and transport (maritime, road, air).

4.32. As part of the AfCFTA negotiations, work is under way at the national and regional levels (CEMAC/ECCAS) on specific commitments in the following sectors: tourism, telecommunications, financial services, transport and professional services. Congo is an active participant in this work.

4.33. In terms of investment, there is no difference between nationals and foreigners in the tourism sector. There are authorizations for the tourism and hotel industries (hotel operating permit) and licences for travel agencies.

4.34. In the field of telecommunications, Congo has the ARPCE. Law No. 09-2009 of 25 November 2009, which regulates the electronic communications sector.

4.35. For Mode 4 (free movement of workers), Congo has adopted the LMD (Bachelor's-Master's-Doctorate) system, aligned with the European system, which facilitates the recognition of diplomas and the mobility of workers. Congo has also ratified the Agreement on the Free Movement of Persons within the CEMAC Zone, and since 2018/2019, citizens of the region have been able to travel without a visa for up to three months.

4.7 Competition and consumer protection

4.36. With regard to competition in Congo, the Government Procurement Code has been adopted (Decree No. 156 - 2009 of 20 May 2009). The Government Procurement Regulatory Authority (ARMP) and the Directorate-General for the Control of Government Procurement have been set up.

4.37. There are three sectoral competition authorities in Congo: the ARPCE; the Downstream Petroleum Regulatory Authority; and the Energy and Water Regulatory Agency.

4.38. The current legal framework for competition in Congo is Law No. 6-1994 of 1 June 1994 on the regulation of prices and commercial standards and the investigation and repression of fraud. It prohibits anti-competitive practices (cartels, abuse of dominant position) but is incomplete, as it does not cover mergers and concentrations, and does not provide for the creation of a national competition authority. Congo currently has a Directorate-General of Competition and Suppression of Commercial Fraud within the Ministry of Trade, Supply and Consumption. However, in the process of drafting new laws, a regulatory authority, the National Competition and Consumption Council, was set up as an autonomous body responsible for overseeing the implementation of the laws.

4.39. In accordance with the guidance of the CEMAC Commission, in particular Regulation No. 06/19-UEAC-639-CM-33 of 7 April 2019 on competition, draft texts have been prepared and are awaiting validation by an interministerial committee extended to civil society. The texts are as follows:

- The draft law on competition: This draft law complies with the principles of transparency, non-discrimination and fairness laid down by the WTO and the United Nations Conference on Trade and Development (UNCTAD), and with Regulation No. 06/19-UEAC-639 of 7 April 2019 on competition in the CEMAC zone, which repeals Regulation No. 1/99-UEAC-CM-639 of 25 June 1999 regulating anti-competitive practices, as amended by Regulation No. 12/05-UEAC-639-U-CM-S of 25 June 2005, and Regulation No. 4/99-UEAC-CM-639 of 18 August 1999 regulating State practices affecting trade between member States. After defining its scope of application, the draft law deals in depth with the following aspects of competition:

    - anti-competitive practices (cartels, abuse of dominant position, concentrations);
    - State practices that restrict competition (State aid granted to companies, legal monopolies, price controls);
    - offences and penalties;
    - the procedure for recording and prosecuting offences;
    - appeal procedures.

This text promotes healthy and fair competition and announces the establishment of a national competition authority responsible for ensuring free competition through legislation.

- The draft law on the National Competition Authority: In order to comply with international and Community recommendations on competition regulation, Congo will set up a national competition authority. This draft law incorporates the innovations introduced by the new Community regulations enacted by Directive No. 01/19-UEAC-639-CM-33 of 8 April 2019 on institutional organization in the CEMAC member States for the application of Community competition rules, in particular on the method of financing the said Authority.

4.40. With regard to consumer protection, and in application of Community Directive No. 02/19-UEAC-639-CM-33 of 8 April 2019 harmonizing consumer protection within CEMAC, a draft law is awaiting validation by an interministerial committee extended to civil society. The aims are, in particular, to ensure health and safety by reinforcing quality control of goods and services placed on the domestic market and, more generally, to enhance purchasing power, with an emphasis on consumer price levels, by stepping up the fight against improper business practices by sellers of goods or service providers to which consumers fall victim.

4.41. This draft law provides for the creation of a national consumer protection commission, a consultative body whose mission will be to promote ongoing dialogue between the public authorities, producers, retailers and organizations protecting the collective interests of consumers.

4.42. Once adopted, this draft law will repeal the provisions of Titles III, V, VI and VII of Law No. 6-94 of 1 June 1994 on the regulation of prices and standards, and the investigation and repression of fraud.

4.8 Investment

4.43. The Investment Charter (Law No. 2003-06 of 18 January 2003) is the legal framework for investment in Congo. It led to the creation of the National Investment Commission, which brings together various ministries and is tasked with approving investment agreements. The Investment Charter is harmonized with the CEMAC Community regulatory framework. The Law's implementing regulations provide for tax and customs exemptions and incentives.

4.44. Under the Investment Charter, any natural or legal person, regardless of nationality, is free to undertake any agricultural, mining, industrial, forestry, craft, commercial or service activity on the territory of the Republic of the Congo. There are no restrictions on foreign participation, except in port subcontracting, where there is a growing demand for a certain share of capital to be local. Foreign direct investment is unrestricted, and there are generally no conditions/limitations on the participation of foreign capital or the hiring of foreign staff (except in the mining and agricultural sectors).

4.45. The Investment Promotion Agency was established by Law No. 19-2012 of 22 August 2012 and has been operational since 2014. Special Economic Zones (SEZs) are part of the investment incentive scheme. An ad hoc ministry was set up in 2009 (by Decree No. 2009-401 of 13 October 2009). Law No. 24-2017 of 9 June 2017 relates to the creation of SEZs, the determination of the regime applicable to them and their organization.

4.46. Law No. 25-2017 of 9 June 2017 established the SEZ Planning, Promotion and Development Agency. This Agency has been operational since the end of 2019. The SEZs, which require large-scale investment, are starting to become operational. The Pointe-Noire SEZ will enable the development of industrial, tourism, technology and university hubs. The second national oil refinery and the third public university of Congo will be built in this Zone. In Brazzaville, the aim is to develop the Maloukou industrial zone (Ignié district), which already has 15 production units, some of which started production in early 2021. In the other SEZs, the priority is to attract agricultural production and raw agricultural product processing companies to Ollombo-Oyo and advanced wood processing companies to Ouesso.

4.9 Intellectual property

4.47. Congo has been a member of the Convention Establishing the World Intellectual Property Organization (WIPO) since 1975. In 1977, a number of African countries also decided to create the African Intellectual Property Organization (OAPI), of which Congo is a member.

4.48. The Bangui Agreement (2 March 1977) is the Community intellectual property protection law. It is directly applicable.

4.49. In Congo, intellectual property is managed by two ministerial departments:

- the Ministry of the Economy, Industrial Development and Private Sector Promotion, for industrial property;
- the Ministry of Arts and Culture, for literary and artistic property.

4.50. Congo has an Industrial Property Office, created by Law No. 70-2022 of 16 August 2022. It hosts users, information and awareness-raising campaigns, conferences and seminars, and outreach activities. Its duties include ensuring and promoting the protection of industrial property throughout the national territory, overseeing the application of common administrative procedures relating to the uniform regime instituted by the Bangui Agreement and its annexes, and organizing, coordinating and directing industrial property awareness-raising and information campaigns throughout the country.

4.51. There are as yet no geographical indications in Congo, but a number of agricultural and forestry products have been identified: Batéké groundnuts; Gamboma yam; wild spinach; Congolese grey ebony; Les Saras bananas; and Dolisie prawns.

4.10 Trade defence

4.52. The introduction of trade defence instruments such as anti-dumping, anti-subsidy, quotas and technical barriers to trade helps to ensure fairness and transparency in external trade.

4.53. In Congo, Law No. 3-2007 of 24 January 2007 regulating imports, exports and re-exports contains no provisions on trade defence matters. As a result, there is a legal gap when it comes to these issues.

5 CONCLUSION

5.1. Congo's macroeconomic situation remains challenging, as the country's adjustment efforts have been undermined by the combined effects of falling oil prices, the coronavirus (COVID-19) health crisis and the war in Ukraine.

5.2. Thanks to the effects of the anti-COVID measures implemented, including vaccination, the gradual recovery in oil prices and the emergency measures implemented by the Government to combat the food and commodities crisis, the Republic of the Congo's macroeconomic indicators are showing encouraging signs. However, fiscal consolidation and adjustment remain unavoidable. To ensure the stability of the macroeconomic framework, the Government's fiscal policy will seek to:

- strengthen public revenue collection mechanisms;
- bring fiscal expenditure under control, taking priorities into account;
- continue efforts to reduce the non-oil primary deficit to a sustainable level over the medium term;
- control the debt trajectory.

5.3. The 2016–2021 National Development Plan, which is based on the presidential plan for society entitled "Together, let's keep moving forward", includes fiscal policy objectives. It will form the bedrock of Congo's macroeconomic policy over the next five years and should enable the country to participate in global trade, including through the AfCFTA, thanks to the implementation of ambitious economic and trade reforms.

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REPORT BY GABON

1 INTRODUCTION

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

1.2. In order to address these challenges, in 2009 the 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.

1.3. The strategy for achieving this objective has three main pillars: industrial Gabon (local processing of raw materials in the country to encourage the export of high value-added products), green Gabon (development of the country's impressive ecosystem: 22 million hectares of forest, 13 national parks and over 800 km of coastline), and Gabon in services (making the country a regional reference for financial services, new information technologies, green economy professions, higher education, and health).

1.4. The Gabonese economy resumed positive growth in 2021 (1.5%) after shrinking by 1.8% in 2020 as a result of the crisis caused by the COVID-19 pandemic. This positive growth was boosted by strong support from multilateral and bilateral donors and by a slight easing of the restrictive measures put in place to combat the effects of the pandemic, despite a further contraction in the oil sector. The non-oil sector has benefited greatly from the introduction, in January 2021, of the 2021-23 Transformation Acceleration Plan (PAT), designed to ensure economic recovery post-COVID-19, and also from the positive effects of the economic diversification policies implemented since 2010 under the PSGE and the reforms undertaken as part of the 2017-19 Economic Recovery Plan (PRE).

1.5. Public finance management has been consolidated, with a clear reduction in the overall budget deficit, mainly as a result of the strong improvement in non-oil revenues and continued fiscal consolidation with the advent of Gabon's second-generation Economic and Financial Programme agreed with the IMF in July 2021.

1.6. Regarding foreign trade, net capital inflows were once again negative in 2021, as they have been since the devaluation of the CFA franc in 1994, with the exception of 2017, 2019 and 2020. The overall balance of payments remained in deficit in 2021, as in 2020, although the deficit actually widened. The monetary situation in 2021, as in 2019 and 2020, showed contrasting trends, due to a fall in net foreign assets and a rise in lending to the economy.

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

- the deepening of regional and continental integration in Central Africa through CEMAC and ECCAS and more recently the African Continental Free Trade Area (AfCFTA);
- the establishment of an environment favourable to business development and investment;
- The expansion and diversification of the country's trade and economic relations with its main partners;
- the simplification of its foreign trade procedures; and
- its belief in the multilateral trading system.

2 MACROECONOMIC ACHIEVEMENTS

2.1 Real sector

2.1. Economic activity in Gabon picked up in 2021 with growth of 1.5%, after contracting by 1.8% in 2020. This rebound in economic activity was driven by the non-oil sector, which grew by 3.8% in

2021, despite a further downturn in the oil sector. The oil sector has been on a downward trend since 2011, except for in 2015 and 2019, as a result of the natural decline in oil fields and the absence of major discoveries. In 2021, it was also adversely affected by constraints linked to compliance with OPEC+ production quotas.

2.2. **On the supply side**, growth in 2021 was mainly driven by the secondary and tertiary sectors, with contributions of 1.1 and 0.8 points respectively, while the primary sector made a negative contribution (-1.0 points). The primary sector contracted once again in 2021 after a series of recessions between 2011 and 2018, with the exception of 2015. The development of activity in this sector is highly dependent on the situation of the oil sector, given the weight of this sector in the Gabonese economy. The Simba field, operated by Perenco, began production in 2019, which led to a substantial increase in oil production in 2019 (13%). Oil production went on to resume its downward trend in 2020, with falls of 0.9% in 2020 and 7% in 2021. Nevertheless, the dynamism observed in other branches of activity in the primary sector made it possible to mitigate the recession in this sector in 2021.

2.3. Mining activity continued in 2021 with the momentum it had regained in 2017, recording growth of 12.8% (25.1% in 2020) thanks to the good performance of manganese production. This upturn in the sector is the result of the Comilog Project (seven million tonnes*)*, as well as operational improvements at mining sites, thanks to the use of a new dry treatment procedure for ore and increased production capacity at the Biniomi field.

2.4. Similarly, the forestry and logging sector held up well in 2021, with growth of 12.8%, driven by the strong demand for rough wood from wood processing plants, which have been revitalized by the establishment of additional Special Economic Zones, including the one at Lambaréné, which is already operational.

2.5. In 2021, activities in the **secondary sector** resumed the positive trend that began in 2016, mainly as a result of the introduction, in January 2021, of the 2021-23 Transformation Acceleration Plan, which, like the first phase of the "Transgabonaise" highway project, has boosted investment, thereby encouraging a surge in activities in the construction and public works sector. This branch contributed 0.7 points to growth in 2021, compared to an estimated cumulative contribution of 0.4 points from all other secondary-sector branches. Construction and public works activity also benefited from the good performance of crude oil prices, which enabled the budget allocation for capital expenditure to be revised upwards.

2.6. Wood industries also made a significant contribution to growth (0.3 points) in 2021. This dynamism was encouraged by the exponential development of the Nkok Special Economic Zone, with improved energy supply to the area and almost a hundred companies already present; the establishment of the Lambarené Special Economic Zone, which already has three companies operating in primary and secondary wood processing; and the introduction by OLAM of tertiary wood processing in the Nkok Special Economic Zone.

2.7. The **tertiary sector** resumed positive growth in 2021, after two consecutive years of recession. This sector has benefited greatly from the gradual relaxation of barrier measures aimed at containing the spread of COVID-19. As a result, activity has picked up in all branches of the sector, including transport (0.2 points), telecommunications (0.2 points) and commerce (0.8 points). However, the weak activity of non-tradable services, following the decline in primary current expenditure, has impaired the tertiary sector's contribution to growth. In 2021, this branch continued its negative contribution to growth, which began in 2018, with a contribution of -0.8 points.

2.8. **On the demand side**, growth in 2021 was underpinned by both domestic and net external demand. Domestic demand made a positive contribution to growth in 2021 (0.8 points), benefiting from the good performance of non-oil private investment, which contributed 1.7 points. The dynamism of non-oil private investment has been boosted by the launch of the first phase of the "Transgabonaise" project, which is being conducted as a PPP, and by the good performance of foreign direct investment, in this case in Special Economic Zones. The large number of lockdown measures maintained throughout 2021 did not facilitate the revival of other domestic demand components, such as private consumption, which contributed just 0.4 points to growth in 2021. Public consumption, meanwhile, slowed growth down by 1.8 points as a result of the continuing decline in the supply of public services.

2.9. Net external demand also made a positive contribution to growth in 2021, contributing 0.7 points as a result of a fall in import volumes, which was more pronounced than the fall in export volumes.

2.2 Price trends

2.10. In 2021, inflation remained under control in Gabon at 1.1%, while strong government policies sought to address the issue of high living costs. These included a freeze on the pump prices of petroleum products from April 2021, the adoption of a very cautious policy of gradual re-taxation in line with inflation on products that seek to combat high living costs, and the introduction of a price approval policy for goods and services. Inflation control is also linked to the gradual rebalancing of national supply and demand in certain sectors, notably those pertaining to agricultural products, fisheries, energy and transport.

2.3 Public finances

2.11. The execution of public finances in 2021 took place in a context marked by the implementation of the 2021-23 Transformation Acceleration Plan, the conclusion of a second-generation economic and financial programme with the IMF, and a fall in oil production. The fiscal balance, commitments basis, including grants, improved in 2021, although it will still be in deficit, as has been the case since the oil crisis, except for in 2019, which was marked by a substantial increase in oil production. It stood at -1.7% of GDP in 2021, compared to -2.2% of GDP in 2020. However, in 2021, the primary fiscal balance remained in surplus for the fourth consecutive year, clearly demonstrating the weight of payments related to the settlement of interest on public debt in the management of public finances. However, the surplus on this balance has shrunk to 1.0% of GDP in 2021, compared to 1.4% of GDP in 2020, as a result of the more pronounced rise in budget revenues than in primary expenditure.

2.12. Overall, budgetary revenues rose by 4.4% to 1,756.1 billion, driven mainly by a substantial increase in non-tax revenues (108.9%), despite a 2.4% fall in non-oil tax revenues and a 0.2% decline in oil revenues. Non-tax revenues rose sharply as a result of the exceptional revenues generated by the renewal of Assala Gabon's four operating licences and the amendments to two oil contracts concluded by the State with Perenco in November 2021. Non-oil tax revenues fell in 2021 due to a substantial 27.2% drop in IRPP receipts, following a 32.3% fall in 2020 as a result of government measures to support households in the face of the crisis caused by the COVID-19 pandemic.

2.13. Oil revenues fell slightly by 0.2% in 2021 as a result of the sharp 7.0% drop in oil production, which was unable to offset the good performance of crude oil prices.

2.14. Budget expenditure rose by 3.4% to 1,932.1 billion in 2019, driven by increases in both current and capital expenditure. Current expenditure rose in 2021, as it did in 2019 and 2020, after falling continuously since the beginning of the oil crisis. This increase in current expenditure follows a substantial rise in spending on goods and services from 2019 onwards. However, the fall in the wage bill and spending on transfers and subsidies curbed growth in current expenditure in 2021.

2.15. Expenditure on transfers and subsidies fell by 4.5% in 2021, despite the freezing, in April 2021, of the mechanism for indexing fuel prices at the pump to preserve household purchasing power, following a drastic reduction in state subsidies to the Société Gabonaise de Raffinage (SOGARA).

2.16. The wage bill, for its part, fell in 2021 for the fourth year running, dropping to 682.4 billion compared to 683.2 billion in 2020 and 732.5 billion in 2017. This downward trend in the wage bill has been helped by: (i) placing all civil servants and state employees on savings bonds from July 2018, (ii) reducing the size of the presidential and ministerial cabinets, (iii) freezing the financial effects of promotions and reclassifications, and (iv) systematically suspending the pay file of state employees who have reached retirement age.

2.17. Public debt stood at 6,800.1 billion at 31 December 2021, broken down into 62.3% external debt and 37.7% domestic debt. Debt with the international financial market accounts for 35.3% of total outstanding external debt, while debt with the regional financial market accounts for half of domestic debt. Thus, market debt, totalling a volume of 2,777.9 billion at the end of December 2021, represents a significant proportion (40.8%) of Gabon's public debt, which means more stress in debt servicing, given the country's current budgetary situation. In 2021, this stress resulted in an accumulation of arrears of 50.8 billion on external debt servicing, with arrears most notably recorded on external commercial debt servicing. The stock of Gabonese public debt was estimated at 7,008.6 billion at 31 December 2021, representing a debt ratio of 70.5%.

2.18. Total public debt also rose sharply in 2021 to 1,247.1 billion, or 71.0% of total budget revenue. It was broken down into 59.2% for external debt and 40.8% for domestic debt. In 2021, the servicing of debt with the international and regional financial markets alone accounted for 59.3% of total debt servicing and 42.2% of total budget revenue, corroborating the stress induced by this type of commitment on the settlement of total public debt servicing.

2.4 Balance of payments

2.19. On the foreign trade front, the current account returned to surplus in 2021 after two consecutive years in deficit. This new upturn is the result of a 37.4% improvement in the terms of trade and the resilience of the production of manganese, timber, palm oil and other exports, which led to a 76.7% increase in the trade balance surplus, despite a deterioration in the services and income balances.

2.20. The services balance, which is structurally in deficit, deteriorated in 2021 after improving in 2020, mainly due to the deterioration in the deficit on the "*other business services*" item, marked by the resumption of investment in the oil sector after a deep slump in 2020 following restrictive travel measures aimed at containing the spread of COVID-19.

2.21. The income balance, which is also structurally in deficit, deteriorated in 2021 after improving in 2020. It continues to bear the brunt of foreign direct investment dividends and interest on public debt.

2.22. Net capital inflows returned to negative territory in 2021, as has been the case since the devaluation of the CFA franc in 1994, with the exception of 2017, 2019 and 2020. This further deterioration in net capital inflows was due to the fall in portfolio investment. As net capital outflows were not offset by the current account surplus, the overall balance of payments was in deficit in 2021, as it was in 2020, albeit with an accentuation. In fact, the overall deficit amounted to 336.8 billion in 2021, after reaching 249.0 billion in 2020. It was financed by a reduction in official reserves and an accumulation of arrears on foreign debt servicing of 50.8 billion.

3 TRADE POLICY

3.1 Trade policy objectives and instruments

3.1. Gabon continues to deal with structural constraints. It is a net importer of food products, exports are concentrated and limited in terms of diversity, 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 and continental integration; and
- to develop a strategy aimed at making better use of the multilateral trading system.

3.2. All importers must have a unique identification number issued by the tax authorities, while the trader's card, arrangements for which are currently being finalized, will be issued by the Directorate-General for Trade. Certain goods may be subject to special authorization or restrictions. This may require prior import authorization or a certificate of conformity. For goods eligible for preferences, the operator must obtain the certificates of origin from the supplier.

3.3. For products of CEMAC origin, the certificate of origin gives entitlement to exemption from customs duties upon importation.

3.4. All imported goods are subject to a detailed import declaration, known as a "DPI", which is issued by the services of the Directorate-General for Trade. Depending on the nature of the goods, it is possible to make a simplified declaration allowing for rapid customs clearance. The customs authorities allow access to this procedure on an annual renewable basis.[1] Under this procedure, goods can be cleared upon submission of the simplified import declaration (DSI). The DSI must be supplemented by the definitive declaration within 15 days. This procedure is possible for perishable goods.

3.5. There are no private preshipment inspection companies. Inspections are carried out by customs officers in accordance with the CEMAC Customs Code and national regulations. The Gabonese Standards Agency (AGANOR) has set up the Gabon Conformity Assessment Programme (PROGEC) to protect local consumers by ensuring that all raw materials and regulated products imported into the country comply with the relevant approved standards and technical regulations. The products subject to conformity assessment in respect of standards are subdivided into three market segments: construction materials; electrical and electronic appliances; and cosmetics, medical and surgical devices, and toys.

3.6. The Electronic Cargo Identification and Tracking Note (BIETC) is compulsory. The purpose of the BIETC is to accompany imports in multiple modes (sea, road, rail, river and air). The cost varies according to the region of shipment as follows:

- upon importation, by shipment or bill of lading: CFAF 20,000 for the CFA zone; EUR 100 for the euro zone, and USD 150 for the dollar zone.
- upon exportation: CFAF 2,500 per shipment or bill of lading, regardless of the zone for which the goods are destined.

3.7. In addition, the export procedures are those set out in the CEMAC customs regulations:

- simple exports with the EX1 declaration form;
- re-export for goods that are to re-enter the territory with the EX2 declaration form; and
- re-export under suspensive arrangements with the EX3 declaration form.

3.8. All exports must be covered by a detailed declaration, accompanied by a health certificate and a certificate of origin, where required by the importing country. A rapid customs clearance system is available to certain exporters through the Simplified Export Declaration (DESE). A document showing the foreign exchange commitment, endorsed by the bank with which the transaction is domiciled, is required for all export transactions.

3.2 Gabon's participation in international trade negotiations

3.9. As a founding Member of the World Trade Organization (WTO), Gabon is taking part in the ongoing WTO negotiations under the Doha Development Agenda (DDA). In these negotiations, Gabon supports the positions of the African Group and the Group of Developing Countries (G77).

3.10. Like other CEMAC member countries, the Democratic Republic of the Congo, and Sao Tome and Principe, Gabon also participates in economic partnership agreement (EPA) negotiations 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.

3.11. 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).

[1] Order No. 362/MFBP/DG.DDI/DG of 29 October 1987.

3.12. As a country which has been eligible for AGOA (US African Growth and Opportunity Act) benefits since 2001, Gabon has had a strategy in place since 22 November 2022 to facilitate, and take full advantage of, access to the US market for local products.

3.3 Tariff policy

3.13. The customs regime has not fundamentally changed since the last Trade Policy Review in 2013. 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 international agreements. Gabon applies the CEMAC CET. It uses additional codes to regulate specific cases linked to government policy. Most notably:

- the fight against the high cost of living (from 23 to 17 tariff headings);
- medicines and medical equipment;
- sectoral laws to promote certain sectors of activity (timber, large industrial complexes, social housing, tourist investments, agriculture and sports federations).

3.14. The exceptions therefore cover a wider range of products, most of which are subject to lower rates than the CET. The 2021 Revised Budget Law abolished all sectoral provisions and reduced the rates of duty for the following sectors to 5%:

- wood;
- social housing;
- agricultural sector;
- SME-SMI;
- tourism;
- agricultural;
- cement (exemption during the plant construction phase).

3.15. Exemptions from customs duties and taxes are still granted to approved enterprises under the special SME/SMI regime, the Forestry Code and the regime applicable to investment in tourism, as well as to companies engaged in oil prospecting and exploration operations, and to various companies under customs taxation agreements, in order to:

- encourage entrepreneurship by implementing a policy to promote and facilitate a special regime for SMEs;
- promote and encourage investment and business expansion without discrimination;
- develop certain sectors of activity (industrial, agricultural, forestry, housing, tourism).

3.16. Law No. 15/98 establishing the investment charter, adopted in 1998, is still in force pending parliamentary approval of the investment code.

3.17. The exemptions granted are in conformity with the CEMAC Customs Code. Exceptional exemptions are not permitted. Only exemptions with a legal basis remain. Article 42 of Law No. 2/92 provides that: "exemptions granted on an **exceptional** basis by Ministers of Finance or National Directors of Customs shall be abolished".

3.18. At the customs level, Gabon does not have any de-categorized products. The four product categories of the CEMAC Customs Code are in effect:

- Category I: essential goods: 5%;
- Category II: raw materials and capital goods: 10%;
- Category III: intermediate and miscellaneous goods: 20%;
- Category IV: everyday consumer goods: 30%.

3.19. The change in categories concerns products that seek to combat the high cost of living. While changes were first made in 2008 under the social truce, the scale of the change peaked in 2012 in view of the level of inflation recorded at the international level. Nine product groups (corresponding to 192 tariff lines) were selected for tariff changes. This list of product groups was revised pursuant to Order No. 051.22/MER/MCPME/MAA/MT establishing the list of essential food products imported at the overall reduced rate of 5% and with the price cap of 15 September 2022. To date, seven product groups corresponding to 48 tariff lines are concerned.

3.20. The seven product groups are:

- 1st category: meat, poultry, fish;
- 2nd category: canned fish;
- 3rd category: canned vegetables;
- 4th category: pasta;
- 5th category: dairy products;
- 6th category: baby food;
- 7th category: rice.

3.21. The rates of excise duty applied in Gabon are as follows: 30% on local or imported beer; 30% on local or imported wine; 32% on champagne and other alcoholic beverages (alcoholic beverages with an alcoholic strength by metric volume of more than 12%); 25% on perfumery and cosmetic products; 25% on caviar, foie gras and salmon; 32% on cigarettes, cigars, cigarillos and tobacco (Budget Law No. 022/2014 of 19 January 2015). The 2018 Budget Law proposed solutions to distortions in relation to the rates proposed by CEMAC for excise duties. The following rates are thus applied: local and imported beer (22%), local and imported wines (22%), champagne (22%), other beverages with a metric volume of more than 12 (22%) and less than 12%; cigarettes, cigars and cigarillos (25%); games of chance (5%); second-hand cars (22%); perfumery and cosmetic products (25%); caviar (25%); and mobile telephony activities (5%).

3.22. Although the 2018 Budget Law reduced the excise duty rates, it also introduced a specific tax on products, and the total sum meant community excise duty rates were exceeded.

3.4 Renegotiation of WTO tariff concessions under Article XXVIII of the GATT

3.23. Since 1995, Gabon had been facing a serious compliance problem regarding its WTO tariff concessions. On more than 2,400 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.

3.24. 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.

3.25. 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.

3.26. 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%.

3.27. 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.

3.28. 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.

3.5 Export taxes

3.29. Gabon has abolished most of its export duties and taxes. However, manganese is subject to an export tax of 3.5% of its reference value. With regard to gold exports, a new mining code has been adopted and the export duty rate varies from 0% to 3% depending on the level to which the gold has been processed. The felling tax was abolished by Revised Budget Law No. 019/2020 of 17 July 2020 (Articles 9 and 10) and replaced by export exit duties on processed wood products:

3.30. The export exit duty scale for processed wood products is as follows:

- rate of 7.50% for products that have undergone initial processing;
- rate of 3% for products that have undergone secondary processing;
- 0% rate for products that have undergone tertiary processing.

3.31. It should be noted that on 3 February 2018, the Council of Ministers decided to ban kevazingo logging. This decision came into force via Decree No. 00099/PR/MFE of 19 March 2018 on the safeguarding of the kevazingo population.

3.6 Trade facilitation

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

- in July 2008, with the assistance of a number of development partners, Gabon carried out a self-assessment of its trade facilitation needs. This exercise, which was carried out with the participation of all national stakeholders, enabled Gabon to take stock of its trade facilitation situation and establish its priorities within the framework of an action plan drawn up by the national committee set up for this purpose;
- UNCTAD and 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 developed;
- the project for the establishment of a single window to facilitate import-export operations was prepared;
- Category A, B and C measures were categorized and notified;
- the National Trade Facilitation Committee was created and set up in April 2018. Order No. 0272 PM/MCMPMEI on the creation, remit, organization and operation of the National Trade Facilitation Committee entered into force on 3 May 2021;
- the national trade facilitation roadmap was validated in May 2022;
- the revision of the categorization of B and C measures was notified to the WTO in April 2023.

3.7 Updated trade regulations

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

3.34. 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 easily accessible to all economic operators.

3.35. Work is under way to update the Trade Code in accordance with the requirements of a constantly changing business world. A new Trade Code was drawn up in 2021.

3.36. Work is under way to update the Trade Code in accordance with the requirements of a constantly changing business world. This updated text will ultimately make it possible to respond efficiently to the expectations of economic operators, users and consumers, while helping to improve the business environment within the operational framework of the Transformation Acceleration Plan.

3.8 Investment

3.37. Law No. 15/98 of 23 July 1998 establishing the Investment Charter in Gabon offers the following benefits:

- a zero VAT rate for exported products, allowing VAT on investments and operating expenses to be refunded to exporting companies;
- the application of moderate customs duties, harmonized within the framework of the CEMAC CET;
- the suspension of customs duties for temporary admission or duty-free entry for natural resource research activities under specific codes;
- the suspension of customs duties for temporary admission or duty-free entry and inward-processing mechanisms for export-oriented activities.

3.38. The new Investment Code is awaiting ratification by Parliament.

3.39. In Gabon, the sectoral investment codes are being revised. With regard to the Mining Code and the Hydrocarbons Code, benefits vary depending on the phase:

- during the research phase, the company benefits from either exemptions or regular temporary admission;
- during the operational phase, it benefits from either a reduced rate of 5% or special temporary admission.

3.40. The forestry and agricultural sectors are governed by Law No. 11/2012 of 8 January 2013 determining the resources and expenditure of the State for the year. The benefits are as follows: companies' inputs are exempt for a period of five years from the first import transaction. Large items of equipment are subject to temporary admission.

3.41. There are also benefits for start-up companies. During the first five years of activity, such companies can benefit from:

- an exemption from the minimum levy for two loss-making years during the five-year period;
- an exemption from income tax for the first profitable year;
- a 50% income tax rebate for the second profitable year;
- accelerated depreciation corresponding to two straight-line depreciations on capital goods acquired in accordance with the provisions of Article 11 of subsection 5 on depreciation.

4 BUSINESS ENVIRONMENT

4.1. The goal of the Strategic Plan for an Emerging Gabon (PSGE) is to make Gabon a country with a world-class business environment. This vision will materialize most notably 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 streamline the private sector support system 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 that 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);
- the creation of the National Investment Promotion Agency on 14 September 2014;
- 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 together the support organizations involved in financing the private sector;
- strengthening the operational capacities of support structures such as the Espace PME, which assists businesses in implementing their projects; and
- the creation of a commercial court on 5 July 2019, as part of the drive to improve the business environment.

4.2 Updating of the legal and judicial framework

4.3. The establishment of an environment favourable to the private sector requires an in-depth 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 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 that conforms to international best practices; and
- the establishment of commercial courts in nine provinces 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 that 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. To make this vision a reality, the High Investment Council, a platform for public-private dialogue on reforms to improve the business climate, is now operational.

4.4 Tax reform

4.7. Gabon has a new General Tax Code (CGI), which entered into force in February 2021. This 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 budget 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 lower 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 CGI);
- 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 on 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 sector of activity;
- 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 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. Article 318 of the new Code has simplified and harmonized surface area tax rates. Under this law, the surface area tax has a single rate of CFAF 400 per hectare, whether or not the concession has been developed or is temporarily closed to development.

4.14. The felling tax was abolished by Revised Budget Law No. 019/2020 of 17 July 2020 (Articles 9 and 10) and replaced by export exit duties on processed wood products:

- The export exit duty scale for processed wood products is as follows:

  - rate of 7.50% for products that have undergone initial processing;
  - rate of 3% for products that have undergone secondary processing;
  - 0% rate for products that have undergone tertiary processing.

4.15. 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.

4.16. 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 per hectare;
- 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 hectare;
- 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 hectare under exploration; and
- CFAF 2,500 per kilometre of trails opened.

4.5 An improved environment for standardization

4.17. 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.

4.18. 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.

4.19. In Gabon, the initiative to develop a standard may come from the public authorities, consumer associations or economic operators (producers).

4.20. AGANOR is a public industrial and administrative establishment under the technical supervision of the Minister for Industry. It is endowed with legal personality and administrative and financial management autonomy. Its mission is to: promote quality in Gabon; train and support Gabonese companies in respect of quality; draw up, approve and disseminate Gabonese standards; manage the national conformity assessment system and the national metrology system; manage the WTO national enquiry point for technical barriers to trade; manage the CEMAC focal point for metrology; and represent Gabon in international standardization bodies. AGANOR comprises a board of directors, a general directorate and an accounting agency.

4.21. In 2015, AGANOR set up the Gabon Conformity Assessment Programme (PROGEC) to protect local consumers by ensuring that all raw materials and regulated products imported into the country comply with the relevant approved standards and technical regulations.[2] The key elements of PROGEC are: physical inspection prior to shipment; sampling, testing and analysis in accredited laboratories; auditing of product manufacturing processes; documentary control of compliance with standards; and assessment of compliance with standards. The products subject to conformity assessment in respect of standards are subdivided into three market segments: construction materials; electrical and electronic appliances; and cosmetics, medical and surgical devices, and toys.

4.22. AGANOR has designated INTERTEK, Bureau Veritas, SGS Inspection and COTECNA as the bodies responsible for the PROGEC programme in all supplier countries. All shipments are subject to PROGEC and must obtain a certificate of conformity issued by the INTERTEK certification offices. The certificate is required for customs clearance in Gabon; consignments arriving in Gabon without it will be refused entry.

4.23. AGANOR coordinates all activities related to the adoption of standards/technical regulations. On receipt of a request for the introduction of a standard, it forwards the files to the relevant technical committee. In 2019, there were four technical committees, dealing with agri-foods, construction and civil engineering, forestry-timber, and tourism and related activities. In fields where there is no technical committee, AGANOR can set up an *ad hoc* technical committee to deal with a request for the development of a standard. The technical committees are responsible not only for developing standards, but also for withdrawing them should the need arise. Draft standards undergo a public enquiry stage, during which amendments are sought from the relevant stakeholders. They are, in principle, published on the AGANOR website. Following this stage, the standards are adopted by the technical committees. Lastly, they are published in the Official Journal in an order issued by the Minister responsible for industry.

4.24. In Gabon, the following products are subject to specific standards: (i) building materials (in accordance with chapters 28/29/31/32/35/38/39/40/44/45/46/68/69/70/72 to 83 of the customs classification); (ii) electrical and electronic appliances (in accordance with chapters 84/85/94 of the

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[2] Order No. 17/MMIT of 18 March 2015 establishing the conditions for the application of conformity assessment.

customs classification); and (iii) cosmetics, medical and surgical devices and toys (in accordance with chapters 33/34/90/95 of the customs classification).

4.25. From 2019 to 2022, Gabon had 915 standards in force, of which 28 were mandatory and 884 voluntary. These standards were drawn up by the relevant technical committees: 332 standards in the field of electrotechnology; 85 standards in the field of food; 34 standards pertaining to construction and civil engineering; 23 standards relating to tourism and related activities; 6 standards in the field of education, training and administration; 34 standards in the field of health and social care; 26 standards in the field of forestry and timber; 63 standards pertaining to sustainable development; 51 standards in the field of fundamental standards and terminology; 49 standards in the field of chemistry and packaging; 35 standards in the field of management and quality of services; 22 standards relating to cosmetics; 15 standards in the field of telecommunications and information technology; 8 standards in the field of oil, gas and lubricants; 28 standards in the field of conformity assessment; 4 standards in the field of transport; 21 standards in the field of mining and extractive industries; 18 standards pertaining to security and resilience; 4 standards relating to halal products; 15 standards in the field of technology, manufacturing and metal; 11 standards in the field of textiles and fashion accessories; and 10 standards pertaining to social, cultural and labour issues. All of them are based on international standards. Gabon has been a member of regional and international standardization bodies, including the African Organisation for Standardisation (ARSO), the Réseau de Normalisation Francophone (RNF) and the International Organization for Standardization (ISO) since 1 January 2012.

4.6 Government procurement: greater transparency

4.26. 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.

4.27. Government procurement is currently governed by:

- Decree No. 278/PR/MEP of 22 August 2014 on the organization of the Government Procurement Regulatory Agency;
- Decree No. 00027/PR/MEPPDD of 17 January 2018 establishing the Government Procurement Code; and
- Decree No. 00026/PR/MEF of 18 March 2020 on the creation, remit and organization of the Directorate-General of Government Procurement.

4.28. This Code determines the awarding, monitoring and regulatory bodies. It also specifies the tendering procedures and payment and delivery terms. The Code sets out the general principles for government procurement, as well as the legal thresholds. Procurement is conducted in accordance with the Government Procurement Code: invitations to tender, restricted tenders, competitive tenders and direct agreement. Within the regional framework, a regional preference may be granted to all bidders residing within CEMAC.

4.29. The Government Procurement Code makes a distinction between awarding, monitoring and regulatory bodies. The person responsible for the procurement (designated by the representative of the contracting body), assisted by a commission for the assessment of bids, conducts the procedure for the award of the contract up to the designation of the successful bidder and the final approval of the award.

4.30. Where monitoring is concerned, the Directorate-General of Government Procurement (DGMP) is responsible for monitoring the award and performance of procurement contracts; the Award of Contracts Unit examines all contract award operations from the planning phase to the award of the contract; and, subject to authorization from the Director-General of Government Procurement, provincial procurement delegations monitor the procedures for awarding contracts within the limits of their territorial competence.

4.31. The Government Procurement Regulatory Agency (ARMP) is responsible for regulating the government procurement framework. Its remit includes: independent technical audit and the penalizing of any irregularities uncovered; non-judicial settlement of disputes arising out of the contract award procedures; and participation in the framing of laws and regulations on government procurement.

4.32. Provision is made for national and community preference. In the case of procurement by invitation to tender or direct negotiation, priority is given, when bids are equivalent, to enterprises which have one of the following statuses: incorporated under Gabonese law; engaged in economic activity on Gabonese territory; an SME whose share capital is owned wholly by Gabonese nationals or persons incorporated under Gabonese law; a group of companies with which Gabonese enterprises are associated or which provides considerable subcontracting to Gabonese nationals. There is a 10% national preference margin for works contracts, and a 15% preference margin for supplies contracts.

4.33. In the regional context, community preference may be granted to any bidder whose fiscal residence is within CEMAC, where, in the case of suppliers, manufactured goods containing at least 30% of value added in a CEMAC country will be supplied; in the case of building, public works and industrial facilities contractors, at least 30% of the inputs or 30% of the personnel employed are of community origin; and in the case of service providers and consultants, at least 50% of the value of the service supplied is of community origin.

4.7 Competitiveness, innovation, and promotion of national entrepreneurship

4.34. 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.

4.35. 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.

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

5 NEW SECTOR DYNAMICS TO DIVERSIFY THE ECONOMY

5.1 Forestry and timber[3]

5.1. The timber sector is Gabon's second largest economic sector after oil, in terms 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 value-added chain. Up to now, the vast majority of Gabon's wood has been exported in the form of undressed timber and only a very limited 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.

5.2. Since 1 January 2010, the Gabonese Government has banned the export of rough wood. This decision prompted an urgent need 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

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

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.

5.3. Reconciliation of these two issues 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).

5.1.1 Objectives

5.4. The overall objective which Gabon seeks to meet by 2016 through the Ministry of Water and Forestry 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 and development training.

5.5. 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".

5.6. 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 shared infrastructure and services within the reach of the operators involved. Lastly, improved management of the cost of logistics (particularly transport and port fees) is essential.

5.7. 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 images to monitor forest evolution; on-the-ground inventory of the forest using GPS, etc.).

This exhaustive on-the-ground inventory will also make it possible to take stock of the various types of forest exploitation, forest 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 strengthen the capacity of stakeholders in the forestry and wood industry by supporting the private sector through: (i) upgrading the wood processing industry from the current

20% to 30% recovery rate for felled timber to a minimum recovery rate of 80%. This involves making full use of logging waste (forest slash, wood processing waste); (ii) strengthening professional timber organizations and public-private collaboration around the "Maison du Bois", a body for inter-professional consultation and promotion of Gabonese timber; (iii) enhancing the value of NTFPs and forestry by-products, by training and integrating people living in forestry areas in the relevant trades; and (iv) promoting a national, regional and international market for Gabonese timber by developing the local market and conquering consumer markets for tropical woods.

(5) To develop vocational training through the reorganization of the National School of Water and Forests, with new institutions (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.

5.2 Mining, hydrocarbons and industry

5.2.1 Mining

5.8. 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.

5.9. 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.

5.10. 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 hydro-metallurgical complex, comprising a hydro-metallurgical plant for metallic manganese and a pyrometallurgical plant for silico-manganese.

5.11. Inaugurated on 12 June 2015 and built in compliance with international standards, this complex has enabled Gabon to move from raw mining to raw material processing.

5.12. The first factory 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.

5.13. The cost of this investment, which will create 400 direct jobs, is CFAF 135 billion (over €200 million).

5.14. Gabon adopted a new Mining Code in 2019 with the aim of clarifying mining rules and providing a more stable framework for investors.

5.2.2 Hydrocarbons

5.15. Gabon's sedimentary basin covers an area of 247,000 km², of which 30% is onshore and 70% offshore. Approximately 47% of the surface allotted is open to exploration.

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

5.17. Today, Gabon is the sixth largest oil producer in sub-Saharan Africa, after Nigeria, Angola, and Equatorial Guinea. The exploitable reserves of crude oil should enable continued production for approximately 40 years at the current pace. Maintenance of the historically high price per exported barrel (USD 113.8 at the end of June 2012) resulted in the oil sector's high contribution to the Gabonese State budget (approximately 60%).

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

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

5.20. 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.

5.21. As regards the optimization of oil revenues, the objective is to attract investors to the sector. With the finalization of the Hydrocarbons Code, we are confident that we will meet the expectations of the oil industry and investors who wish to support Gabon in the exploration and exploitation of its oil resources.

5.22. This will require Gabon to be equipped with new mechanisms for 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.

5.23. 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 petrochemicals and processing of fertilizer.

5.24. 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.

5.25. 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;
- management or investment operations, on behalf of the State, 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.

5.26. 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.

5.2.3 Industry

5.27. The Gabon Industrial pillar reflects par excellence Gabon's new development model, designed to ensure the country's transition from a raw materials economy to one based on industrialization.

5.28. By adopting the National Industrialization Strategy (SNI) on 28 April 2013 at the 1st Industry Forum, Gabon aims to increase local value added by moving up the value chain from:

- agriculture and fishing to agribusiness;
- forest to wood processing;
- mining to metallurgy;
- oil production to petrochemicals;
- and finally, the production of building materials.

5.29. 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). It focuses on the local processing of Gabon's natural resources into semi-finished or finished products. This should generate 325,000 jobs, 2/3 of which will be skilled. The SNI has identified 116 projects, including 54 industrial projects in the 5 priority sectors listed above and 62 industrialization support projects.

5.30. The Gabonese industrial development project, which requires a total investment of CFAF 17,000 billion, 28% of which will be government investment and 40% 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.).

5.31. There are also plans to redraw Gabon's economic map with the creation of 10 economic hubs, including three extractive industry hubs: the Manganese City at Moanda-Franceville, the Iron City at Belinga and the Hydrocarbons City at Port-Gentil; and four Green Gabon hubs: Oyem, Mouila-Ndendé, Mayumba, Lastourville-Koulamoutou; and three diversified centres in Estuaire, Booué and Lambaréné.

5.32. To support this vision of an Industrial Gabon, a number of legislative and regulatory texts have been adopted:

- Decree No. 607/PR/MIM of 25 June 2013 created the Directorate-General for Industry and Competitiveness;
- Ordinance No. 10/PR/2016 of 11 February 2016 on industrial activities;
- Law No. 022/2016 of 15 December 2016 ratifying Ordinance No. 10/PR/2016 of 11 February 2016 on industrial activities in the Republic of Gabon;
- Law No. 035/2020 of 30 March 2021, supplementing and amending certain provisions of Law No. 022/2016 of 15 December 2016 ratifying Ordinance No. 10/PR/2016 of 11 February 2016 on industrial activities in the Republic of Gabon;
- Decree No. 000295/PR/MCAPMEI of 14 August 2020 setting out the conditions for issuing administrative authorizations for industrial activities;
- Decree No. 000297/PR/MCAPMEI of 14 August 2020 regulating the monitoring and control of industrial activities in the Republic of Gabon;
- Decree No. 0120/PR/MI of 12 May 2022 on the powers and organization of the Ministry of Industry;
- Decree No. 0369/PR/MI of 30 December 2022 on the creation, remit and organization of the Directorate-General for Industry, Coordination and Promotion of Industrial Activities;
- Decree No. 0371/PR/MI of 30 December 2022 on the creation, remit and organization of the Directorate-General for Competitiveness and Innovation.
- These attractive regulations would provide economic operators with better support in the day-to-day running of their industrial activities in the Republic of Gabon.

5.3 Fishing, aquaculture, and the Blue Gabon Project

5.33. 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.

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

- the implementation of a sustainable management framework for fishery resources;
- the Directorate-General for Fisheries and Aquaculture is the national authority for fisheries and aquaculture management;
- the establishment of the Monitoring Centre for Fishing Activities;
- 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.

5.35. 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.

5.36. 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.

5.37. 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.

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

5.39. The various marine resource surveys carried out show a decrease in resources in the area north of Cape Lopez and under exploitation 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.

5.40. 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 reduced post-capture losses in small-scale fishing. These centres are accessible areas where fishermen can market their products and be supplied with ice.

5.4 An ambitious agriculture and livestock programme

5.41. 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.

5.42. 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.

5.43. Gabon is aiming for greater food self-sufficiency, a 50% reduction in food imports, a shift from traditional to industrial agriculture, and the diversification of its economy. To this end, plans have been developed to: develop agricultural basins by sector, promote and support agricultural entrepreneurs, promote a return to the land, promote agribusiness and agro-industry, create high-productivity agricultural zones (ZAP), and mobilize funds to carry out these projects. The strategy is being implemented through targeted programmes such as the Agricultural Development and Investment Project (PRODIAG) and the Gabonese Programme for Agricultural Achievements and Initiatives by Committed Nationals (GRAINE). These programmes receive substantial support from international donors and partners.

5.44. The clear objective is to halve Gabon's food imports by 2025, restore self-sufficiency in food products[4], fish and livestock products[5] and become a net exporter of agro-industrial products[6], while respecting the principles of sustainable agriculture and sustainable development.

5.45. 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.

5.46. To achieve this goal, the Government has introduced a strategy rooted in an incentives-based regulatory arrangement. One of the aims of the strategy is to improve the sector's contribution to GDP.[7] The adoption 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.[8] In addition to incentive measures, as part of the implementation of the PSGE, the Agricultural Development Agency of Gabon (ADAG) was created to mobilize and secure agricultural land, through Decree No. 0574/PR/MAEACMOPG of 23 November 2015 creating and organizing the Agricultural Development Agency of Gabon, together with subsequent amending texts.

5.47. Since 2019, the Transformation Acceleration Plan (PAT) provides for the implementation of several initiatives, namely:

(a) support for the development of priority sectors;
(b) development of training: (i) Work is underway to rehabilitate the National School for Rural Development (ENDR) in Oyem, with a project to launch the Agricultural Technology Extension Base (BVTA); (ii) a project to open the Agriculture Technical College in Lébamba;
(c) launch of the ZAP land programme[9] (64 million ha of land): (i) land regulation, eco-responsible development and grouping of activities (e.g. production, processing, logistics, etc.); (ii) marketing, training and research; (iii) effective launch subject to seed availability (seed multiplication centres);
(d) other.

[4] Definition of a target of 100% coverage of local demand for products with an already high coverage rate and strong potential: (i) for cassava and plantain: coverage rate of 100% due to positive feedback following the experience of the "GRAINE Programme" demonstrating the existence of high potential; (ii) sugar: coverage of 66% and potential to move to 100% with the support of SUCAF. See Transformation Acceleration Plan (PAT), page 130.

[5] Objective of improving the coverage rate by 20 points for poultry farming and fisheries, both of which have potential but a low current coverage rate: (i) poultry farming: production with a low entry cost (compared with other types of meat); (ii) fisheries: current production far from the potential observed in the past (20k tonnes compared with 60k tonnes in the 2000s). See Transformation Acceleration Plan (PAT), page 130.

[6] Target production of 90,000 tonnes of palm oil by 2025. See Transformation Acceleration Plan (PAT), page 131.

[7] According to forecasts, the agricultural sector could account for between CFAF 750 billion and CFAF 1,000 billion of GDP by 2025, i.e. between 1.5 and 2 times the value of current GDP (agricultural GDP represented 4.4% of GDP in 2019, with average annual growth of 7% between 2010 and 2019). See Transformation Acceleration Plan (PAT), page 115.

[8] Decree No. 01495/PR/MAEPDR of 29/12/2011 establishing the legal status of farmers and agricultural holdings in the Republic of Gabon; Order No. 038.22/MER/MAA of 25 July 2022 granting exemption from import duties and taxes on agricultural inputs, materials and equipment.

[9] Highly productive agricultural area.

5.48. Specifically, Gabon aims to:

- **Food security:**

    - Implement the Agricultural Investment Development Project (PRODIAG), which will introduce short-cycle crop and livestock farming belts on the outskirts of the provincial capitals;
    - Between 2010 and 2016, PRODIAG promoted food and market gardening, livestock farming and cassava processing in suburban areas. This programme has provided technical and management support for farmers, support for the restructuring of professional organizations, support for the processing of agricultural products, and has developed educational leaflets for producers on alternatives to existing crops in suburban areas. Backed to 80% by a loan from the French Development Agency (AFD), this programme generated additional production of 8,000 tonnes of food products in 2016 (equivalent to CFAF 3.5 billion), as well as creating more than 2,000 direct jobs and over 1,000 new farms. Given the encouraging results of PRODIAG, the launch of a second phase of this programme was announced for 2019. This second phase will be supported by the Development Bank of Central African States (BDEAC) and the AFD.
    - Launched at the end of 2014, the GRAINE programme aims to encourage agricultural entrepreneurship through the formation and reactivation of producers' cooperatives. Technical training is offered to farmers and the programme promotes the development of new crops such as oil palm, with a view to local industrialization. The programme is supported by the Agricultural Transformation and Rural Development Company (SOTRADER), a partnership between the Gabonese Government and Olam International. The target set for 2019 was to have 62,000 hectares of oil palm and 8,000 hectares of food crops (plantains, cassava, peppers and tomatoes). The aim is for these producers to provide the raw material for local processing, so that Gabon can become an exporter of high value-added products. Despite the large number of small farmers (over 15,000) enrolled in the programme, these production targets have not yet been met. A second phase of the programme is also being financed by the African Development Bank (AfDB).

- **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.
    - With a view to improving production levels of crops such as rubber and diversifying national production towards new crops, Gabon has established public-private partnerships with investors, including the Olam International group. Under this partnership, 40% of which is owned by the Gabonese Government, the focus is on two crops: rubber and palm oil. More than 136,000 hectares on two sites have been allocated as concessions for oil palm plantations, and 36,000 hectares for rubber plantations. SIAT Gabon's rubber and oil palm investments have been taken over by the OLAM group.
    - In the case of rubber, there is little potential for increasing production in the sector, given that yields are similar to those of international players thanks to favourable climatic conditions. According to the 2020 TBE, the natural rubber industry will see a decline in activity in 2020. National production of cup lump natural rubber fell by 9.9% to 17,566 tonnes due to a slowdown in activity. Similarly, rubber production in 50 kg granules fell by 8.8% to 7,324 tonnes. In trade terms, the 8.8% fall in granule exports led to a 5.8% decline in turnover to CFAF 7.4 billion. Investment in 2020, although down 8.2% on 2019, was mainly in agricultural equipment and vehicles.
    - Palm oil production has risen sharply as the palms in batches 2 and 3 of the Mouila plantations (in the province of Ngounié) reach maturity. Olam's production began in 2015 with a harvest of 4,924 tonnes of palm kernels and will reach 449,748 tonnes in 2021. The Group has two processing plants at its production sites in Kango (in Estuaire province) and Mouila. In 2021, production of red palm oil was 107,336 tonnes and palm kernel oil (extracted from the kernels) was 6,035 tonnes. In the same year, exports of crude palm oil (red palm and kernel combined) reached 56,123 tonnes; exports amounted to CFAF 40.4 billion in 2021, with Cameroon as the main destination for these flows. According to the daily *L'Union*, the Association of Refiners of Cameroon (ASROC) has announced that it will import 120,000 tonnes of palm oil from Gabon in 2021. By 2021, five thousand jobs were directly generated by the industry. A customs duty of 30% (under

the CEMAC CET) is applied to imports of refined palm oil; domestic production is exempt from VAT and imported products are subject to a reduced rate of 10% (Table 3.2). Between 2012 and 2018, edible oil imports halved (-52%), mainly refined palm oil (-91%). The Economic Dashboard (TBE) for 2020 showed that the number of employees fell by 25.1% to 5,724, for a total wage bill of CFAF 12.4 billion. In addition, Lot 3 of the Mouilaplantation received RSPO certification in 2019 for sustainable social management. It should be remembered that some of SIAT's assets were bought by Olam, including the oil palm plantation. On 2 May 2019, Olam Palm Gabon (OPG) announced that its Lot 3 oil palm plantation at Moutassou in Ngounié province had been awarded Roundtable on Sustainable Palm Oil (RSPO) certification.

- Gabon aims to be self-sufficient in sugar. With this in mind, in 2020 the Gabonese Government awarded Sucrerie africaine du Gabon (Sucaf), Somdiaa's Gabonese subsidiary, 8,751 hectares of land in the province of Haut-Ogooué. This additional area should enable an increase in the country's sugar cane production not only to satisfy local demand, but also to boost exports of by-products. Sucrerie africaine du Gabon aims to increase its production in order to expand in the subregion. According to TBE data, sugar production performed well in 2021. Production of 50 kg granulated sugar totalled 26,004 tonnes, up 14.9% on the previous year, due to favourable weather conditions.
- Oil palm development in large industrial units covering several thousand hectares in the regions of Estuaire, Moyen Ogooué, and Nyanga;
- Development of rubber tree 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:**

  - The Government has set up a number of public institutions, including the Gabonese Food Safety Agency (AGASA), to provide farmers with effective support and guarantee optimum yields.
  - In line with its agricultural development strategy, in 2015 Gabon adopted decrees laying down health conditions for both the sale and production of foodstuffs, including animal feed. Standards relating to the shelf life and storage conditions of products, as well as health and hygiene conditions, and the packaging and labelling of animal products, are in force.
  - More recently, Law No. 040/2018 of 28 December 2018 establishes rational management and use of plant protection products and lays down a related legal framework. AGASA grants administrative authorizations to producers, sellers and distributors of plant protection products in the country. It is also responsible for drawing up the national list of approved plant protection products, carrying out risk assessments and publishing guides to good practice in agricultural production. Otherwise, pesticides and hazardous chemicals listed in Annex III to the Rotterdam Convention, together with most of the persistent organic pollutants in Annex A to the Stockholm Convention, remain banned from import for agricultural purposes.
  - 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).

5.49. 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.

5.50. 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 agricultural development fund.

5.5 Sustainable development and the National Climate Plan

5.51. Gabon ranks second in the world in terms of the percentage of national territory allocated for conservation. Almost 11% of its territory, or 29,400 km^2, is reserved for 13 national parks.

5.52. The Gabonese forest is part of the Congo Basin forest, which is the 2nd largest tropical forest and the 2nd largest carbon sink in the world after the Amazon.

5.53. Gabon is ranked 9th in Africa in the Environmental Performance Index.

5.54. 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.

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

5.6 Tourism and ecotourism: A fast-growing industry

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

5.57. 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.

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

5.59. 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 USD 411.5 million).

5.6.1 Vision and objective for the sector

5.60. 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.

5.61. 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.

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

5.7 Trade-related technical assistance needs

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

- regional trade agreements;
- rules of origin;
- Agreements on Trade-Related Aspects of Intellectual Property Rights (TRIPS);
- Agreement on Subsidies and Countervailing Measures
- safeguard measures;
- electronic commerce;
- the Fisheries Agreement.
- 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.

6 CONCLUSION

6.1. Regarding the economic outlook for 2022 and 2023, national economic activity should evolve in a context of continued implementation of the Transformation Acceleration Plan 2021-23 coupled with Gabon's Second Generation Economic and Financial Programme with the IMF, which would be severely tested by the repercussions of the Russia-Ukraine conflict on the global economy in general and the Gabonese economy in particular. Against this backdrop, economic activity in Gabon is expected to remain buoyant, growing by 3.1% in 2022 before consolidating at 2.9% in 2023. This growth is expected to be underpinned by both the oil sector, which is expected to post positive growth over the period following two consecutive years of decline, and the non-oil sector.

6.2. The oil sector is expected to be boosted by the resumption of investment following the gradual lifting of COVID-19 measures around the world, coupled with firm prices. It would also benefit from the end of the OPEC+ production quota policy, the production of new fields and the drilling of new oil wells. This sector is expected to grow by 4.8% in 2022 and 4.5% in 2023. The non-oil sector is expected to remain buoyant, albeit with growth slowing over the period to 2.7% in 2022 and 2.5% in 2023.

6.3. The non-oil sector is set to benefit from the continuation of major infrastructure projects and the implementation of reforms aimed at boosting productivity in the agricultural and fishing sectors, modernizing the forestry sector, enhancing mining activity and promoting other processing industries. It could also be boosted by the start of production from new manganese deposits at OKOUMA and LEBAYE, rail and sea transport benefiting from the good performance of manganese production, and the establishment of new special economic zones (LAMBARENE and FRANCEVILLE), which would consolidate the buoyancy of the timber industries.

6.4. In addition, inflationary pressures are likely to increase as a result of the post-COVID-19 economic stimulus measures, coupled with the supply chain malfunctions that have exacerbated global inflation and the effects of the conflict between Russia and Ukraine. As a result, the Gabonese economy is likely to see an acceleration in inflation to 4.6% in 2022 (from 1.1% in 2021), before falling back to 3.3% in 2023.

6.5. With regard to the management of public finances, the overall budget balance on an accruals basis, including grants, is expected to return to a surplus in 2022 and 2023 after having recorded a deficit in 2020 and 2021. It is expected to reach 1.8% of GDP in 2022 and 2.1% of GDP in 2023, after -1.7% of GDP in 2021. The improvement in this balance would be mainly due to steady crude oil prices, combined with an increase in oil production. In terms of foreign trade, the current account balance, including public transfers, is expected to remain in surplus in 2022 and 2023, boosted by buoyant oil prices and oil production. However, the surplus on this balance is set to shrink to 4.0% of GDP in 2022 and 2.4% of GDP in 2023.

6.6. Net capital inflows will be negative in 2022, 2023 and 2021. They will not be offset in 2023, unlike in 2022, by the current account surplus. As a corollary, the overall balance of payments should be positive in 2022 before returning to a deficit in 2023. As a result, net foreign assets should return to positive territory in 2022, before falling again in 2023. They are set to rise by 26.2% in 2022, after declining for three consecutive years, and to fall by 15.7% in 2023. Lending to the economy is expected to maintain its upward trend in 2022 and 2023, while net claims on the State will contract by 4.2% in 2022, followed by a 12.3% increase in 2023. As a result of the changes in its counterparties, the money supply is set to rise by 3.7% in 2022 and 10.4% in 2023.

REPORT OF THE CENTRAL AFRICAN REPUBLIC

1 INTRODUCTION

1.1. The Government of the Central African Republic underwent its first Trade Policy Review at the WTO in June 2007. This exercise enabled it to gauge the level of its multilateral commitments. Following the comments made by WTO Members, the Central African Government undertook to improve its trade policy, taking account of the regional and multilateral dimensions. This report has been prepared as part of the third Trade Policy Review of the Central African Republic and the second joint Trade Policy Review of the CEMAC countries. It outlines the status of the reforms and the commitments undertaken by the country at the bilateral, regional and multilateral levels.

1.2. In 2019, the recovery of economic activity was consolidated thanks to the renewed confidence of economic agents following the signing of the Political Agreement for Peace and Reconciliation (APPR), the implementation of projects under the National Recovery and Peacebuilding Plan (RCPCA) and the continued efforts by the authorities to settle domestic arrears.

1.3. In 2021, the country's economic situation was marked by a slight upturn in growth, linked to the continuation of operations to secure the entire national territory, combined with the decline in the COVID-19 pandemic at both the international and national levels. This economic recovery is being driven by the renewed confidence of economic agents following the signing in 2019 and implementation of the APPR, the implementation of projects under the RCPCA and the pursuit of economic and financial reforms supported by technical and financial partners.

1.4. These results are based, at the internal level, on the increase in the production and exportation of the main exports: diamonds (which rose by 105.6% to 103,600 carats in 2021 from 50,400 carats in 2020) and gold (which increased by 113.9% to 857.9 kg in 2021 from 401.1 kg). Similarly, the gradual settlement of the State's domestic arrears is having a significant impact on the macroeconomic framework.

2 ECONOMIC ENVIRONMENT

2.1 Real sector

2.1. Real GDP growth was 1.1% in 2021, compared to 0.6% in 2020. This was mainly due to a good performance in the mining, food-producing agriculture, transport, telecommunications and hotel and restaurant subsectors.

2.2. In terms of supply, growth was driven solely by the primary sector, with a contribution of 1.5 percentage points. By contrast, the tertiary sector made a negative contribution to growth of around -0.6 percentage points, while the secondary sector made no contribution in 2021. The **primary sector's** positive 1.5-point contribution to growth in 2021 was mainly due to the dynamism of food-producing agriculture and mining, which contributed 0.7 points and 1.6 points respectively in 2021.

2.3. Food crops are still, by volume, the mainstay of agricultural production in the Central African Republic, providing an alternative for producers of cash crops such as coffee and cotton. The main crops are cassava, maize, groundnuts, sorghum, millet, sesame, yams, sweet bananas, plantain, rice, taro, beans and onions. Cassava crops occupy around 40% of cultivated land and account for almost 60% of agricultural food production by volume. For the 2020/21 season, the most recent estimates from the Ministry of Agriculture and Rural Development put production at 1,199,048 tonnes, compared to 1,152,471 tonnes in the previous season, representing an increase of 4.0%. This growth was linked to the continued implementation of the project to support agricultural revival and the development of commercial agriculture, the project for livestock rehabilitation and agricultural production in the savannahs and the project to support the development of agricultural value chains in the savannahs.

2.4. In 2021, log production reached a volume of 525,933 m³, compared to 593,856 m³ in 2020, representing a fall of 11.4%. This development was the consequence of the rise in insecurity in the production zones of the south-west during the first quarter of 2021. At the same time, exports controlled by the customs services fell by 25.6% in volume to 239,692 m³, compared to 322,177 m³ at the end of December 2020, due to the fact that the country's main trade route, the Bangui-Beloko corridor, was blocked between January and March 2021. These exports generated CFAF 44.2 billion for forestry companies, compared to CFAF 50.7 billion a year earlier, representing a fall of 12.8%.

2.5. In the mining sector, rough diamond production stood at 103,647.5 carats at the end of December 2021, compared to 50,410.6 carats a year earlier, representing an increase of 105.6%. This exceptional performance was attributable to improved security conditions in the mining production areas in the west of the country, combined with the activities of the new mining company, Compagnie Commerciale de l'Oubangui, CCO (Oubangui Commercial Company). All output was exported, totalling CFAF 6,391.1 million, compared to CFAF 4,024.4 million the previous year. Taxes levied on these exports therefore rose by 58.8% to CFAF 255.6 million, compared to CFAF 161.0 million at the end of August 2020.

2.6. In the secondary sector, growth was underpinned by the strong performance of the *construction and public works* and *energy* sectors, each contributing 0.1 points in 2021. However, the contribution of the manufacturing industries sector reduced growth by around 0.2 points in 2021. Sawn timber production fell to 50,518 m^3 in 2021, a 0.9% drop compared to 2020. The timber industry is still facing structural difficulties that are preventing it from developing, in particular the lack of investment in processing equipment. The rate of conversion of rough wood into sawn timber was 9.6% in 2021, whereas the Forestry Code provides for a floor rate of 70%. In addition, only four forestry companies (SEFCA, IFB, CENTRABOIS and SOFOKAD) out of 12 are able to carry out primary processing of their rough wood into sawn timber.

2.7. In 2021, the output of the main local industrial companies fell overall. In the agri-food sector, there was a drop in the production of aerated beverages (-20.2%), syrup (-29.9%), palm oil (-54.1%), maize flour (-30.8%) and sugar (-3.8%), while production of beer (+1.6%), soap (+26.9%) and cigarettes (3.7%) rose during the period under review. In the metal industry, production of aluminium household articles and metal sheets rose by 227.7% and 103.0% respectively.

2.8. The structural difficulties faced by the Central African manufacturing industry include financing constraints, sudden power cuts, dilapidated roads and transport infrastructure, heavy tax pressure on already formalized units, unfair competition from the informal sector and road and administrative issues caused by the constant stoppage of vehicles transporting materials and other products.

2.9. Electricity production in 2021 increased slightly by 1.8% on 2020, due to the completion in August 2021 of work to double the capacity of the Boali 2 hydroelectric power station, financed by the African Development Bank, and the increase in the production capacity of the Bangui thermal power station. Drinking water production also rose slightly by 1.7% as a result of an improved supply of water treatment chemicals and the provision of nine electric pumps to the Société de distribution d'eau centrafricaine, SODECA (Central African Water Supply Company) by the World Bank under the Water and Electricity Upgrading Project. The difficulties faced by Énergie Centrafricaine, ENERCA (Central African Energy Company) and SODECA continue to be the dilapidated state of network equipment, delays in the delivery of chemicals ordered, the numerous losses due to fraud on the distribution network and cash flow problems caused by delays in the payment of invoices, particularly by government agencies.

2.10. The construction and public works sector saw a revival in activity in 2021, thanks to the continued implementation of projects under the RCPCA and the dynamism of private investment. This performance was confirmed by a 6.7% increase in turnover for the sector's leading companies.

2.11. The negative contribution of the tertiary sector to growth stemmed mainly from government services, which saw a fall in external financing in 2021, with a contribution of -0.8 points, compared to +2.7 points in 2020. Trade sector activities fell by 6.9%, reflecting the impact of the deterioration in the national security climate during the first half of 2021, which led to difficulties affecting the supply and sale of goods within the country. This situation also had an impact on the road transport sector. The telecommunications sector contributed 0.2 percentage points to growth, thanks to the strong performance of all companies in this sector and to the 16.6% increase in the number of subscribers from 1,719,289 in December 2020 to 2,003,847 in December 2021.

2.12. With regard to ***demand***, growth in 2021 was stimulated by a revival in *public consumption*, which contributed 1.5 points in 2021, compared to -0.5 points a year earlier, in a context marked by an increase in military spending with a view to consolidating the progress made in terms of security. The growth in *private consumption*, with a contribution of 1.9 points in 2021 compared to a negative contribution of 1.2 points in 2020, was the result of the continued settlement of domestic arrears (social and commercial arrears) combined with spending as part of the elections at the beginning of the year. However, *gross investment* hampered growth in 2021, with a contribution of -3.0 points compared to +1.2 points a year earlier, due to the slowdown in external financing and the blockage of the Bangui-Beloko corridor during the first quarter of the year.

2.13. Inflationary pressures increased in 2021, due to continuing security tensions in the hinterland and the blocking of the Bangui-Beloko trade corridor in the first quarter of 2021, which led to a surge in food prices. By the end of December 2021, the inflation rate had risen to an annual average of 4.3%, compared with 1.6% a year earlier.

2.2 Price trends

2.14. By the end of December 2021, the inflation rate had risen to an annual average of 4.3%, compared to 1.6% a year earlier. Inflation was underpinned by continuing security tensions in the hinterland and the blocking of the Bangui-Beloko trade corridor in the first quarter of 2021, which led to a surge in food prices.

2.3 Public finances

2.15. The Government has opted to pursue a prudent fiscal policy and to strengthen the treasury single account. Under these conditions, the 2021 Budget Law has incorporated the measures prescribed by the International Monetary Fund (IMF) as part of the public finance reforms.

2.16. In 2021, the *budget deficit (commitments basis, excluding grants*) fell slightly to 11.9% of GDP (CFAF 164.9 billion), compared to 12.4% of GDP (CFAF 164.8 billion) in 2020, thanks to the improved mobilization of tax revenue and enhanced monitoring of budget expenditure in a context of a lack of budgetary support.

2.17. Indeed, domestic revenue rose by 5.7% in 2021 to reach CFAF 125.1 billion, compared to CFAF 118.3 billion in 2020, thanks to the remarkable performance of the customs administrations since April 2021, which have benefited from Russian technical assistance. Expenditure rose by 2.4% to CFAF 290.8 billion in 2021, up from CFAF 283.1 billion a year earlier, mainly as a result of a sharp increase in security spending.

2.18. Overall, the management of public finances in 2021 resulted in an improvement in the primary deficit, from 6.6% of GDP in 2020 to 5.9% of GDP in 2021; in a slight decline in the basic budget deficit to 6.3% of GDP in 2021, compared to 6.9% a year earlier; and in a deterioration in the baseline fiscal balance to -6.9% of GDP in 2021, compared to -2.5% of GDP a year earlier. The State's expenditure needs rose to CFAF 182.6 billion in 2021. These needs were absorbed thanks to donations of CFAF 69.6 billion, project loans of CFAF 8.8 billion, external debt relief of CFAF 5.4 billion, bank financing of CFAF 20.4 billion and non-bank financing of CFAF 78.4 billion.

2.4 Balance of payments

2.19. The current account deficit, excluding official donations, stood at 13.6% of GDP in 2020 and 11.6% of GDP in 2021, attributable mainly to developments in the income balance and transfers. Indeed, the trade deficit fell in 2021 to CFAF 160.9 billion, compared to CFAF 182.7 billion in 2020, due to the drop in the volume of imports of petroleum products.

2.20. In addition, the deficit of the services balance widened in 2021 to CFAF 65.2 billion, compared to CFAF 36.4 billion in 2020. This was essentially attributable to an increase in the services received by companies and government agencies, particularly in the military field. On the other hand, the income balance surplus fell to CFAF 71.2 billion in 2021 from CFAF 127.2 billion in 2020.

2.21. With regard to current transfers, the surplus balance fell considerably, from CFAF 127.2 billion in 2020 to CFAF 71.2 billion a year later, following the decline in current grants in the form of budgetary support.

2.22. The overall balance of payments deteriorated significantly in 2021, with a deficit of CFAF 65.7 billion, compared to a surplus of CFAF 5.0 billion the previous year. This deficit was due to a reduction in official reserves of CFAF 60.3 billion and exceptional financing in the form of debt relief of CFAF 5.4 billion.

2.5 Monetary situation

2.23. On 31 December 2021, the Central African Republic's monetary situation was marked by a decrease in net foreign assets, an increase in lending to the economy and money supply and a comfortable external currency coverage ratio. Net foreign assets fell by 24.2% to CFAF 67.2 billion at the end of December 2021, mainly as a result of the decline in foreign capital inflows. At the same time, the external currency coverage ratio rose to 97.4% at 31 December 2021, compared to 84.2% in 2020.

2.24. Lending to the economy increased by 13.6% to CFAF 185.7 billion in 2021, in line with the growth in economic activity. As a result, money supply rose by 13.5% to CFAF 493.4 billion at 31 December 2021. External reserves rose to amount to seven months' worth of imports of goods and services in 2021, compared to 5.9 months' worth in 2020.

2.6 Situation in the banking sector

2.25. Overall, the Central African banking system, which comprises four banks, continued to perform well in 2021, as a result of the improved economic outlook and renewed confidence among economic agents. The growth of the banking sector in 2021 involved a 12.6% rise in the balance sheet, an 11.2% increase in customer deposits and a 23% rise in gross loans. The quality of the loan portfolio improved as a result of prudential easing. The rate of overdue debt fell from 17.5% at the end of December 2020 to 14.1% at 31 December 2021.

2.26. With regard to the prudential analysis, at the end of December 2021, two out of the four banks had sufficient net equity to meet all prudential standards based on this aggregate, compared to three banks on the same date the previous year. The prudential standards most complied with are those relating to the conversion coefficient, the coverage of fixed assets by permanent resources, the overall limit for major risks, the coverage of risks by net equity and the minimum capital representation. The standards on commitments concerning related parties and the reserve ratio are those of which the greatest number of banks are in breach.

3 TRADE POLICY

3.1 Trade policy objectives and instruments

3.1. The Commercial Code guarantees the freedom to import, subject to compliance with the conditions set out in the legislation in force. It stipulates that: "Any natural or legal person who imports goods from a foreign country to be marketed or processed in the Central African Republic is required to prepare a commercial import declaration (DIC)." The person must first be registered on the commercial and personal property credit register and obtain a tax identification number by paying a sum of between CFAF 18,000 and CFAF 36,000, depending on the legal nature of the business.

3.2. The person must meet the following conditions in order to carry out their activities: (i) authorization must be obtained from the relevant ministry and approval must be obtained from the Ministry of Trade and Industry; (ii) they must hold a professional trader's card.

3.3. Any natural or legal person marketing goods originating in the Central African Republic abroad is required to prepare a commercial export declaration (DEC).

3.4. The import procedure is now as follows: For all requests concerning imports with a value of CFAF 500,000 or more, a DIC must be submitted to the Directorate-General of Customs; the importer must provide their *pro forma* invoice and pay CFAF 140,000 to Customs before submission of the DIC. However, imports and exports with a value of less than CFAF 500,000 must be declared to the Chamber of Commerce, Industry, Mines and Crafts.

3.5. The provisions of Decree No. 20333 apply to all sectors of the national economy, to all operations involving the production and/or marketing of products and services and to all distribution activities carried out on national territory by natural or legal persons, whether public, semi-public or private.

3.6. Decree No. 20.335 defines the conditions for working as a trader, with regard to activities involving trade in goods and services. The rules relating to trader status and commercial transactions are set out in the provisions of the Uniform Act of the Organization for the Harmonization of Business Law in Africa (OHADA) relating to general commercial law.

3.7. A draft law on the organization of foreign trade is currently being examined by the National Assembly and clearly sets out the conditions under which import and export operations are carried out, improving the clarity of the legal framework governing foreign trade.

Preshipment inspection

3.8. Between 2003 and 2018, the Central African Republic had a contract with Bureau Veritas (BIVAC), a private French company, to combat undervaluation, in particular through the use of reference values. BIVAC was mandated to carry out the physical identification of all goods or products intended for importation into the Central African Republic at the place of production, storage or dispatch. It determined the scale of each of its interventions based on the type of products to be checked and the production processes and checks carried out by the manufacturers, in compliance with the WTO Agreement on Preshipment Inspection.

3.9. Specifically, BIVAC was required to apply the following procedures:

- mandatory preshipment inspection for all imports;
- issuance of a compulsory verification certificate for customs clearance operations, which must be a requirement for customs dossiers;
- requirement to submit DICs and requirement for DICs and inspection verification certificates at border crossings;
- depending on the contract, BIVAC's inspection covered the verification of documents and of the quality, quantity, price, origin, tariff position and customs value of goods imported into the Central African Republic, in addition to verification of the sealing of containers, the eligibility of goods for a particular customs procedure and other specific aspects (for example, checking that pharmaceuticals showed the dates of manufacture and the expiry dates).

3.10. The contract with BIVAC was terminated at the end of April 2019. This company's responsibilities have now been transferred to the SGS.

3.11. Order No. 0432 requires all importing natural or legal persons to submit a DIC for imports with an f.o.b value of CFAF 500,000 or more. To obtain the DIC, a virtual transaction dossier is completed online by the importer on the portal of the Directorate-General of Customs, which, once validated by Ministry of Trade and Industry officials, becomes valid. The validated pre-import declaration is a compulsory document that must be attached to all customs declarations with a value of CFAF 1,000,000 or more. It is prepared by the company Web Fontaine via the Directorate-General of Customs platform, within a maximum of three days after confirmation of the order by the importer and the study of the values and tariff headings mentioned on the DIC. The fee charged by Web Fontaine is 1% of the f.o.b value of the import, plus VAT. The customs declaration prepared by the operator must include the declaration number. A DIC may group together several declarations or T1s. Failure to comply with the above procedure exposes offenders to a fine equal to 20% of the c.i.f value of the goods in question.

3.12. Since 2008, all imports (and exports) of non-exempt goods have been subject to an electronic cargo tracking note (ECTN), the aim of which is to guarantee the traceability of goods imported into the Central African Republic. The ECTN was implemented under a contract between the company

Antaser and the Government that came into force in 2008. Importers must pay the following fees for the issuance of the ECTN:

- used vehicle: EUR 50 to 100, depending on tonnage;
- 20-foot container: EUR 50;
- 40-foot container: EUR 100;
- less-than-container-load cargo: EUR 5 per metric tonne for each individual bill of lading. Minimum EUR 50 per ECTN.

3.13. Export charges are as follows:

- coffee/bag: EUR 5 W/M;
- cotton/ball: EUR 5 W/M;
- gold: 2.5% of the value;
- diamond: 2.5% of the value;
- tobacco: EUR 5 W/M;
- wood: EUR 15/tonne;
- miscellaneous goods: EUR 5 W/M;
- 20-foot container: EUR 50;
- 40-foot container: EUR 100.

3.14. This privilege has been extended to exports since 1 March 2018. If goods are unloaded in the Central African Republic without advance payment of this fee, a fine of CFAF 80,000 (EUR 122) is levied for each declaration.

3.2 Tariff and customs policy, including rules of origin

3.15. According to Article 26.1 of the CEMAC Customs Code, the customs value of imported goods is their transaction value, that is, the price actually paid or payable for these goods when sold for export to the member State of importation, adjusted in accordance with the provisions of Article 27. For the determination of the cost of insurance to be incorporated in the customs value, the 2017 Budget Law provides that, under the last recourse method, in the event that an invoice is unavailable, the insurance value is set as follows:

- for imports by air, the insurance value is equal to 2.5% of the cost and freight value;
- in the case of imports by land via a port in the subregion, the insurance value is equal to 3% of the cost and freight value.

3.16. The Central African Republic continues to comply with the provisions of Article VII of the GATT: Elimination of reference values.

3.17. As a CEMAC member State, the Central African Republic applies its common external tariff (CET) to imports of goods not originating in CEMAC. The CET comprises five product categories defined as follows:

- certain cultural and aviation-related products are taxed at zero;
- essential goods are taxed at 5%;
- raw materials and capital goods are taxed at 10%;
- intermediate and miscellaneous goods are taxed at 20%;
- daily consumer goods are taxed at 30%.

3.18. An interministerial committee responsible for tax and customs exemptions has been set up by order. This committee has put an end to all exemptions on tobacco; alcohol; fuels and lubricants; IT consumables; office supplies; spare parts for motor vehicles; motorbikes; perfumes and toilet waters; body deodorants and anti-perspirants; beauty and make-up products; hair preparations (shampoos and hairsprays); pre-shave, shaving and aftershave preparations; and wristwatches. In order to prevent the non-renewal of their exemption, all beneficiaries of a customs exemption are required to provide the Directorate-General of Customs and Indirect Taxation with annual proof of the use and consumption of all goods for which they benefited from these privileges during the previous year.

3.19. The Central African Republic grants duty and tax exemptions to authorized companies under the National Investment Charter, the Forestry Code, the Mining Code and the Oil Code. Duty and tax exemptions also apply to goods imported by State structures and public entities.

3.20. Some of the products exempted originate from CEMAC and some from third countries. An exemption committee has been set up at the Ministry of Finance and Budget to examine exemption requests. Article 42 of Act No. 2/92 states: "exemptions granted on an **exceptional basis** by Ministers of Finance or National Directors of Customs shall be abolished".

3.21. The following products have been reclassified:

- frozen fish: 20% of the customs value;
- wheat flour: 5% of the customs value;
- oil: 30% of the customs value.

3.22. The Central African Republic grants tariff preferences to imports from other CEMAC member countries. The CEMAC rules of origin apply nationally in the Central African Republic. Depending on the procedure, the national approval committee receives applications for approval from industrial companies operating in the Central African Republic for examination. If the application is declared admissible by the national committee, it is forwarded to CEMAC, which submits it to the Regional Origin Committee. The National Committee for the Approval of Industrial Products Originating in CEMAC was set up by Order No. 0039/MCI/DIR-CAB of 14 February 2011, but is not yet operational.

3.23. The national committee meets when convened by its members and decides on the products presented for examination. Approved applications are forwarded to CEMAC for approval. The Central African Republic submitted files on 14 products for two companies at the Regional Origin Committee meeting held in Douala from 20 to 24 February 2020, with a view to obtaining CEMAC origin approval.

3.24. On 22 September 2020, the National Committee for the Approval of Industrial Products Originating in CEMAC held a meeting to raise awareness among representatives of national industrial companies of the Committee's activities, and informed them about preparations for the second statutory meeting of the Regional Origin Committee concerning products approved under the CEMAC Generalized Preferential Tariff, which was scheduled for November 2020 in Ndjamena.

3.25. With regard to VAT, the rates applied in the Central African Republic are as follows:

- a general rate of 19% applicable to all taxable transactions and to transactions carried out by persons referred to in paragraph 9 of Article 247 of the General Tax Code;
- the 0% rate applicable to exports, their accessories and related international transport;
- a reduced rate of 5% applicable to the following products:
    - milk and cream, not concentrated, containing added sugar or other imported sweeteners;
    - imported edible vegetables, plants, roots and tubers;
    - imported insecticides and pesticides;
    - other removables for medicine and surgery;
    - books other than school books;
    - imported meat and poultry;
    - dentists' chairs.

3.26. VAT is levied on goods for home consumption irrespective of their origin (including goods of CEMAC origin). Some staple goods, whether imported or produced locally, are in principle exempt from VAT.

3.27. Exports, their accessories and international transport are subject to the zero rate regime.

3.28. The 2018 Budget Law exempts the following essential goods from VAT: locally produced meat and poultry; locally produced fish; milk and cream, not concentrated, containing added sugar or other sweeteners; bread; edible vegetables, plants, roots and tubers; locally produced fruit and vegetables; infant food preparations; quinine and its salts; insulin and its salts; antibiotics;

pharmaceutical products; triple combination drugs; dental wax; photographic film for X-ray; insecticides and pesticides; hygiene or pharmaceutical articles, of rubber (including teats of vulcanized rubber other than hard rubber, with or without fittings of hard rubber); condoms; other hygiene articles; surgical gloves; books; glasses for spectacles; medical, surgical or laboratory sterilizers; carriages for disabled persons; spectacles and the like (corrective, protective or other); medical apparatus for ophthalmic analysis; dentists' chairs; other removables for medicine and surgery; first consumption tier; glands and other organs for organo-therapeutic uses; fertilizers; soaps; organic surface-active agents; photographic or cinematographic goods; miscellaneous chemical products; rubber and articles thereof; paper and paperboard; articles of paper pulp, of paper or of paperboard; printed books, newspapers, pictures and other products of the printing industry; manuscripts or typescripts; glasses for medical spectacles; spark-ignition reciprocating or rotary internal combustion piston engines; wheelchairs and others; aircraft and spacecraft; and optical instruments and apparatus.

3.29. Exemptions under the 2008 Budget Law: milk and cream, not concentrated, containing added sugar or other imported sweeteners; imported vegetables, plants, roots and tubers; imported insecticides and pesticides; other removables for medicine and surgery; books other than school books; imported meat and poultry; and dentists' chairs.

3.30. List of products subject to excise duty (2008 Budget Law): beverages (alcoholic and non-alcoholic); cigarettes and tobacco; perfumes and cosmetics; jewellery; precious stones; arms and ammunition; frozen Pacific salmon; livers, roes and milt of fish, dried or smoked; caviar and foie gras.

3.31. The Central African Republic levies an excise duty of 30% on cigarettes and tobacco and 25% on alcoholic beverages; motor vehicles and motorbikes; arms and ammunition; jewellery and precious stones; perfumes and cosmetics, including toothpaste and dental floss; and televisions and cameras (2020 Budget Law). A rate of 10% is applied to non-alcoholic beverages; however, the taxes on alcoholic beverages produced locally are not being paid, which is inconsistent with the principle of national treatment. The exemption from VAT also applies to excise duty.

3.32. An additional specific excise duty has been levied since 2018 on alcohol and tobacco, as follows:

- beer: CFAF 30/litre;
- champagne: CFAF 1,000/litre;
- other sparkling wines: CFAF 600/litre;
- red, white and rosé wine (bottled): CFAF 600/litre;
- red, white and rosé wine (boxed): CFAF 300/litre;
- brandy, whisky, rum, gin and vodka: CFAF 1,500/litre;
- cigars: CFAF 600/cigar;
- cigarillos: CFAF 250/unit;
- cigarettes: CFAF 30 per pack of 20 cigarettes.

3.3 Export taxes

3.33. The registration formalities applicable to the import of goods for commercial purposes also apply to export. The export of precious stones, as well as forest products, is subject to specific conditions of approval. Only mining companies, authorized purchasing offices and organized and approved mining cooperatives (for exports of at least CFAF 20 million, about EUR 31,000) may export precious stones and precious and semi-precious metals. The Bureau for the Valuation and Control of Diamonds and Gold, a state body, values gold and diamonds for the purpose of applying export duties and taxes. The preshipment inspection regime, entrusted to BIVAC, applies to exports as well as imports. All exports require an export declaration, as well as a customs declaration. A document showing the foreign currency committed, endorsed by the bank with which the transaction is domiciled, is also required for all export transactions. The foreign exchange undertaking consists in the obligation to repatriate export earnings from countries outside CEMAC, and convert them into CFA francs within 30 days of the goods being shipped.

3.34. The various taxes applied to diamonds for export are set out in the Mining Code, which the Ministry of Mines and Geology plans to revise in order to make it more incentivizing and attractive to foreign investment, in line with the recommendations of the private sector promotion forum held in 2015. In practice, the budget laws set the rates for exports of precious stones and metals.

3.35. Exports of goods are subject to a number of exit duties and taxes, with the exception of VAT. These duties and taxes include:

- the 0.50% levy on computer equipment for finance (REIF);
- a levy in the form of a 3% advance on income tax or corporation tax for exports of a commercial nature;
- economic operators not subject to income tax or corporation tax pay the minimum flat rate tax of 3%, with the exception of coffee exporters.

3.36. Gold, diamonds, wood, livestock and live wild animals are subject to special export duty and tax regimes.

For gold:

- the exit duty is 1.25%;
- the minimum flat rate tax is 3%;
- the Mining Industry Development Project (PDSM) fee is 0.5%;
- the REIF is 0.50%.

For diamonds:

- the exit duty is 2%;
- the minimum flat rate tax is 3%;
- the PDSM fee is 0.75%;
- the REIF is 0.50%;
- the Permanent Secretariat of the Kimberley Process fee is 0.5%.

3.37. As a founding member of the Kimberly Process since 2003, the Central African Republic complies with the operational framework for the diamond export regime. The exit duty is subject to the issuance of a certificate of conformity issued by the Kimberly Process after verification of the traceability document. With the crisis in the Central African Republic in 2013, rough diamond exports were suspended. The partial lifting of the ban in June 2016 means that the country can only export products from five sub-prefectures in the south-west that have been declared compliant zones.

3.38. Export duty is 8% on rough wood and 4% on sawn wood, based on the f.o.b. value determined twice yearly in a joint order issued by the Ministers responsible for forests and for finance. Livestock is subject to an export tax (CFAF 1,000/head of cattle; CFAF 500/head of small livestock).

3.39. A DEC must be filed for all goods being exported or re-exported. However, Article 14 of the draft law governing foreign trade prohibits the re-exportation of products intended for local consumption that benefit from tax and customs exemptions or reductions, unless the customs duties and taxes payable on entry into the country are paid at the time of re-exportation.

3.40. The export of rough wood is subject to clearance by the Ministry of Water, Forestry, Hunting and Fishing.

3.4 Standardization, quality, sanitary and phytosanitary measures

3.41. The Ministry of Trade and Industry has a Directorate for Standardization and Quality, which is responsible for developing and implementing government policy on standardization, accreditation and the promotion of quality. Law No. 19.354 sets out the legal framework for the organization of standardization and quality promotion activities, in accordance with the CEMAC regulations on quality policy in Central Africa. The draft law establishing the National Standardization Agency is currently before the National Assembly for adoption. Law No. 19.004 on standardization, certification and quality promotion was adopted on 10 May 2019, and Law No. 19.008 establishing the metrology system in the Central African Republic was adopted on 24 May 2019.

3.42. Since its last Trade Policy Review in 2013, the Central African Republic has notified the WTO SPS Committee of three measures: two ordinary and one emergency. However, an SPS enquiry point, a notification authority and a national SPS Committee were set up by Interministerial Order No. 005 of 13 March 2012. The lack of an operational SPS system and inadequate infrastructure are two of the main constraints on the development of trade and the quality of local products. Another notification to the WTO relates to a ban on the import of certain products containing mercury.

3.43. The production, import and sale of iodized salt for human and animal consumption are subject to controls in order to protect human and animal health. The import and marketing of saccharine are controlled in order to protect human health. It is forbidden to collect, or trade in, ivory.

3.44. The import and marketing of cellular telephones require prior authorization by the Minister responsible for telecommunications. However, the 1996 law on the liberalization of the telecommunications sector allows licensed operators to import and market such telephones. However, the regulator may intervene for safety reasons and to ensure state security.

3.45. The law regulating livestock farming in the Central African Republic covers a number of points, including technical standards. It continues to be applied. The Ministry of Health is responsible for applying sanitary measures in relation to human health and food, and the Ministry of Agriculture is responsible for phytosanitary measures. It is also responsible for safeguarding animal health. All such activities are carried out in cooperation with the Ministry of Trade and Industry. There is a National Codex Alimentarius Committee created by Interministerial Order No. 0045 of 18 March 2011.

3.46. Law No. 20.017 aims to eliminate the spread in the natural environment of plastic waste generated by the non-rational use of non-biodegradable plastic packaging and bags; further protect public health and hygiene; preserve the quality of soil, water and air; improve the living environment of the population; and promote the use of biodegradable plastic packaging and bags.

3.47. Law No. 19.004 of 10 May 2019 sets out the legal framework for the organization of standardization and quality promotion activities, in accordance with international and community provisions, including the CEMAC regulations on quality policy in Central Africa. Law No. 19.008 of 24 June 2019 establishes the national metrology system in the Central African Republic, in accordance with the provisions of the Constitution of 30 March 2016, international trade agreements, the Metre Convention and the Convention establishing the International Organization of Legal Metrology.

3.5 Competition and consumer protection

3.48. In addition to the CEMAC competition regulations, the provisions of which are in principle directly applicable in all member States, the Central African Republic has a national competition regime contained in Law No. 16.006 of 30 December 2016 establishing the country's Commercial Code. The regulatory framework in place covers several relevant aspects: pricing regimes for basic necessities, goods and services of all kinds; market transparency; certain anti-competitive practices; standards governing commercial transactions (with a view to protecting consumers); the suppression of economic fraud; stockholding; recording, etc. The decree implementing the law has been drafted and signed and the National Competition Commission is in the process of being set up. Decree No. 20.333 setting out the terms and conditions for the application of certain provisions of Law No. 16.006 of 30 December 2016 establishing the Commercial Code in the Central African Republic, relating to competition, was signed on 10 September 2020. Decree No. 20.332 setting out the operating procedures of the National Competition Commission was also signed on 10 September 2020.

3.49. Consumer protection is also one of the objectives of the law establishing the Commercial Code in the Central African Republic. It focuses on market transparency and consumer product quality. Traders are thus obliged to inform consumers of the prices of the goods or services on offer and to provide an invoice at the customer's request. The following are in the process of being adopted:

- the law on standardization;
- the law on metrology.

3.50. Decree No. 20.336 setting out the operating procedures of the National Consumption Commission was signed on 10 September 2020.

3.6 Investment

3.51. The Investment Charter is the main regulatory framework for investments at the national level. It was adopted in 2001 and is a transposition of community provisions in this field. It covers companies active in the following areas: processing of products of plant or animal origin; manufacturing or processing; energy production; construction of buildings of an economic, social and industrial nature; public works and civil engineering; collection, storage, packaging and processing of agricultural and food products; study and research; merchandise transport; laboratory analysis, testing or production of chemicals and pharmaceutical products; book production and printing; assembly and maintenance of industrial, transport, telecommunications and electronics equipment; and manufacture of chemical and food products to be used as inputs by other industrial companies.

3.52. A new Investment Charter was instituted by Law No. 18.006 of 11 January 2018, and has been promulgated. It contains a number of innovations in terms of tax and customs benefits to make the Charter much more attractive. The scope of application has been extended. The issue of land has been taken into account, as well as VAT deduction.

3.53. Several sectoral investment codes are in force. These include: (i) the Electricity Code, which sets out common rules for the production, transmission, distribution, import, export and sale of electricity in the Central African Republic. It also defines the procedures for the organization and operation of the electricity sector, access to the market, the criteria and procedures applicable to calls for tender and the granting of authorizations, as well as the operation of networks. (ii) The Crafts Code sets out the rules applicable to the crafts sector and particularly activities such as the extraction, production, processing, maintenance and repair of goods, as well as the various services provided, excluding agricultural, fishing, transport, purchasing and resale activities; (iii) The SME/SMI Code aims to regulate and promote the activities of SMEs/SMIs in the Central African Republic. It applies to SMEs/SMIs operating in the primary sector (agriculture, livestock, hunting, fishing, mining, etc.), the secondary sector (processing and manufacturing industries) and the tertiary sector (trade in services, etc.).

3.54. It is also worth mentioning the Mining Code, the Forestry Code, the Code for the Protection of Wild Fauna and Regulating Hunting Activities, the Environment Code and the Water Code.

3.7 Services

3.55. Overall, regulations governing the services sector are diverse and sparse, except as pertains to the telecommunications sector and lawyers' services, both of which are governed by new laws. Several sectors (banking, insurance, transport), as well as certain liberal professions, are partly regulated at the community level.

3.56. With regard to telecommunications, the Telecommunications Regulatory Agency (ART), operational since 2004, manages frequencies, grants licences and levies fees and other charges for various telecommunications services. It acts as an arbitrator for interconnections, for which the agreements are negotiated among operators; the ART intervenes only in cases of anti-competitive practices. Telecommunications services are subject to a system of licensing or authorization, except for some services (mainly private) subject to a system of simple declaration. The Ministry of Telecommunications and New Information Technologies formulates the sectoral telecommunications policy, in particular with respect to privatization and opening up to new providers. The Ministry awards provider licenses by means of an Order. The ART allocates radio frequency bands.

3.57. The provision of domestic air transport services is regulated by Law No. 65.063 of 29 July 1965, which in principle prohibits cabotage by foreign companies. The regulatory framework for river transport includes the CEMAC/DRC Internal Navigation Code (1999) and various memorandums of understanding with the DRC and the Republic of the Congo; Decree No. 12.113 of 5 June 2012 organizing the river and maritime professions and auxiliary transport professions; and Decree No. 09.184 of 19 June 2009 and its subsequent texts organizing water transport in the

Central African Republic. There is no law governing subsectors such as maintenance, cabotage and piloting.

3.58. Under Article 10 of Decree No. 09.036 of 23 June 2009, foreign transport companies may only provide commercial services in the Central African Republic if they are authorized to do so and designated by their countries of origin and approved by the aviation authorities of the Central African Republic. The Directorate-General of Civil Aviation and Meteorology is responsible for managing airports.

3.59. The Law on the status of lawyers' profession creates a bar at each Court of Appeal in order to encourage lawyers to open practices in the hinterland so that the justice system can be more accessible to all citizens; it introduces a National Council of Bars, stipulates that the *Certificat d'aptitude à la profession d'avocat* (a postgraduate legal qualification needed to practice as a solicitor or barrister) must be awarded by a professional centre for the training of Central African lawyers, the organization and functioning of which are laid down by decree, though that decree has not yet been made public. Article 111 prescribes that a lawyer who is elected to the office of President of the country or appointed to the post of Minister or to any other government position is removed from the roster for the duration of the term of office. That law does not limit market access or national treatment for foreign nationals.

3.60. Opening a lawyer's office requires, in addition to the technical approval of the Ministry of Justice, an approval issued by the single window for business formalities. Under an old order issued by the Ministry of Justice, the opening of new law firms is still suspended.

3.61. The Law governing tourism activities requires tourist activities to be authorized by the Minister responsible for tourism. The authorization required to set up an enterprise is free of cost; at the operational stage, travel agencies must obtain a license (for a fee of CFAF 500,000, or the equivalent of EUR 762), and approval is required for other activities (for a fee ranging from CFAF 100,000 for unclassified establishments to CFAF 2 million for classified establishments).

3.8 Government procurement

3.62. The law establishing the Government Procurement Code in the Central African Republic sets out government procurement and public service concession procedures, irrespective of the value involved. These procedures are subject to the following principles: free access to government procurement, equal treatment of candidates, cost effectiveness and efficiency of the procurement process and transparency of procedures. The law also applies to procedures for awarding, executing and settling public contracts and to public service concession procedures in the country, implemented by the contracting authorities referred to in Articles 4 and 5 of the Government Procurement Code. This law strengthens the role of contracting authorities in the government procurement process. It also deals with subcontracting, specifying that a candidate for the contract who plans to subcontract at least 30% of the total value of the contract to a company from a CEMAC member State may benefit from a margin of preference. However, subcontracting more than 40% of the total value of a contract is prohibited.

3.63. The law provides for a national and community preference for companies with their registered office in a CEMAC member State, which may benefit from the following preference rules:

- less than 15% for national companies;
- less than 10% for companies based in CEMAC countries.

3.64. It also provides for a dispute resolution mechanism in the event of an appeal before:

- the contracting authority;
- the non-jurisdictional authority;
- the dispute resolution committee within the Government Procurement Regulatory Authority.

3.65. The dispute resolution committee has been gradually set up since 2017, following the events the country has experienced.

3.9 Trade facilitation

3.66. The Central African Republic is an original member of the WTO. Between 1995 and 2010 and since 2013 it has been subject to "administrative measures" regarding sanctions against countries that have remained in arrears in the payment of their contributions, and this is limiting its participation in WTO decision-making bodies.

3.67. With regard to the WTO Trade Facilitation Agreement (TFA), it should be noted that: (i) the Central African Republic has set up its national TFA committee; (ii) it ratified the TFA in January 2018; (iii) and finally that it notified category A measures in 2017, and category B and C measures in 2019. Awareness-raising and training workshops for committee members and managers of institutions responsible for implementing the TFA were organized by the WTO, the International Trade Centre, the United Nations Conference on Trade and Development and the World Customs Organization respectively, both virtually (through online courses) and in person.

3.10 Trade defence

3.68. The Central African Republic has no specific trade defence measures. However, it applies WTO rules on safeguards and unfair competition (anti-dumping). All these measures have been taken into account in the draft law on foreign trade, currently before the National Assembly for adoption.

3.11 Other information

3.69. Interconnection is an important pillar of the Multiannual Strategic Plan for Central African Customs. It is a major concern for both the customs and supervisory authorities. In this connection, the ASYCUDA World System project was implemented and the migration from the ASYCUDA++ system to ASYCUDA World became effective at the end of May 2023.

3.70. Thanks to this system, all services in Bangui are interconnected, as are the Béloko revenue office and the single window, which, in turn, is connected to Cameroonian Customs. The vision of the Director-General of Customs and Indirect Duties is to extend this privilege to all customs services throughout the Central African Republic and beyond to other sister customs services in CEMAC countries.

3.71. Central African Customs is facing enormous difficulties with regard to past customs statistics. Indeed, it is worth noting that this institution has not been spared the consequences of the multiple military and political crises that the country has experienced. Following the vandalism orchestrated against the customs services, all previous data was taken. However, with the consolidation of security and peace, Central African Customs has been restored between 2016 and the present day through several structural reforms and the modernization of procedures. The IT and statistics department, which has been able to recover certain data and has recent data at its disposal, will shortly be making all information relating to tax revenue available for all useful purposes.

4 CONCLUSION

4.1. The macroeconomic outlook for 2022 and 2023 is generally favourable. The economic, socio-political, health and security environment is likely to be more stable than in 2020 and 2021, and therefore more favourable to growth and economic development. Against this backdrop, the Central African economy is expected to pick up again, with growth continuing to recover, reaching 1.8% in 2022 and 2.2% in 2023. The boom in primary sector activities, the pursuit of structural economic reforms supported by the government authorities and the effective launch of the multimodal Corridor 13 project aimed at diversifying supply routes to the Central African Republic, particularly from Congo and the Democratic Republic of the Congo, should contribute to this growth.

4.2. As far as the general level of consumer prices is concerned, strong inflationary pressures are expected to be seen in 2022 and 2023, due to the rise in the price of petroleum products and its impact on the basic basket. The inflation rate is set to rise significantly to 4.3% in 2022 and 5.2% in 2023.

4.3. The execution of public finances should result in an improvement in the budget balance (commitments basis, including grants), with the deficit contracting in 2022 to 1.9% of GDP, before returning to a surplus of 0.2% of GDP in 2023. The improvement in this balance is expected to be linked to the successful mobilization of domestic revenues and the rationalization of expenditure in the context of the implementation of an IMF-supported programme.

4.4. In terms of foreign trade, the current account deficit, including public transfers, is expected to deteriorate slightly to 10.6% of GDP in 2022, before contracting again to 10.4% of GDP in 2023. Finally, the monetary situation is expected to strengthen in 2022 and 2023. Net foreign assets are expected to grow by 3.9% in 2022 and 64.5% in 2023. Net domestic credit is expected to grow by 7.8% in 2022 before contracting by 1.2% in 2023. These trends would result in money supply growth of 8.5% in 2022 and 7.0% in 2023.

REPORT OF CHAD

1 INTRODUCTION

1.1. As part of the grouped Trade Policy Review of Member States of the Central African Economic and Monetary Community (CEMAC), Chad is to undergo its third Trade Policy Review.

1.2. 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 the Sudan, and west by Cameroon, Nigeria and the Niger. The closest seaport is the port of Douala, Cameroon, 1,700 kilometres from N'Djamena. Chad achieved independence on 11 August 1960.

1.3. 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 decentralization characteristic of the Chadian State is in progress. Chad had an estimated population of 16.9 million inhabitants in 2021, with an average density of 13.2 inhabitants per km^2.

1.4. Chad comprises several sedimentary basins of which most have yet to be explored. 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 next: 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.

1.5. Chad is a member of several international, regional and subregional organizations, 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.

1.6. Chad's foremost trading partner is the European Union, with which it is negotiating an economic partnership agreement in the context of CEMAC. Chad also has trade relations with the United States of America in the framework of the AGOA.

1.7. The Chadian economy experienced another recession in 2021, after that of 2020, as a result of the continuing decline in oil production and the virtual stagnation of activity in the non-oil sector. In 2021, growth was -0.6%, compared to -2.2% in 2020. This new recession in 2021 was not accompanied, as was the case in 2020, by an increase in the general level of consumer prices. The average annual inflation rate fell to -0.8% in 2021, from 4.5% in 2020, despite the poor crop year. Public finance management has been part of the ongoing process of fiscal consolidation, which has been reinvigorated by the second-generation economic and financial programme agreed with the IMF in December 2021. However, it resulted in a deterioration in the overall fiscal balance on the basis of commitments, including grants, which stood at -1.1% of GDP in 2021, after a surplus of 1.2% of GDP a year earlier.

1.8. Despite improved terms of trade, which led to a substantial increase in the trade surplus, the current account balance, including public transfers, saw its surplus shrink to 0.6% of GDP in 2021, compared to 3.0% of GDP in 2020.

2 MACROECONOMIC POLICY

2.1 Economic situation

2.1. The Chadian economy experienced a further contraction in its GDP in 2021, as it did in 2020, after two consecutive years of positive growth. This new recession resulted from the poor crop year due to rainfall problems, the resurgence of security tensions and the continuing fall in oil production.

2.2. **On the supply side**, growth was driven by the tertiary sector, while the primary and secondary sectors rather weighed it down. Apart from industrial crops and livestock, all the other branches of the primary sector made either a negative contribution or an almost non-existent contribution to growth in 2021. The sector's contribution to growth was -1.4 points, having been 0.5 points in 2020. Oil production continued to fall in 2021, registering a decline of 4.6%, compared to 3.6% in 2020, following the cessation of activity of operator Glencore. As a result of rainfall levels, food crops had a negative impact on growth in 2021, as in 2019 and 2020, with a contribution of -1.3 points, compared to -0.7 points in 2020. Industrial crops benefited greatly from the cotton sector, with production up by 8.5% in 2021, following exponential growth of 631.6% in 2020. In 2021, the cotton sector continued to benefit from the participation of the group OLAM International in the share capital of Coton Tchad Société Nouvelle with a majority stake (60%), the objective being to increase cotton production from 15,500 tonnes in 2019 to 300,000 tonnes by 2024.

Table 2.1: Trend in agricultural production by season, 2013-22

(Thousands of tonnes)

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cereals	**3,161.2**	**2,622.4**	**2,748.7**	**2,452.5**	**2,873.7**	**2,716.9**	**2,925.3**	**2,882.3**	**2,620.3**	**2,798.64**
Millet	847.1	555.6	694.8	592.1	725.7	660.2	717.6	686.6	621.4	694.20
Sorghum	1,171.6	799.2	921.7	835.4	991	946.3	972.5	970.2	895.8	966.57
Maize	456	418	332.9	349.5	443.8	396.5	414.6	407.4	364.6	363.99
Rice	177.7	378.2	304.1	243.5	257.7	263.6	290.6	278.1	242.6	231.97
Berbere	500.1	469.6	494.4	431.1	453.7	448.5	528.4	538.2	494.4	540.72
Wheat	8.8	1.8	0.8	1	1.7	1.9	1.6	1,815	1.5	1.20
Oilseeds	**2,312.2**	**1,777.8**	**1,424.1**	**1,301.9**	**1,888.4**	**1,734.6**	**1,817.4**	**1,753.4**	**1,695.9**	**1,757.39**
Groundnuts	1,297.7	965.2	791.1	720.1	871.2	870.1	873.2	840	798	829.43
Sesame	124.6	125.9	204.8	152.6	153.6	158.7	217.7	202.1	196.9	201.91
Cowpeas	124.1	121.1	113.9	138.1	144.1	152	152.9	154.6	151.7	159.01
Bambara beans	24.7	28	0.4	33.1	37.6	34.7	34.1	31.7	32.3	33.08
Cassava	222.6	224	166.9	141	492.5	290.6	297	293.9	295.1	290.32
Sweet potatoes	518.4	290.1	142.7	97.1	170.4	199.9	217.3	206.2	195.8	218.01
Dasheen		23.6	4.3	20.3	19	28.7	25.1	24.9	26.2	25.62

Source: Department of Agricultural Production and Statistics, Ministry of Production, Irrigation and Agricultural Equipment (MPIEA).

Table 2.2: Trend in livestock numbers, 2013-22

Number of	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Bovine animals	22,446,215	23,637,542	24,892,098	26,213,239	27,604,500	29,069,601	30,612,461	32,237,210	33,948,191	35,751,618
Sheep	22,697,074	24,495,381	26,436,170	28,530,729	30,791,242	33,230,856	35,863,764	38,705,279	41,771,929	45,080,417
Goats	27,070,013	28,742,985	30,519,349	32,405,495	34,408,208	36,534,693	38,792,597	41,190,044	43,735,656	46,438,592
Camels	5,645,776	6,017,416	6,413,521	6,835,700	7,285,669	7,765,258	8,276,416	8,821,223	9,401,892	10,020,784
Equine animals	987,482	1,029,592	1,073,498	1,119,276	1,167,006	1,216,772	1,268,660	1,322,760	1,379,167	1,437,980
Asses	2,467,670	2,630,564	2,804,210	2,989,319	3,186,647	3,397,001	3,621,240	3,860,282	4,115,103	4,386,746
Swine	1,323,171	1,483,986	1,664,346	1,866,627	2,093,492	2,347,112	2,633,293	2,953,337	3,312,279	3,714,846
Total	82,637,401	88,037,466	93,803,192	99,960,385	106,536,764	113,561,293	121,068,432	129,090,134	137,664,217	146,830,983

Source: Ministry of Livestock and Animal Production (MEPA), 2023.

2.3. **The secondary sector** made a negative contribution to growth of 0.1 points in 2021, despite buoyant activity in manufacturing and the water and electricity sector, owing to sluggish activity in the construction and public works sector. Manufacturing, with a contribution to growth of 0.2 points in 2021, has benefited from the dynamism of the refining sector. Activity in the *construction and public works* sector suffered in 2021 from the substantial 38.2% fall in public investment expenditure, due to the sharp rise in military security spending.

2.4. The secondary sector weighed on growth in 2021 with a negative contribution of 0.1 points, owing to sluggish activity in the *construction and public works* branch. This situation is attributable to a substantial 38.2% reduction in public investment expenditure on account of a sharp rise in military security expenditure.

2.5. The tertiary sector experienced an increase in its volume of activity in 2021 after two consecutive years of recession. Its 0.7 percentage point contribution to GDP was due mainly to renewed activity in the telecommunications subsector and the strong performance of non-market services. Telecommunications, with a contribution to growth of 0.5 percentage points in 2021, benefited from the growing impact of the lifting of restrictions on social media, the installation of a fibre-optic network linking N'Djaména to Adré on the border with the Sudan, the abolition in the 2020 Finance Act of excise duties on fixed, wired and Internet communications and the growing popularity of teleworking and remote training and meetings. Non-market services, which contributed 0.2 percentage points to growth, benefited from the implementation of the social pact signed with social partners, which led to an increase in current operating expenditure.

2.6. **On the demand side**, growth in 2021, as in 2020, was driven by net exports, as domestic demand weighed it down over this period. Domestic demand suffered from the adverse effects of the restrictive measures put in place to contain the spread of COVID-19, some of which remained in force in 2021. It weighed on growth by 3.2 percentage points in 2021 and 5.2 percentage points in 2022. At the component level, only public consumption made a positive contribution to growth in 2021 (1.4 percentage points), as it did in 2020 (1.0 percentage points), thanks to the payment of arrears on transport premiums and civil servants' salaries.

2.7. Net exports made a positive contribution to growth of 2.6 percentage points in 2021. They benefited from a sharp reduction in the volume of imports of non-factor goods and services (23.1%), mainly as a result of the drastic cut in public capital expenditure, which contributed 2.6 percentage points to growth. They also benefited from a slight increase in export volumes.

2.2 Public finances

2.8. In 2021, as in the previous two years, public financial management continued to be focused on fiscal consolidation, with the conclusion of a new IMF programme in December 2021. However, it was greatly and adversely affected by the resurgence of security tensions and the induced effects of the COVID-19 pandemic. The management of public finances also took place in a context of continued implementation of plans to recapitalize and finance two struggling public sector banks, continued negotiations to restructure Chad's debt under the aegis of the G20 Common Framework for Debt Treatments, and the operationalization of the social pact signed with social partners. Against this backdrop, budget implementation in 2021 resulted in a deficit in the overall fiscal balance on the basis of commitments, including grants, which stood at -1.1% of GDP in 2021, after a surplus of 1.2% of GDP a year earlier.

2.9. On the back of a substantial 20.6% increase in oil revenues as a result of buoyant oil prices, fiscal revenue rose for the fifth consecutive year, boosted also by a rise in non-oil revenues. Fiscal revenue rose by 10.8% in 2021 to CFAF 1,015.0 billion. In 2021, non-oil revenues continued the upward trend that began in 2019, with an increase of 3.2%, owing to: (i) the efforts made to secure revenue through the 2019 opening by the Treasury of four different accounts for tax, customs, property and non-tax revenue, (ii) the new tax measures introduced in the 2020 and 2021 Budget Laws, (iii) the full implementation of the increase in the IRPP withholding tax on imports from 4% to 15% for companies not on the file of the Directorate-General of Taxation, and (iv) the continued modernization of the tax and customs administrations.

2.10. Budgetary outlays rose in 2021, as they did in 2019 and 2020, after almost four years of strong fiscal consolidation. Total budgetary outlays rose by 1.8% in 2021 to CFAF 1,139.0 billion, reflecting a considerable increase in current expenditure, despite a drastic fall in capital expenditure. As a result of heightened security tensions, the Government's strong support for households following the floods and poor crop year, the adoption of a new military statute and the operationalization of the social pact concluded with social partners, current expenditure grew by 26.2% in 2021, owing to the increase in all its components. Consequently, capital expenditure fell by 38.2% in 2021 after four consecutive years of increases, following a decline in capital expenditure from both domestic and external resources. Capital expenditure from domestic resources, which fell by 4.7% in 2021, was weighed down by the freezing of some items due to increased security expenditure. Capital expenditure on external financing fell sharply by 60.6% in 2021, as a result of lower disbursements of external loans in the context of debt restructuring negotiations.

2.11. Public debt was managed in a context marked by ongoing debt restructuring negotiations linked to Chad's accession to the G20 Common Framework for Debt Treatment. Debt restructuring negotiations also continued with non-G20 bilateral creditors (Libya, Congo and Equatorial Guinea) and with oil trader Glencore. Against this backdrop, the stock of public debt at 31 December 2021 fell slightly to 49.7% of GDP, compared with 52.5% of GDP at the end of December 2020, in connection with a subsequent decline in drawings. The ratio of external debt servicing to fiscal revenue rose to 18.0% in 2021 from 13.6% in 2020.

2.12. Following the abandonment in 2021 of the rollover mechanism introduced in 2018, domestic debt servicing began to be covered by part of the State's own resources.

2.3 Price trends

2.13. In 2021, the Chadian economy experienced deflation once again, having done so in 2016, 2017 and 2019. The average annual inflation rate was -0.8% in 2021, compared to 4.5% in 2020, in response to a fall in food and drink prices. The decline in beverage prices was due to an increase in local supply following the lifting of barriers to the importation of such products. The fall in food prices was also helped by the gradual reopening of borders, which led to an increase in the local supply of products despite the poor crop year, and by tax exemption measures for certain staple foods.

2.4 Monetary situation

2.14. The performance was uneven in 2021 after three consecutive years of strengthening. Net foreign assets fell sharply by 103.1% in 2021, having risen steadily since the conclusion of an IMF programme in July 2017. As a result, the external currency coverage ratio plummeted to 18.3% in 2021 from 33.1% in 2020.

2.15. In 2021, lending to the economy continued the upward trend that began in 2018, rising by 17.1%, compared to 8.1% in 2020, boosted by the continued implementation of exceptional budgetary, monetary and prudential measures designed to curb the effects of the crisis caused by the COVID-19 pandemic. Net claims on the State rose substantially by 34.8% in 2021, following an increase in the issue of government securities. The stock of government securities increased by almost 200 billion in 2021 to 570 billion at the end of December 2021. As a result of changes in its counterparties, the money supply grew by 18.4% in 2021, compared to 10.4% in 2020.

2.5 External accounts

2.16. The current account balance, including public transfers, remained in surplus in 2021, as has been the case since the launch of the Regional Crisis Recovery Strategy in December 2016. However, the surplus in this balance shrank to 0.6% of GDP in 2021 from 3.0% of GDP in 2020, owing to a sharp deterioration in the services balance despite a substantial increase in the trade surplus. The strong performance of crude oil prices led to a tripling of the trade balance surplus in 2021, benefiting from a 46.7% rise in the value of exports and a stagnation of imports.

2.17. The balance of services, which is structurally in deficit, recorded a threefold increase in the deficit in 2021 owing to the sharp rise in services provided by foreign service providers to companies following an increase in investment in the oil sector. The income balance, which is also structurally in deficit, recorded a reduction in the deficit in 2021 for the second year running, driven by an increase in interest and commissions paid on foreign debt.

2.18. Lastly, in 2021, net capital inflows continued the negative trend that began with the advent of the oil crisis. As these net capital outflows absorbed the current account surplus, the overall balance of payments showed a deficit in 2021, as it had, albeit to a lesser extent, a year earlier. It stood at -222.5 billion in 2021 compared to -86.7 billion in 2020. The balance-of-payments deficit was financed by a 213.5 billion change in official reserves, of which 66 billion came from the IMF, 15 billion from a reduction in external debt service arrears and 24 billion from debt-service relief obtained under the G20 Debt Service Suspension Initiative.

2.6 Situation in the banking sector

2.19. The situation in the banking sector, which comprises 10 active banks, was marked in 2021 by: (i) a 5.2% increase in bank balance sheets, (ii) a 19.0% increase in gross loans, (iii) a 13.2% increase in customer deposits, (iv) an improvement in the quality of the loan portfolio, with a rate of outstanding loans of 26.3% at 31 December 2022, compared to 27.3% at the end of December 2020. This favourable trend in the banking sector was attributable largely to the monetary and prudential easing measures taken to deal with the crisis arising from the COVID-19 pandemic. With regard to the prudential analysis, at 31 December 2021, 6 of the 10 banks had sufficient net equity to meet all prudential standards based on this aggregate, compared to two banks on the same date the previous year. The prudential standards that were complied with the most were those relating to liabilities to affiliated enterprises, the overall risk sharing limit and minimum capital representation. The standards relating to the individual risk sharing limit and to risk coverage were those in respect of which the greatest number of banks were observed to be in breach.

3 TRADE POLICY

3.1. For more than a decade, Chad has been introducing 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. The principle of free trade prevails for both imports and exports, as well as on the domestic market, and restrictions concern only a limited list of products on grounds of consumer health or safety.

3.2. Chad has thus endeavoured to comply with the main prescriptions of the WTO and the regulations of CEMAC, which are now the guiding frameworks of its trade policy. 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.

3.3. Chad has a Permanent Mission to the United Nations Office at Geneva in Switzerland. This mission 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.

3.1 Trade policy implementation

3.4. With the support of several sectoral ministerial departments, the Ministry of Industry and Trade is primarily responsible for the implementation of both domestic and foreign trade policy.

3.1.1 Trade policy objectives and instruments

3.5. Only economic operators with commercial exporter/importer status may import goods for commercial purposes. The formalities for obtaining this status are identical to those for setting up a business. Once the economic operator has completed the procedure, the National Investment and Export Agency (ANIE), through a single window facility, issues it with a certificate bearing the words "importation/exportation". All commercial activities are open to Chadian and foreign nationals. ANIE is attached to the Ministry of Industry and Trade. The preshipment and at-destination inspection programme introduced in 2003 and carried out by BIVAC was abolished in 2018.

3.6. Cargo tracking notes (CTNs) managed by the Chad Freight Forwarders Council (COC-Tchad) are mandatory for imports and exports. The notes must be validated by COC-Tchad or a representative thereof before each shipment. For shipments made without a CTN or from places with no COC-Tchad office, the CTN may be issued on arrival. A CTN is one of the documents required for a customs declaration. CTN costs vary depending on the origin of the imported goods, the size of the container and the type of vehicle. An online CTN management platform has been set up to provide operators with information on movements of goods as part of the monitoring of maritime traffic to and from Chad.

3.7. Chad complies with Community export regulations. As in the case of imports, only operators holding commercial importer/exporter status are authorized to engage in export activities for commercial purposes. Export declarations may be presented only by authorized customs brokers, who must submit the following documents on behalf of their clients: certification of importer/exporter status, and proof of registration in the Commerce and Personal Property Credit Register.

3.8. A sanitary or phytosanitary certificate of origin must also be issued. The goods are controlled according to their sensitivity. For certain products such as livestock, meat, and food products of animal origin, additional formalities are required. In its relationship with the EU, Chad is in the first phase of implementing the Registered Exporter System (REX), which came into force in January 2017.

3.9. 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 organization 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.

3.10. 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 Djermaya refinery, and of 3kg and 6kg of butane gas.

3.11. 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 Industry and Trade, 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 authorization (sulphur and explosives) issued by the sectoral Ministries concerned;
- 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. 138bis/PR/MEPHP/88 regulating exports of livestock and livestock products. This Decree authorizes the exportation of live cattle and livestock products, with the exception of breeding females and calves;
- Order No. 006/MICA/MEE/2000 regulating the importation of certain products and/or materials containing or operating by means of ozone-depleting substances;
- Order No. 010/MICA/DG/DC/2000 establishing the procedures for the granting of import authorization for certain products and/or materials containing or operating by means of ozone-depleting substances;
- Decree No. 521/PR/MEF/2003 of 18 December 2003 establishing a mandatory verification programme for goods imported into the Republic of Chad.

3.12. Chad's exports consist primarily of oil, cotton, live cattle, gum arabic, sesame, groundnuts, spirulina, hides and skins.

3.2 Tariff and customs policy, including rules of origin

3.13. The customs regime applied by Chad is that of 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 rationalizing the classification of imports into five tariff bands, each with a single customs duty:

- 0% for the generalized preferential tariff;
- 5% for essential goods;
- 10% for raw materials and capital goods;
- 20% for various intermediate goods;
- 30% for fast-moving consumer goods.

3.14. In addition to the above tariff bands, Chad's imports and exports are subject to a 2% statistical tax, the 1% Community Integration Tax, the Community Integration Contribution of 0.4%, the African Union contribution of 0.2%, the OHADA contribution of 0.05%, the Community Preference Tax levied on the tariff lines for fish, meat, dairy and other animal products, the withholding tax on income of 4%, the Rural Intervention Fund (FIR) duty, the information fee for goods in transit, and the en route assistance fee.

Table 3.1: Duties and taxes applicable at the customs cordon in Chad in 2021

Category of goods	Customs duties	Value-added tax	Excise duty	Statistical tax	Withholding tax	Community integration tax	Community integration contribution	African Union tax	Environmental protection tax	Specific tax
1	5%	18%		2%	4%	1%	0.4%	0.2%		
2	10%	18%		2%	4%	1%	0.4%	0.2%		
3	20%	18%		2%	4%	1%	0.4%	0.2%		
4	30%	18%		2%	4%	1%	0.4%	0.2%		

Source: Directorate-General of Customs and Indirect Taxation (DGDDI).

- *Excise duty is a fiscal duty levied on certain imported goods such as tobacco, alcohol, certain motor vehicles and certain motorcycles. The rate varies from 5% to 25%;*
- *The 1% Community Integration Tax applies to imports from countries outside the CEMAC Community;*
- *The 0.4% Community Integration Contribution applies to imports of products from countries outside the ECCAS Community;*
- *The African Union Tax of 0.2% applies to imports of products from outside the African continent;*
- *The 2% statistical tax is applicable to all imports;*
- *The IRPP withholding tax applies to imported products. The rate is 4%;*
- *The Environmental Protection Tax is applicable to certain imported products that pollute the environment;*
- *The specific tax (specific or ad valorem taxation) is levied on all luxury goods (luxury vehicles, cigarettes, alcohol, etc.).*

3.2.1 CET and customs value

3.15. Chad applies the transaction value, although the customs authorities use other values in certain cases (baseline, market value). Minimum values are systematically applied to imports from Nigeria, the United Arab Emirates and Saudi Arabia, and it has been claimed that undervaluations have frequently been detected.

3.16. With a few exceptions, introduced (or abolished) unilaterally through annual budget laws, Chad applies the CEMAC CET. The exemptions come from the annual budget laws passed by Parliament. The tariff applied by Chad in 2020 contained exceptions to the CET for 46 tariff lines, up from 45 in 2012. Designed to reduce the cost of living, these exemptions provided 0% tariffs introduced unilaterally in annual budget laws. The exemptions are mainly for food items such as flour, rice, oil and pasta.

3.17. In Chad, the Community Preference Tax, which has been abolished in the other CEMAC countries, is still levied on the tariff lines for fish, meat, dairy and other animal products. It is levied on behalf of the Economic Commission on Cattle, Meat and Fishery Resources (CEBEVIRHA). The FIR duty, charged at rates varying from 0.3% to 0.5% on around 9% of tariff lines (products of plant origin, meat and fish), is replaced by ONASA. The levy is transferred to the Ministry of Agriculture.

3.18. In addition to exemptions provided for in Community texts, certain products are VAT exempt: inputs for livestock breeding and fishery products used by producers; materials, equipment and services needed for producing and exporting cotton lint; materials, equipment and services needed for the production and distribution of water and electricity; locally made fired bricks; and interest on real estate loans granted by financial institutions.

3.19. Chad grants customs duty exemptions pursuant to the CEMAC Customs Code, the Investment Charter, the Mining Code and the Hydrocarbons Law. In the case of the mining sector, consumables and products destined for these activities are also exempt from customs duties and import taxes. To benefit from this exemption, an administrative certificate is required from the minister responsible for mining or oil, as the case may be.

3.20. Regime B of the Investment Charter guarantees that imported construction material and equipment needed to produce and process products are exempt from customs duty. The exemption applies to new or expanding activities under an approved investment programme.

3.21. The tariff applied by Chad in 2012 contained exceptions to the CET for 45 tariff lines. For 26 lines, tariffs are higher than the CET (58% of the exceptions). The exceptions do not introduce new rates: the products are mostly reclassified in another tariff category. They also do not target a specific group of products, apart from man-made staple fibres (HS 2007, section 55), covered by over half the exceptions (28 tariff lines).

3.2.2 VAT and excise duty

3.22. Chad applies the Community regime in respect of VAT. Its standard VAT rate on local and imported goods and services is 18%. However, the following staple goods are exempt from VAT: milk, wheat flour, imported rice, pasta, etc. The VAT base was broadened by the 2018 Budget Law, which raised the liability threshold.[1] A reduced rate of 9% was introduced in 2020. It applies to the following local products: cement, sugar, oil, soap and products and by-products of the local agrifood industry other than alcohol. In addition to Community-level exemptions, the following products are exempt from VAT[2]: drinking water and electricity; aircraft fuelling; and material and equipment for the production and promotion of renewable energies.

3.23. In Chad, excise duty is charged on a number of local and imported products at rates of 5%, 10% or 25%. These rates are within the bracket agreed upon at the Community level. In addition to excise tax, a special tax was introduced in 2019, which applied to motor vehicles, alcoholic beverages and tobacco. The "antiretroviral charge" was abolished in 2017. The excise tax rate is as follows:

- water, including mineral water and sweetened carbonated water: 5%
- beer made from malt, with no more than a 6.5% alcohol content by volume: 20%
- other beer made from malt: 25%
- wine of fresh grapes: 25%
- vermouth and other wine of fresh grapes: 25%
- other fermented beverages: 25%
- compound alcoholic preparations: 25%
- cigars (including cheroots, cigarillos and cigarettes of tobacco or tobacco substitutes): 25%
- other tobaccos and manufactured tobacco substitutes: 25%
- perfumes and cosmetics: 20%
- jewellery of precious stones: 20%
- video recording apparatus, magnetic tape type: 20%
- television cameras: 20%
- colour TV receivers: 20%
- photographic apparatus: 20%
- video cameras: 20%
- slide projectors: 20%
- firearms and ammunition 20%

[1] Law No. 037/PR/2018 of 31 December 2018 defining the 2019 General State Budget.
[2] Law No. 043/PR/2019 of 31 December 2019 defining the 2020 General State Budget.

3.24. 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 services related to tourism, travel agencies and land and air transport.

3.25. 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 Central African region and the EU.

3.26. Like all least developed countries (LDCs), Chad does not subsidize exports. It applies the CEMAC rules of origin, but a national approval committee has not been set up on account of a delay in implementing the new DGDDI organizational chart. At present, certificates of origin are issued by the Chamber of Commerce.

3.3 Export taxes

3.27. An export duty is levied only on livestock. It is charged on the f.o.b. value of exported products at a rate of 8% for animals. There is a 2.5% levy on petroleum products, plus a statistical fee of 2% of the f.o.b. value of exported products, irrespective of their destination. This is also applicable to oil exports. The Community Preference Tax is levied at a rate of 0.4% on exports of products of animal origin. The FIR duty is also applied to exported products.

3.28. A charge of CFAF 3 per barrel is levied on crude oil exports for issuance of the certificate of origin. For fuel exports, this amounts to CFAF 2.5 per litre. A charge of CFAF 2.5 per litre is also levied on fuel exports to finance the Downstream Petroleum Regulatory Authority of Chad (ARSAT). For certain products such as livestock, meat, and food products of animal origin, additional formalities are required. When crossing the border, live animals must be accompanied by a livestock passport and an International Certificate of Transhumance. The fee for issuing the passport is CFAF 2,500 per herd. In addition, there is a livestock tax per head, charged as follows: CFAF 5,000 for bovine animals and camels; CFAF 4,000 for equine animals; CFAF 1,000 for sheep, goats and asses; and CFAF 500 for swine.

3.29. Exports of meat and animal products are subject to a tax at the following rates: CFAF 50 per kilogram of meat, CFAF 100 per bovine hide, CFAF 50 per sheepskin or goatskin, and CFAF 100 per sheepskin or skin of another species. An extra charge of CFAF 2,500 is also levied to finance the Livestock Fund.

3.4 Standardization and quality, sanitary and phytosanitary measures

3.30. The national standards institutions were established by Law No. 044/PR/2014 of 31 December 2014 on standardization, for which the implementing decrees are in the process of being adopted. These institutions are:

- the Chadian Standardization Agency (ATNOR);
- the National Quality Council (CONAQ);
- the Interministerial Regulatory Committee (CNIR).

3.31. Food quality control is currently carried out by the Food Quality Control Centre (CECOQDA).

3.32. The Law aims to:

- set the general framework for standardization in accordance with the international agreements to which the Republic of Chad is a party;
- improve the quality of products, goods and services, and technology transfer;
- remove technical barriers to trade and promote non-discrimination;
- encourage the participation of interested parties in standardization and ensure respect for the principle of transparency;
- avoid overlap and duplication of standardization work;
- encourage mutual recognition of technical regulations, standards and assessment procedures with equivalent effect;
- save resources and protect the environment;
- achieve legitimate and useful quality-of-life objectives.

3.33. An accreditation system is provided for by the Law. At the same time, a seed standardization service is operating in the Ministry responsible for agriculture. The import of animal products is subject to health checks conducted by officials of the Veterinary Services Department in the Ministry responsible for livestock breeding. A sanitary certificate is issued on completion of the control.

3.34. The objectives of the national standardization policy are as follows:

(1) to include a systematic reference to standards in all public procurement tenders and invite the private sector to adopt the same rules. The same approach will be taken to the certification of products and services;
(2) to ensure that any service or product put into service in the national territory is compliant. Proof of conformity must be provided by the importer, exporter or service provider;
(3) to introduce, in education and training programmes at all levels, modules on the concept of quality and tools for its implementation;
(4) to create a body responsible for setting up technical committees covering major development sectors;
(5) to accredit and certify multifaceted skills with a view to achieving national, regional and international recognition in the following areas:
    i. conformity assessment;
    ii. inspection;
    iii. laboratory;
    iv. certification of persons;
    v. quality system certification;
    vi. environmental management system certification;
    vii. certification of services.

(6) To promote quality by:
    i. developing a culture of process formalization;
    ii. introducing quality procedure manuals throughout central government and in local authorities;
    iii. training managers and encouraging the private sector to set up quality promotion associations, in agreement with the national quality promotion body responsible for organizing quality promotion events.

3.35. Under the plant protection law[3], anyone who, for commercial or professional reasons, wishes to import plant material or products liable to be carriers of organisms that could harm plants or have an effect on crops must obtain prior authorization to engage in the activity. The products in question must be accompanied by a phytosanitary certificate issued by the official department in the country of origin and drawn up according to the model of the International Plant Protection Convention (IPPC). Upon entry into Chadian territory, the products (including those in transit) undergo phytosanitary control.

3.36. The Ministry of Agriculture's Department of Plant Protection and Packaging (DPVC) is responsible for phytosanitary protection and controls. The DPVC has some 15 phytosanitary checkpoints at the borders to carry out controls on imports of plant products. On completion of the controls, products presenting a danger to plant material, the environment, humans or animals may be disinfected, returned or destroyed, depending on the level of risk. A fee is charged by the DPVC. The DPVC is also responsible for implementing the obligations arising from the international conventions to which Chad is a party, including the IPPC, the Inter-African Phytosanitary Council, the Codex Alimentarius Commission and the World Organization for Animal Health (OIE).

3.37. A sanitary or phytosanitary certificate is required for exports of animal and plant products. The certificate must state the description of the goods using the scientific name, the origin of the goods, the net weight and the nature of the packaging. In relation to animal health, a law passed in 2004 lists diseases that are "recognized in law as contagious" and establishes which hygiene, medical, sanitary and legal measures the Government can take to tackle such diseases.[4] The law authorizes the Ministry responsible for livestock to introduce "permanent measures" to protect

[3] Law No. 14/PR/95 of 13 July 1995 and Decree No. 010/PR/MA/99 of 7 January 1999 establishing the rules for implementing Law No. 14/PR/95 on plant protection.
[4] Law No. 009/PR/2004 of 19 May 2004 organizing the sanitary inspectorate and the collective prevention of known contagious diseases of animals on the territory of the Republic of Chad.

national livestock herds, even when there has been no outbreak of these diseases. The measures can be imposed on imports and exports of live animals and their products.

3.38. CECOQDA is tasked with contributing to the drafting of national standards on the hygienic and nutritional quality of food products and with serving as an advisory bureau for producers and consumers on related issues. Since January 2020, CECOQDA has been able to certify food nationally, subregionally and internationally.

3.39. In Chad, the importation of medicines is subject to prior authorization from the Ministry of Health. Imports of non-iodized salt are banned. A food analysis laboratory has been set up.

3.40. 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.

3.5 Competition and consumer protection

3.41. Law No. 43/PR/2014 was passed to organize and promote competition, define its rules, and establish the National Competition Board (CNC), which is attached to the Ministry of Trade and Industry. The Law includes provisions on anti-competitive practices such as agreements, cartels, collusion, abuse of market power, mergers and acquisitions, price transparency infringements, restrictive pricing and loss-making or related sales. In principle, the Law applies to all natural persons and all public and private legal persons. The decrees on the organization and functioning of the CNC were adopted in August 2018, and its members were appointed in March 2019. However, as of March 2020, the CNC was not yet operational.

3.42. Law No. 005/PR/2015 of 4 February 2015 provides for consumer protection in Chad. Its implementing decree is currently being adopted.

3.6 Investment

3.43. Chad complies with the provisions of the Community Investment Charter and has a National Investment Charter based thereon. There are sectoral investment codes, including the Mining Code, the Forestry Code, the Water Code and the Hydrocarbons Code.

3.7 Public procurement

3.44. A new Government Procurement Code was adopted in 2015.[5] 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 also establishes the Government Procurement Regulatory Authority, the mission of which is to regulate the procurement system and oversee reforms and modernization of these rules.

3.45. The Code specifies the applicable administrative sanctions and actions relating to the prevention and settlement of related disputes. It is applicable to all purchases made by the State, the decentralized authorities, public institutions, and majority State-owned companies. However, it does not cover sovereignty spending, in particular military expenditure.

3.46. Chad is not a party to the WTO plurilateral Agreement on Government Procurement, nor is it an observer.

3.8 Trade defence

3.47. Chad does not have national legislation on anti-dumping measures, subsidies or countervailing measures.[6] Although imports enter Chad duty free, the authorities may ban or restrict the importation of certain products for public health and/or security reasons. However, when national companies face difficulties in selling their products because of massive imports, Chad is obliged to take safeguard measures to protect them: The sugar and cement markets are regulated through

[5] Decree No. 2417/PR/PM/2015 of 17 December 2015 establishing the Government Procurement Code.

[6] WTO documents G/ADP/N/1/TCD/1, G/SCM/N/1/TCD/1 of 25 August 1998; and G/SG/N/1/TCD/1 of 31 July 2000.

the establishment of regulatory committees and the issuance of special import authorizations to approved importers by the Ministry of Trade.

3.9 Intellectual property

3.48. 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, inventions, innovations, copyright and artistic works).

3.49. 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 is in the process of being validated.

3.10 Trade policy capacity-building prospects and projects

3.50. To stimulate and diversify the Chadian economy and provide a framework for the country's national, regional and international trade policy, a number of laws have been passed, including the Competition Law, the Consumer Protection Law, the Metrology Law, the Standardization Law and the Public-Private Partnership Law.

3.51. A national trade strategy has been adopted with five main thrusts, one of which is women's partnerships. This strategy meets the development requirements set out in the National Development Plan and the National Priority Action Plan.

3.52. The Government has established agencies such as ANIE, with a one-stop shop for setting up businesses in 72 hours rather than a month.

3.53. There is also coordination of SMEs/SMIs under the Directorate of Small and Medium-Sized Enterprises within the Ministry of Industry and Trade, including ATNOR, not forgetting the creation of CECOQDA. These bodies require a great deal of domestic and international human and material capacity-building support.

3.54. To provide a framework for Chad's exports, a specialized economic zone has just been set up in partnership with the OLAM International group in the south of the country to begin the process of diversifying the Chadian economy, countering informal trade and controlling exports.

3.55. Chad has just built two modern slaughterhouses to export Chadian meat through the LAHAM TCHAD company. Through this project, value chains will be created, especially in the leather and hide sector, with help from the sustainability support phase of the Enhanced Integrated Framework programme.

3.56. Looking ahead, Chad plans to set up a project to develop dry ports and free zones in order to control the flow of goods, combat the high cost of living and solve the problems faced by economic operators along corridors.

3.57. Chad and Cameroon are planning to build a railway between the two countries to speed up trade and transit, and ensure the safety and protection of goods and people.

3.58. To better control its exports and the Doba Oil Project, Chad has just issued an order to nationalize the Project. The Chad Hydrocarbons Company now has a monopoly on marketing and subcontracting.

3.59. There are plans to build an international airport in Djermaya to serve Chad along with the Amdjarass airfield, which will enable trade with the Middle East.

4 CONCLUSION

4.1. The macroeconomic outlook for 2022 and 2023 is generally favourable. Growth is expected to return to positive territory in 2022, at 0.9%, before accelerating to 3.8% in 2023. The buoyancy of economic activity in 2022 is projected to be dampened by a poor performance in oil production, which is forecast to fall by 9.8%. In 2023, however, growth is expected to benefit from positive trends in the oil and non-oil sectors.

4.2. Oil production is projected to drop in 2022 owing to the cessation of activity of operator Glencore in the production of the Esso Consortium, and to the November 2021 fire in the Miandoum oilfield, which destroyed four tanks. Oil production is expected to grow by 5.2% in 2023, driven by investments made by the CNPCIC Consortium to improve production facilities, the complete restoration of the Miandoum oilfield following the November 2021 fire, and the introduction of polymer technology by the Esso Consortium, which should help to mitigate the decline in its production. The non-oil sector is set to benefit from the revival of cotton production thanks to the implementation of the Coton Tchad SN recovery plan by OLAM International. It will also be boosted by the strong performance of food crop and livestock farming and by the induced effects of the upturn in the oil sector in 2023. Growth is expected to pick up to 2.5% in 2022 and 3.6% in 2023.

4.3. Public finance management during this period is expected to be characterized by a budget balance, on a commitments basis, including grants, that returns to surplus, reaching 1.9% of GDP in 2022 and 0.4% of GDP in 2023. The marked improvement in this balance in 2022 is forecast to be attributable to the strong performance of crude oil prices, resulting in an increase in oil revenues of around 41.5%. However, the surplus in the overall fiscal balance should be maintained in 2023, despite a further fall in oil revenues, mainly thanks to an increase in non-oil revenues coupled with a moderate rise in total budget spending as part of the implementation of an IMF programme.

4.4. In terms of external trade, the current account balance, including public transfers, is expected to remain in surplus in 2022, thanks to the strong performance of crude oil prices, before returning to deficit in 2023. It is forecast to stand at 3.0% of GDP in 2022 and -0.6% of GDP in 2023. The deficit recorded in 2023 is expected to result from a reduction in the trade surplus, not offset by a reduction in the deficits on the services and income accounts, and an increase in the surplus in the transfer account.

4.5. As a result of the above, the monetary situation is set to strengthen in 2022, before undergoing further contrasting developments in 2023. Net foreign assets are set to rise by 93.8% in 2022, before declining by 37.5% in 2023. The external currency coverage ratio is expected to recover, rising to 35.4% in 2022, before falling back to 34.8% in 2023.

4.6. Net domestic credit, meanwhile, should continue to grow over the period, with relative changes of 5.4% in 2022 and 12.7% in 2023, as a result of increases in both net claims on the State and lending to the economy. In line with the various changes in its counterparties, the money supply is set to increase by 29.0% in 2022 and 13.0% in 2023.

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