



Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

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

This report, prepared for the first Trade Policy Review of the CEMAC countries that are Members of the WTO, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the CEMAC countries on their trade policies and practices.

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SUMMARY

1. The Central African Economic and Monetary Community (CEMAC) is composed of six States, of which five are also Members of the WTO and form the subject of this report: Cameroon, the Republic of the Congo, Gabon, the Central African Republic (CAR), and Chad; Equatorial Guinea has observer status in and applied for accession to the WTO in 2007. All the CEMAC countries also belong to the Economic Community of Central African States (ECCAS), which has been established since 1983 but whose integration process has been slow to take off.

2. CEMAC represents a market of 42.5 million people spread over more than 3 million km², with huge natural resources. Nearly half the population live in Cameroon, which contributes 28.6% of regional GDP. The diversity of the climate and the availability of land make CEMAC a region particularly suited to the development of agro-pastoral activities. With the exception of Chad, which suffers from the encroachment of the desert and the drying up of Lake Chad, water and grazing land resources are abundant. Moreover, CEMAC is partly covered by the forests of the Congo Basin, the world's second largest tropical forest zone, which provides exceptional ecological diversity.

3. The mineral wealth includes deposits of oil, natural gas, gold, diamonds, manganese and uranium. For lack of private investment, there has been little or no exploitation of most of the natural resources, apart from oil and timber. With the exception of the CAR, crude petroleum is an important resource for the CEMAC countries: it accounts for 86% of Community exports (mainly to Europe and Asia); the Congo depends on it for 61% of its GDP, Gabon for half, Chad for 40%, and Cameroon for nearly 10%. Timber is the Community's second largest export product and, apart from Chad, the other four countries derive substantial export earnings from it. Imports are dominated by manufactured goods and come mainly from Europe, Africa and Asia. Intra-Community trade remains at a low level, even as compared with the levels achieved by other economic groupings in Africa.

4. In fact, although it has been in existence for what will soon be 20 years, CEMAC has not yet succeeded in promoting trade among its members, despite the various texts adopted with a view to establishing a customs union, with, of course, its free trade area component. Apart from supply-side limitations, this situation can be attributed, in particular, to communication infrastructure (road, rail and port networks) that is either lacking or in poor condition, the haphazard supply of energy and its high cost, and financing which is scarce and therefore expensive. Admittedly, the CEMAC countries have made efforts to improve the business climate through their membership in the Organization for the Harmonization of Business Law in Africa (OHADA), simplifying certain procedures, and taking initiatives to combat corruption. These initiatives deserve to be continued, including in the area of trade facilitation, in order to attract the investment so badly needed by these countries to exploit their immense potential.

5. The national investment regimes are open to foreigners, whose companies, sometimes in partnership with the State, enjoy, in many areas, monopolies or exclusive rights, which result in anti-competitive practices (including abuse of dominant position) and the persistence of price controls. Despite the CEMAC Community Investment Charter of 1999, and the existence of Community provisions concerning exemptions, the States maintain numerous autonomous fiscal and customs privileges which could well be streamlined.

6. The economies of the five countries have diverged in the last six years, partly as a result of the impact of the global economic crisis, which reduced the external demand for some of their products. In the Congo, following a recession in 2007, economic growth has been strong (6.4% on average over the period 2007-2011). Faced with the progressive depletion of its petroleum resources, Cameroon is in the process of diversifying its economy and its growth rate has been modest but steady (3% on average over the period), which has enabled it to join the group of middle-income countries to which the Congo and Gabon also belong. The latter's GDP grew at an average rate of 3% over the period, with a peak of 5.3% in 2008, followed by low growth rates since 2009. In the CAR, growth rates fluctuated only slightly about an annual average of 2.5%, while in Chad, despite its oil earnings, they were very weak (and indeed negative over two years), except in 2010 when strong growth of 13% pulled the average up to 3% over the period; the two countries are still LDCs in which socio-politico-military conflicts (especially in the CAR) contribute to the continuing sluggishness of the business climate, which already has to contend

with their landlocked status. In general, the five countries are experiencing income redistribution problems, ever more acute in Gabon.

7. After reaching relatively high levels in 2008 and 2009 because of the food crisis, inflation was held below the Community norm of 3%, thanks to the prudent monetary policy of the Bank of Central African States (BEAC), the issuing institution for the common currency, the CFA franc, which is pegged to the euro. In 2009, the proportion of the CEMAC countries' foreign exchange assets which the BEAC must deposit in the French Treasury's operating account, in return for a guarantee of convertibility, fell from 65% to 50%.

8. In general, international and regional trade is heavily impeded by excessive taxation and all sorts of red tape. Goods import and export procedures are still cumbersome and hence expensive. The resulting smuggling has a budgetary cost and poses a risk for public health, the products most often affected by fraud and counterfeiting being basic necessities such as sugar, flour, pharmaceutical and petroleum products, and cement.

9. At both Community and national levels, the trade regimes have not changed substantially since the CEMAC countries' last Trade Policy Reviews (TPR), produced individually or by pairs of countries between 2006 and 2007. The main recent customs initiatives include the adoption of ASYCUDA++ by Cameroon, while ASYCUDA World is in process of being installed in the Congo. The initiatives to computerize customs and/or rapid clearance declarations are progressing. However, it still takes an average of five to six days after registering the import declaration to get the goods released. When the other formalities are taken into account, the total time to import can be counted in weeks, especially in the case of goods in transit through the port of Douala for other countries, such as the CAR and Chad.

10. With the exception of Gabon, the countries have maintained their preshipment inspection programmes. Being mandatory, this inspection increases the cost of the imports by the amount of the fees (especially the lump sum) charged to the importer, and duplicates (even amplifies) the work of the Customs. All the CEMAC countries that resort to it use reference values for customs valuation purposes. Moreover, the lack of interconnection between the inspection companies and the customs administrations of these countries does nothing to facilitate the completion of the formalities. The introduction of the electronic cargo tracking note (ECTN) has worsened the situation, in terms not only of documentary requirements and formalities but also of costs. In addition, in the absence of appropriate free circulation (*libre pratique*) mechanisms, goods imported from third countries are subject to the procedures and the duties and taxes applicable at each crossing of the Community's internal borders.

11. The CEMAC common external tariff (CET) has five rates (zero, 5%, 10%, 20% and 30%), with an average of 18.1% (without any notable change since 2006) and a coefficient of variation of 0.53, which indicates moderate rate dispersion. Agriculture (ISIC, Rev. 2 definition) is the most protected sector (23.6%), followed by manufacturing (17.8%) and the extractive industries (11.2%). The products with the highest levels of tariff protection are clothing (30%), coffee and tea (28.6% on average), beverages and tobacco (27% on average), and fruit, vegetables and garden produce (26.4% on average). Moreover, a Community integration tax of 1% on imports from outside CEMAC, a Community integration contribution of 0.4% on imports from outside ECCAS, and a levy of 0.05% on imports from countries non-members of OHADA remain in force, not to mention the internal taxes governed by Community provisions, namely, VAT and excise duty. Fees are charged at national level for preshipment inspection and the electronic cargo tracking note (ECTN). Other taxes and levies are governed by national provisions.

12. Overall, the CET is characterized by mixed escalation: negative from unprocessed to semi-finished products, and positive from the latter to finished products. This structure partly explains the tariff exemptions that the countries grant unilaterally to local production industries for some of their imports. Moreover, since 2007, the countries have also adopted several suspension measures (relating to customs duties and taxes and/or internal taxes) in order to limit the rise in the cost of basic necessities. These various measures suggest that the Community taxation system needs to be reviewed, together with the duties and taxes applied nationally.

13. Within the multilateral trading system, Gabon has bound all its tariff lines, as compared with 62.3% for the CAR; 17.4% for the Congo; 15.2% for Chad; and 14.9% for Cameroon. The CET rates are higher than the rates bound by Gabon on 2,058 lines; by the Congo on two lines; and by the CAR on one line. Moreover, the Congo, the CAR and Chad apply other duties and taxes higher than those bound. Following its last TPR, Gabon took steps with a view to renegotiating its tariff concessions.

14. Apart from Chad, the CEMAC countries have amended their government procurement legislation since their last TPRs. In the case of Cameroon, the creation in 2012 of a Ministry dedicated entirely to government procurement is expected to improve the award procedures. This could lead to a reduction in the proportion of contracts being awarded under private agreements, which sharply increased between 2010 and 2012. With respect to the WTO's Plurilateral Agreement on Government Procurement, Cameroon remains an observer, while the other CEMAC countries are neither members nor observers.

15. The CEMAC countries all belong to the African Intellectual Property Organization, which offers them a legal framework for the protection of intellectual property rights. However, because so few resources are being devoted to raising awareness of intellectual property rights and combating infringements, imports of counterfeit products, including drugs for use in human and veterinary medicine and phytopharmaceuticals, are flooding the domestic markets of all the member States. Cameroon has introduced a "fee on intellectual works", levied by customs at the rate of 5% of the f.o.b. import value on media such as computer hard disks, mobile phones, printers and memory sticks, with a view to remunerating the owners of the related intellectual property rights.

16. Aside from the passport and international transhumance certificate for cattle, the sanitary and phytosanitary measure and technical regulation regimes are not harmonized at Community level. At national level, these regimes are non-operational or serve only to collect fees for various institutions without effective inspection of the products. Moreover, only Cameroon has an SPS enquiry point, which is in need of capacity building.

17. The lack of an efficient sanitary and phytosanitary regime and heavy protection are two of the constraints on the development of the agricultural, livestock and forestry sector, which nonetheless provides most of the jobs and income for the population of these countries. The heavy protection is insulating the sector from international competition and doing nothing to encourage the search for competitiveness. Development of the infrastructure (especially rural infrastructure) and elimination of the numerous obstructive procedures at the internal borders would increase intra-Community trade in agricultural products. In addition, the effective application of a sanitary and phytosanitary regime would have a positive effect on product quality and, in conjunction with a reduction in the large number of levies (including at exit), would help to promote agricultural exports. Such reforms would contribute to an improvement in rural incomes and to food security within the Community.

18. Oilfield development is generally open to private, including foreign, investment. However, the other segments of the energy sector remain dominated by monopolies and price controls, which affect their performance and help to maintain a business environment with few attractions for private investment, generally to the detriment of the manufacturing and services sectors.

19. Financial activities (including banking) are under the authority of the BEAC and governed by the common banking regulations stemming from the Convention establishing the Central African Banking Commission (COBAC), the supervisory body. The conditions of establishment are the same for foreign and domestic institutions. Air and rail transport is still dominated by a few foreign groups, but new local airline companies are beginning to offer their services. Despite the adoption of a Facilitation Programme, road transport and transit continue to suffer from regulations that remain bilateral, protectionist and obsolete.

20. Altogether, for the five countries to realize their development ambitions and for regional integration within CEMAC to contribute to their success, they will need to pursue their various reforms, especially those of a structural nature, expand their multilateral commitments to the reformed regimes to ensure the latter's credibility and predictability, and effectively apply the measures collectively established at Community level. Such reforms would benefit from support provided under the Enhanced Integrated Framework in the specific case of LDCs and, more generally, under Aid for Trade. The reforms would help to create a business-friendly environment and attract the investment which the countries so badly need to exploit their immense potential.

1 ECONOMIC ENVIRONMENT

1.1 Main features

1.1. The Central African Economic and Monetary Community (CEMAC) is composed of six Central African States, namely: Cameroon, Republic of the Congo, Gabon, Equatorial Guinea, Central African Republic, and Chad. Its main mission is to promote peace and the harmonious development of its member States by establishing an economic union and a monetary union. CEMAC represents a market of 42.4 million people spread over an area of more than 3 million km². Nearly half of this market (47.2%) is located in Cameroon, which is also responsible for a substantial proportion of regional GDP (28.6%). More than half of the population live in rural areas.

1.2. CEMAC's economic potential is huge and quite diversified. The diversity of its climate (Sahelian in the north, hot and wet tropical in the south and along the coast) makes it a region suitable for agriculture and livestock raising. It has huge resources in arable and grazing land. Moreover, CEMAC is partly covered by the forests of the Congo Basin, the world's second largest tropical forest zone, and altogether 46% of the country is forested. Its subsurface resources include oil and gas fields and deposits of minerals and precious metals such as gold, diamonds, manganese and uranium.

1.3. The CEMAC countries form a heterogeneous whole, in terms of both level of development and economic structure. The Central African Republic and Chad, landlocked countries of the subregion, belong to the "least developed country" (LDC) group and are also classified as "low-income countries" on the basis of the gross national income per capita.¹ Cameroon, the Republic of the Congo and Gabon are middle-income countries, with Gabon in the upper tier. In economic terms, Gabon, with 3.6% of the Community's population, accounts for 19.3% of its GDP, while the Central African Republic, with 10.6% of the population, contributes only 2.5% to regional GDP.

1.4. This heterogeneity can also be observed in relation to the level of human development. According to the human development index (HDI), in 2011, Gabon and the Republic of the Congo were classified as average, ranking 106th and 137th, respectively, out of 187 countries or territories. Cameroon, Central African Republic and Chad, which were considered to be at a low level of human development, were ranked 150th, 179th and 183rd, respectively.

1.5. The economies are, in general, very dependent on the petroleum sector, with the exception of that of the Central African Republic. In 2011, subregional production was estimated at 48.9 million tonnes of crude, i.e. 12% of African production², the main producers being the Congo (30.5%), Equatorial Guinea (28.4%) and Gabon (25%). Petroleum accounts for 43.9% of the Community's GDP, 85.7% of its total exports, and 67.1% of its budgetary revenues. With the exception of Cameroon, petroleum is the main export of the producing countries, with its share of total exports ranging from 84.7% in Gabon to 99.5% in Equatorial Guinea. The other principal exports include forest products, minerals (aluminium and manganese), precious metals (gold and diamonds), and cotton (see country annexes).

1.6. Apart from a sharp decline in the contribution of the petroleum sector in 2009, linked with the fall in oil prices, the structure of regional GDP has not undergone any major changes since 2008. The petroleum sector makes the biggest contribution, with an annual average of 37.6% over the period 2008-2012. Agriculture, livestock and related activities, despite their importance as the main source of employment, contribute only about 11%. This contribution appears to come mainly from Cameroon, Chad and the Central African Republic. The contribution made by manufacturing industry is relatively small (less than 7%) and appears to be driven by Cameroon. The services sector contributes to the formation of more than a quarter of GDP. Import duties and taxes account for more than 4% of the subregion's GDP. This figure demonstrates how important these levies are for the public finances of the States concerned.

¹ World Bank online information. Viewed at: <http://donnees.banquemondiale.org/income-level/LIC>.

² Banque de France (2012).

Table 1.1 Main socio-economic indicators, 2008-2012

	2008	2009	2010	2011	2012
Nominal GDP (CFAF billion)	18,368.1	13,524.1	17,450.2	20,302.0	22,620.5
Average inflation rate (%)	5.9	4.3	1.5	2.7	3.7
Real GDP (at 1992 constant prices)	(per cent)				
Real GDP growth rate	4.0	3.1	4.3	4.6	5.6
Petroleum	6.2	5.6	2.8	0.9	6.7
Non-petroleum	3.5	2.5	4.7	5.6	5.4
Contribution to real GDP growth					
Petroleum sector	1.2	1.1	0.6	0.2	1.3
Non-petroleum sector	2.8	2.0	3.7	4.5	4.3
Structure of GDP (GDP at current prices)	(as a percentage of GDP)				
Agriculture, livestock, hunting and fishing	10.6	12.9	12.2	10.6	10.2
Forestry	1.4	1.2	1.0	1.0	0.9
Petroleum	42.8	31.3	36.2	38.5	39.1
Manufacturing	6.4	7.9	7.1	6.4	6.1
Construction and public works	2.8	4.3	4.4	4.7	5.4
Tradeable services	20.1	23.3	20.9	19.8	19.5
Non-tradeable services	6.0	7.6	6.8	6.5	6.4
Other	5.7	6.6	6.7	7.9	8.1
Import duties and taxes	4.3	5.1	4.8	4.6	4.3
Public finances	(as a percentage of GDP)				
Total revenue	32.3	26.4	25.9	29.1	29.5
Petroleum	23.6	15.9	16.6	19.7	19.8
Non-petroleum	8.7	10.4	9.3	9.4	9.7
Total expenditure	21.2	27.9	25.2	25.5	27.9
Current	12.6	14.2	13.0	11.8	13.0
Capital	8.6	13.7	12.2	13.6	14.9
Primary balance	12.9	0.2	2.9	6.0	5.5
Basic balance	12.0	-0.5	2.3	5.6	4.8
Overall balance, commitments-based, excluding grants	11.1	-1.6	0.8	3.6	1.5
External sector	(as a percentage of GDP)				
Current balance (public transfers included)	6.5	-6.2	-4.6	-4.2	-5.5
External trade balance	36.5	19.6	25.8	28.7	28.8
Services balance	-11.9	-12.7	-14.6	-14.1	-14.4
Income balance	-19.1	-14.5	-16.6	-19.3	-20.7
Current transfer balance	1	1.3	0.8	0.6	0.8
Capital and financial operations account	1.9	3.4	5.3	8.2	10
Overall balance	6.2	-4.2	0.1	3.7	4.6
For information					
Oil price (US dollars/barrel)	97	61.8	79	104	114.7
Average exchange rate (CFAF/US dollar)	447.8	472.2	495.3	471.9	510.5

Note: The CEMAC aggregates include Equatorial Guinea, a country that is not a Member of the WTO but has observer status.

Source: CEMAC (2012), *Rapport intérimaire de la surveillance multilatérale pour l'année 2012 et perspectives pour 2013*, 24th edition, December.

1.7. Thanks to the cancellation of the debt of some countries (Cameroon, the Congo and Central African Republic) under the enhanced HIPC initiative and the flow of oil income, in most of the countries' external indebtedness remains at sustainable levels. Outstanding external debt is stable and estimated to have been 13% of regional GDP in 2012.

1.8. The CEMAC countries pursue common monetary and foreign exchange policies within the framework of the Central African Monetary Union (UMAC). As members of the franc zone, they have maintained a monetary cooperation agreement with France since 1972³, supplemented by an operating account agreement concluded in 1973⁴. The Bank of Central African States (BEAC) is the issuing institution for the common currency, namely, the CFA (Financial Cooperation in Central Africa) franc⁵. It is responsible for defining and conducting monetary policy, conducting foreign exchange policy, holding and managing official foreign exchange reserves, and promoting the smooth functioning of the payment and settlement systems. Where monetary policy is concerned, its objective is to guarantee monetary stability through a low inflation rate and adequate coverage for the currency.⁶ For this purpose, it uses two types of instruments: refinancing policy and a policy of imposing reserve requirements.⁷

1.9. Under the common foreign exchange regulations, movements of capital in CFA francs between member States are free and unrestricted.⁸ The other countries of the franc zone are treated on the same footing as the CEMAC countries, except in the case of transactions relating to gold, certain loans, borrowings and direct investments, and foreign securities, together with export operations and the repatriation of the earnings. With regard to movements of capital outside the franc zone, administrative controls are applied to certain lending and borrowing operations and to transactions involving foreign securities with a value of more than CFAF 10 million, for which a preliminary declaration must be made to the Ministry responsible for finance.⁹

1.10. Import and export operations with a value in excess of CFAF 5 million must be domiciled with an approved bank; export earnings must be repatriated within 30 days of the date on which payment becomes due and then transferred to the BEAC within 30 days of collection.

1.2 Recent economic developments

1.11. Because of their low level of integration into the international capital markets, the CEMAC countries were relatively untouched by the financial crisis of 2008. On the other hand, they suffered the after effects as a result of the fall in external demand for their raw materials. Thus, after a modest performance in 2009, economic activity, supported by the non-petroleum sector, has recorded growth rates in real terms of more than 4% since 2010 (Table 1.1). In 2011, the non-petroleum sector contributed 4.5 percentage points to the 4.6% of growth in real GDP. The economic expansion continued in 2012, with growth of 5.6%. This time, thanks to increased production, the petroleum sector made a greater contribution than in 2011 (1.3 percentage points).

³ Monetary Cooperation Agreement between the member States of the Bank of Central African States (BEAC) and France, signed at Brazzaville on 23 November 1972. Viewed at: <https://www.beac.int/download/convbeacfr.pdf>.

⁴ The franc zone comprises the CEMAC member States, the Comoros, the member States of the West African Economic and Monetary Union (WAEMU), France, and Monaco. Monetary cooperation within the franc zone is governed by four basic principles: the French Treasury's guarantee of unlimited convertibility, fixed parities, freedom of transfer, and the pooling of foreign exchange reserves. In return for this guarantee, the BEAC, the Central Bank of West African States (BCEAO) and the Central Bank of the Comoros are required to deposit part of their foreign exchange reserves with the French Treasury in their respective operating accounts. In 2009, the percentage of foreign currency assets which the BEAC was required to deposit in the operating account fell from 65% to 50% (Banque de France (2012)).

⁵ Initially tied to the French franc, the CFA franc is currently pegged to the euro at the fixed parity of: 1,000 CFA francs = 1.52449017 euros (1 euro = 655.957 CFA francs). The exchange rate between the CFAF and other currencies is established automatically in accordance with the exchange rate between those currencies and the euro.

⁶ The external currency coverage ratio, defined as the ratio of the BEAC's average stock of external assets to its average stock of liabilities with a term of less than one year, may not be less than or equal to 20% for three consecutive months (Article 11 of the statutes of the BEAC).

⁷ Bank refinancing is the BEAC's main mode of intervention. It is implemented by acting on the money supply or the interest rate. The reserve requirements vary from country to country depending on the bank liquidity situation.

⁸ Regulation No. 02/00/CEMAC/UMAC/CM of 29 April 2000 harmonizing the foreign exchange regulations in the CEMAC member States.

⁹ Where direct investment is concerned, any operation amounting to less than CFAF 100 million can be verified and executed directly by the commercial banks. Above this threshold, the investment must be declared to the Ministry responsible for finance. The same applies to the liquidation of direct investments made abroad.

1.12. Following relatively high levels in 2008 and 2009, linked to the food shortages from which the countries were suffering, in 2010 and 2011 inflation was held below the Community norm of 3%. However, it rose to 3.7% in 2012, driven up by an increase in the prices of household consumer goods, particularly in Chad and the Central African Republic.

1.13. The subregion's overall budget balance, generally positive, recorded a surplus of CFAF 696.5 billion in 2012, or 1.5% of GDP (as against 11.1% in 2008). Following a sharp fall to CFAF 7,856.7 billion in 2009, public revenues increased strongly to reach CFAF 13,289.2 billion in 2012, due to the increase in the price of crude. Meanwhile, total expenditure amounted to CFAF 12,592.7 billion. Due to basic infrastructure construction projects, particularly in the Congo and Gabon, capital expenditure, largely on internal financing, more than doubled in five years and accounted for more than half of current expenditure in 2012.

1.14. Where multilateral surveillance¹⁰ is concerned, following high levels of violation of the first-tier criteria (in particular, a record level of nine cases in 2009), the situation improved in 2011 and 2012.¹¹ The only cases of violation recorded in 2012 had to do with the fiscal balance (violated by Equatorial Guinea and the Central African Republic), and inflation (violated by Equatorial Guinea and Chad). Since 2008, no cases of violation of the criteria relating to public debt and the accumulation of arrears have been recorded. The multilateral surveillance system is due to be reformed in July 2013.

1.15. In the area of foreign trade, the current account balance (public transfers included) registered a deficit for the fourth year in succession, amounting to CFAF 2,465 billion in 2012 (5.5% of GDP). This situation is linked with a deterioration in the services and income balances. In fact, the CEMAC external trade balance is structurally in surplus. In 2012, the surplus exceeded CFAF 13,000 billion. On the other hand, the deficit in the balance of services grew by 62% between 2008 and 2012, to reach CFAF 6,491.4 billion. This worsening of the deficit appears to be attributable to the freight and insurance costs linked with increased imports of investment goods. Moreover, due to transfers of income derived from foreign investment in the subregion, the deficit on the income balance worsened, reaching CFAF 9,323.3 billion in 2012. Overall, however, the balance of payments recorded a surplus of more than CFAF 2,000 billion, thanks to the flow of foreign investment into the Community.

1.3 Trends in trade and investment

1.16. The CEMAC countries are very dependent on international trade. Merchandise exports are dominated by raw materials. After a sharp fall in 2009, exports increased, on average, by 23% a year to reach CFAF 25,602 billion in 2012.¹² Merchandise imports, driven largely by investment in the petroleum sector, progressed at a relatively slower pace (at an average rate of 17% per year), to reach CFAF 12,594.9 billion. International trade in services is dominated by imports, mainly oriented towards the petroleum and mining sectors (see country annexes): the Community is a net importer of services.

1.17. Despite the establishment of the free trade area, the level of intra-CEMAC trade has remained low (Table 1.2). In 2010, for example, intra-Community trade accounted for 2.1% of the countries' total (including intra-Community) exports and 3.9% of imports. These figures are low compared with those for similar regional groupings such as WAEMU, where community trade accounted for 11.5% of imports and 15% of exports in 2010. This low level of intra-Community trade is partly attributable to the nature of the exports (mainly raw materials) and the weakness of the countries' industrial fabric. Numerous non-tariff barriers and failure to apply certain Community provisions are other serious impediments to trade. Exports to Africa, in general, are also weak, compared with imports.

¹⁰ In place since 2000, the multilateral surveillance system is based on four so-called "first-tier" convergence criteria: a positive or zero basic fiscal balance in relation to GDP; an annual inflation rate of less than 3%; a public debt ratio less than or equal to 70% of GDP; and the non-accumulation of arrears on day-to-day management (Directive No. 01/00/UEAC-064-CM-04 of 20 July 2000 concerning the establishment of multilateral surveillance of macroeconomic policies within the CEMAC member States).

¹¹ IMF (2012a).

¹² CEMAC (2012a).

Table 1.2 Structure of CEMAC's exports and imports, 2007-2010

Destination/Origin	Exports (as % of total exports)				Imports (as a % of total imports)			
	2007	2008	2009	2010	2007	2008	2009	2010
Africa	3.1	2.4	3.4	4.5	13.5	7.6	13.2	24.6
CEMAC	1.1	0.8	1.2	2.1	2.7	2.6	2.5	3.9
Rest of the world	96.9	97.6	96.6	95.5	86.5	92.4	86.8	75.4
Total	100	100	100	100	100	100	100	100

Source: AfDB, AU and UNECA, *African Statistical Yearbook*, 2009, 2010, 2011, and 2012 editions.

1.18. Foreign direct investment (FDI) inflows as a percentage of GDP are relatively high, as compared with the average for Sub-Saharan Africa. In 2011, they accounted for 7.6% of regional GDP, as against an average of 3.2% for Sub-Saharan Africa.¹³ Investment is heavily concentrated in the countries that have oil, such as the Congo and Chad, where they accounted for 20.3% and 19.6% of GDP, respectively. At intra-Community level, there has been some investment by Cameroonian operators in the other countries.

1.19. Despite the adoption of a Community Investment Charter in 1999 and the harmonization of customs and fiscal incentives (Chapter 2), not to mention the national incentive schemes, foreign investment in sectors other than the extractive industries has remained weak. Recurrent political instability and a relatively unattractive business environment are partly to blame for this situation.

1.4 Outlook

1.20. In 2013, the economic situation is evolving within a relatively unfavourable international environment (in particular, an expected contraction in economic activity in the euro zone) and a subregional context marked by a fall in public investment and oil production. Hence, according to the BEAC's latest projections, there will be a slowdown in economic activity, with real GDP growing by 4.1%.¹⁴ The trend in the general price level should be held at 2.7%, in conformity with the corresponding Community criterion.

1.21. In the long run, the outlook will depend on the implementation of the Regional Economic Programme (PER), a development programme aimed at making the subregion an emerging integrated economic area by 2025 (Box 1.1). During the first five-year phase of this programme (2011-2015), the aim will be to create a competitive environment in order to attract foreign investment. Among other things, this will involve the effective establishment of a common market and the application of the Community provisions concerning freedom of movement for persons. An operational plan was approved by the Council of Ministers in December 2011. Its implementation should enable the subregion to achieve a double-digit real growth rate by 2015, but financing, estimated to be over CFAF 3,000 billion, has not yet been secured.

¹³ World Bank (2012).

¹⁴ BEAC (2013), press release. Monetary Policy Committee, meeting of 22 March 2013. Viewed at: https://www.beac.int/download/cpm2203_2013.pdf [22 April 2013].

Box 1.1 CEMAC Regional Economic Programme (PER) 2009-2025

Launched in 2009, the PER is designed to take advantage of the subregion's resources and potential with a view to turning it into an emerging economic area. To this end, five engines of growth have been identified, namely: energy, agriculture and agro-industry, forestry, livestock farming and fishing, and mining and metallurgy.

The activities to be carried out during this initial phase have been grouped in the following four categories:

- Governance and macroeconomic stability: this involves strengthening economic governance, introducing tax reforms, and improving multilateral surveillance. The Community also intends to reform government procurement, improve transparency and governance in the raw materials and extractive industries sector, and harmonize the legislative and regulatory frameworks for the public finances with a view to reforming the tax system.
- Common market and trade facilitation: at common market level, the Community intends to activate the existing provisions relating to freedom of movement, approval of preferential regimes, and the right of establishment. Trade facilitation will involve the interconnection of customs administrations, the effective implementation of a Community transit regime, and the strengthening of facilitation measures at the borders and along the road corridors.
- Integration of physical infrastructure: the aim is to build priority road links, to open up the landlocked countries and to connect all the capitals with paved roads. Where energy infrastructure is concerned, the objective is to interconnect the electricity networks and build hydroelectric dams. With respect to telecommunications infrastructure, it is planned not only to harmonize the legislative and regulatory frameworks but also to interconnect the networks and develop the optical fibre network. The development of rural and local authority infrastructure (feeder routes, electrification, cattle trails and markets, etc.) also falls within this category.
- Economic infrastructure for supporting the pillars of growth: a strategic development plan will be established for each pillar of growth in order to strengthen the economic infrastructure and support services for these pillars. Common regional policies in the areas of electricity, transport, telecommunications and new information and communication technologies will also be drawn up.

The financing requirements for this initial phase of the programme are estimated at about CFAF 20,000 billion. More than half of this financing (56%) is expected to be provided by the private sector, 37.5% should come from concessional resources, and 6.5% from trust resources. To mobilize this financing, CEMAC has adopted a strategy that begins with the mobilization of trust resources in order to carry out studies and the initial programmes. This should make it possible subsequently to attract private capital. The Community integration tax would appear to be the only source of financing at CEMAC level; it is not even capable of covering the operating costs of the Commission. However, the concessional resources required cannot be expected to come entirely from the development partners.

A solution suggested in the PER is to create a fund fed by a charge of US\$3 per barrel on exported oil (CEMAC Emergence Fund). This fund could contribute to the cofinancing of the projects or the acquisition of holdings in the companies.

Source: CEMAC (2009), *CEMAC 2025: Vers une économie régionale intégrée et émergente, Programme Économique Régional, 2009-2015*. Volume 1: rapport d'étape.

2 TRADE AND INVESTMENT REGIMES

2.1 CEMAC's organizational and institutional framework

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

2.2. From the outset, emphasis was placed on the promotion of intra-community trade and industrial cooperation. Thus, the countries adopted elements of their common trade policy, in particular, a common external tariff (CET), rules of origin, and a single tax on products of community origin. With a view to exploiting their complementarity in the industrial sector, the countries adopted a specialization plan for well-defined sectors and a common investment convention defining the rules for this industrial cooperation. However, the effective implementation of this system was to be beset with numerous difficulties. The CET was often distorted and the duplication of competing industries increased. Given the inadequacy of the transport and communications infrastructure, intra-community trade remained at modest levels.

2.3. The creation of CEMAC in 1994 was intended to reinvigorate this integration process.¹ CEMAC actually commenced its activities on 25 June 1999. It notified the WTO on 21 July 1999 under the Enabling Clause.² The Treaty establishing CEMAC was revised in 2008.³

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

2.1.1 Central African Economic Union (UEAC)

2.5. UEAC, CEMAC's economic integration pillar, has the following objectives:

- to strengthen the competitiveness of economic and financial activities by harmonizing the rules which help to improve the business environment and govern business;
- to ensure convergence on sustainable performance by coordinating economic policies and making national budgetary policies consistent with the common monetary policy;
- to create a common market based on freedom of movement for goods, services, capital and persons; and
- To establish the coordination of national sectoral policies, implement common actions and adopt common policies, particularly in the following areas: agriculture, livestock, fishing, industry, trade, tourism, transport, Community land use and large-scale infrastructure projects, telecommunications, information and communication technologies, social dialogue, gender issues, good governance and human rights, energy, environment and natural resources, research, education and vocational training.⁴

¹ Treaty of 16 March 1994 establishing CEMAC.

² WTO document WT/COMTD/N/13.

³ The revised CEMAC Treaty was viewed at:

http://www.cemac.int/TextsOfficiels/traite_revise_cemac.pdf.

⁴ Convention governing the Central African Economic Union (UEAC), online information. Viewed at: http://www.izf.net/upload/Documentation/JournalOfficiel/CEMAC2008/convention_regissant_UEAC_25062008.pdf.

2.6. The establishment of the common market should involve: the elimination of internal customs duties, quantitative restrictions on the entry and departure of goods, taxes with the equivalent effect and any other measure with the equivalent effect capable of affecting transactions between member States; the establishment of a common trade policy governing relations with third countries; the adoption of common rules on competition applicable to enterprises and to State aid; the implementation of the principle of freedom of movement for workers, freedom of establishment, freedom in the provision of services, freedom of investment and free movement of capital; and harmonization and mutual recognition of technical standards and of approval and certification procedures.

2.7. Initially, the Community intended to achieve these objectives in three five-year stages, ending in the establishment of the Economic Union in 2015.⁵ Despite some progress, in particular the launch of the free trade area and the adoption of the CET, the progress report on the first stage, drawn up in 2005, was rather mixed. A communiqué issued at the end of an ordinary session of the Conference of Heads of State acknowledged that the construction of the common market was experiencing "numerous distortions that are impeding the development of intra-Community trade, both at the level of customs and fiscal instruments and at the level of the tariff and non-tariff regimes".⁶ In the face of these difficulties, it was decided to carry out an audit, which led to an Institutional Reform Programme (PRI).⁷ The programme resulted, among other things, in the revision of the CEMAC Treaty and in conventions governing the main institutions; in the transformation of the executive secretariat into a commission; and in the adoption of a regional development programme (Chapter 1).

2.1.2 Central African Monetary Union (UMAC)

2.8. UMAC aims to consolidate the achievements of monetary cooperation based on a common currency, the CFA franc, and a common central bank, the BEAC (Chapter 1, section 1.2). It is under the authority of the Ministerial Committee. In addition to ensuring financial stability, it participates in multilateral surveillance by coordinating economic policies and bringing national budgetary policies into line with the common monetary policy.

2.9. CEMAC's multilateral surveillance system has been in place since 2000.⁸ It is based mainly on four so-called "first-tier" convergence criteria: a positive or zero basic fiscal balance in relation to GDP; an annual inflation rate of less than 3%; a public debt ratio less than or equal to 70% of GDP; and the non-accumulation of arrears on day-to-day management.⁹ If these criteria are not met, the Council of Ministers may request the country concerned to implement an appropriate adjustment programme. However, the powers to impose sanctions are limited. The Council of Ministers can issue a communiqué accompanied by information on the situation in the country or publicly announce the withdrawal of any support from which the country might be benefiting. The sanctioning system has never been applied.

2.10. The harmonization and regulation of banking activities is the responsibility of the Central African Banking Commission (COBAC). In carrying out its mission, UMAC also relies on other specialized institutions, including the Central African Financial Market Supervisory Commission (COSUMAF), and the Central African Action Group against Money Laundering (GABAC).

2.1.3 The other institutions

2.11. The other CEMAC institutions are the Community Parliament, the Court of Justice and the Court of Auditors.

⁵ Initial UEAC Convention.

⁶ Final communiqué of the sixth ordinary session of the Conference of CEMAC Heads of State, held in Libreville, Gabon, on 11 February 2005.

⁷ CEMAC (2006).

⁸ Directive No. 01/00/UEAC-064-CM-04 of 20 July 2000 on the establishment of multilateral surveillance of macroeconomic policies within the CEMAC member States.

⁹ Where domestic arrears are concerned, items of expenditure unpaid after 120 days are considered to be in arrears (Directive No. 01/01/UEAC-094-CM-06 of 3 August 2001 establishing the criteria and macroeconomic indicators for multilateral surveillance).

2.12. The establishment of the Community Parliament is provided for in Articles 2 and 4 of the CEMAC Treaty. It is responsible for democratic oversight of the bodies and institutions involved in the Community decision-making process. Its governing convention was revised in 2008 in the wake of the institutional reforms. The Community Parliament was intended to consist of 60 members, ten per State. Members are elected by direct universal suffrage under the conditions laid down by each State.

2.13. From 2000, the role of Community parliament was played by an inter-parliamentary commission. The Parliament was finally installed in the parliament building in Malabo, Equatorial Guinea, on 15 April 2010. It consists of 30 members, five from each State.

2.14. The Court of Justice is responsible for ensuring observance of the law in the implementation of the CEMAC Treaty and the various conventions, while the Court of Auditors concerns itself with overseeing the budgets and accounts of the institutions. Initially, these two courts had the status of chambers within a Community court of justice established in 2000 at N'Djamena in Chad. It was in 2008, in connection with the revision of the CEMAC Treaty, that they became courts and were reinforced with additional judges.

2.2 CEMAC in practice

2.15. Whereas the monetary component of integration is operating effectively, there are still problems with regard to the free movement of persons, goods and services.

2.16. The free trade area was, in principle, established in 1994 with the entry into force of a zero-rated preferential tariff on intra-Community trade planned for 1998. In practice, it appears that there are problems with the free movement of goods, problems exacerbated by the absence of "*libre pratique*", i.e. free circulation of the goods once officially introduced into the Community. Community transit trade provisions are in force but so far applied only to a limited extent.

2.17. In principle, according to the CEMAC Customs Code, goods in transit benefit from the suspension of duties, taxes, prohibitions and other economic, fiscal or customs measures that may apply. Counterfeit publications and goods "bearing directly, or on their packaging, marks of a nature such as to lead a person to believe that they were manufactured or originated in a member State or in a State with which a relevant agreement has been signed" are banned from transit (Articles 156 and 157 of the Customs Code). 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 on presentation of a certificate of discharge, issued by the consular authorities of the member States or by the customs in the country of destination.

2.18. The Customs Code distinguishes between ordinary transit, which is available to all users, and international transit, which is reserved for certain approved carriers. For ordinary transit, a detailed declaration must be lodged and the goods must be examined under the same conditions as in the case of goods declared for release for consumption. Subject to sealing formalities, a summary declaration may be lodged for goods shipped in containers. The operator must carry out the transit operation under the conditions laid down by the customs authorities, in particular as regards security, time limits and routes.

2.19. Trade is still much impeded by the excessive taxation of imports and the consequent smuggling. Goods traded within CEMAC are taxed at every border crossing and customs post, whatever the administrative procedure (including duty-free entry). The transit procedures are expensive, do not function well and are not accessible to all operators. This is driving a large proportion of inter-State trade into the hands of informal traders or smugglers, as evidenced by the low level of declared trade (Chapter 1, section 1.4).

2.20. Within the framework of the UDEAC Regional Reform Programme, a transit procedure known as "Central African Inter-State Transit" (TIPAC) was adopted in 1991.¹⁰ TIPAC resembles a framework agreement between the national customs authorities and the carriers involved in transit operations. The States undertake not to submit the transit operation to special

¹⁰ Libreville Memorandum of Understanding of 22 November 1991.

authorization, to speed up the passage of the goods through ports and border posts, to relax road checks, and to define clearly the rules relating to security. In return, the carriers undertake to observe the transit conditions as laid down in the CEMAC Customs Code. The TIPAC carnet was to constitute documentary evidence for goods in transit. Moreover, a telecommunications network was to be connected to the customs offices and enable the customs officers to trace the progress of the goods. However, the TIPAC system has never been implemented. A new transit procedure was adopted in 2010 (Box 2.1), but has not yet entered into force.

2.21. Being landlocked, Chad and the Central African Republic are very dependent on the Community transit system. More than 80% of their trade flows by volume transits through the port of Douala (Cameroon) from which CEMAC's main transit corridors also depart, namely: three routes to Chad and two to the Central African Republic.¹¹ Bilateral conventions define the transit conditions along these corridors. In particular, they specify the number of checkpoints and the points at which the checks should be carried out. For example, there are officially only three checkpoints between Douala and Bangui. In practice, there are numerous barriers at which unexpected and often illegal checks are conducted. As a transit country, Cameroon is confronted with the problem of "false transit", that is the fraudulent release for consumption of goods initially declared for transit or exportation (see country annexes).

2.22. In order to remove these obstacles and facilitate transit, a customs service interconnection project was initiated in 2009, as a priority chapter of the Central African Transit Facilitation and Security Programme (FASTRAC). The aim of the project is to interconnect the customs systems at three levels: by interlinking the customs offices along the transit corridors; by interlinking the customs services of the member States; and by interlinking the CEMAC Commission, the customs services of the member States, and the Inter-State Customs Academy (EIED). For the pilot phase of the project, transit routes along the Cameroon-Central Africa and Cameroon-Chad corridors have been chosen.

2.23. To curb the proliferation of road checkpoints for goods and facilitate transit, an inter-State cross-border corridor management committee was set up in 2006. Its mission includes "encouraging reduction of the costs associated with freight transport and the implementation of improved customs transit procedures". It is composed of national representatives of the road transport industry and customs, together with representatives of the trade associations for carriers (BARC, GTC, BNF, BGFT) and forwarding agents. This committee is non-functioning.

2.24. At Customs Union level, the Common External Tariff has been adopted but is subject to numerous exceptions which the countries have granted themselves unilaterally (see country annexes). In general, non-tariff barriers have not been harmonized.

2.25. Moreover, free circulation (*libre pratique*), one of the cornerstones of the Customs Union, is not being implemented. In fact, goods imported from third countries and cleared in a CEMAC member country are taxed again when they cross the border of another country. As distinct from the case of UDEAC¹², the free circulation (or single entry) regime, which should make it possible to avoid this double taxation, is not clearly defined in the CEMAC texts; thus, there is no Community provision preventing double taxation. However, the introduction of such a regime would help to make trade flow more freely.

¹¹ The following routes lead to Chad: Douala-Yaoundé-Bertoua-N'Gaoundéré-Kousséri-N'Djamena; Douala-Yaoundé-N'Gaoundéré-Touboro-Moundou-N'Djamena; and Douala-Yaoundé-Garoua-Figuil-N'Djamena. The two routes to the Central African Republic are: Douala-Yaoundé-Bertoua-Garoua-Boulai-Beloko-Bangui, and Douala-Yaoundé-Bertoua-Yokadouma-Berbérati-Bangui.

¹² In fact, the free circulation regime was established under UDEAC (UDEAC Treaty of 1964). It was aimed at avoiding not only double taxation but also the levying of exit duties in the country of exportation. "Joint customs offices" were established to clear such goods, and a statistical scoring system applied when the goods crossed into the country of final consumption was to serve as the basis for the refunding of the duties levied in the country of entry. The regime was very soon abandoned due to the difficulties linked with the transfer to the countries of final consumption of the duties levied at entry into the Community area.

Box 2.1 The new Community transit regime

Under the new Community transit regime, any operation declared under the Community transit procedure must be covered by security valid for all member States. The security must cover the whole of the debt that could be incurred if the goods were released for consumption in the country of departure. The security may consist of a cash deposit with the customs office of the place of departure or a bond. The bond must be taken out in the country in which the security is provided and approved by its customs authorities.

The regulations contain simplifications for operators who make regular use of transit. These measures include the possibility of lodging general security, being exempted from security or being granted the status of an approved consignor or consignee. However, the measures are available only to operators established in one of the member States of the Community, provided that they have not committed any serious or repeated infringements of the customs or tax legislation.

General security is granted by the customs authorities of the State in which the operator is established. It can be used within the limits of a reference amount, estimated as the debt that could be generated by the operator's Community transit operations in the course of one month. Depending on his standing, the operator can have the security reduced or even waived. Thus, the security may be halved if the operator can show that he has "sufficient experience with the use of the Community regime", and reduced to 30% if, in addition, he has achieved "a high level of cooperation with the customs authorities". If in addition to satisfying these conditions, the operator can show that he has "a mastery of transport" and "financial means sufficient to fulfil his commitments", he may have the security completely waived. However, there are some restrictions: security cannot be waived if the goods are deemed to be sensitive. Nor can the security be reduced if the goods are rated as posing an increased risk of fraud.

The status of approved consignor or consignee is granted by the CEMAC Commission at the proposal of the customs authorities of the country of establishment. The status of approved consignor allows the operator to ship his goods in Community transit without having to make a transit declaration or to produce them to the customs office of the place of departure. It is granted only to operators with general security or for whom security has been waived, and is valid only for operations starting in the country in which the authorization is granted. The status of approved consignee enables the holder to receive goods in Community transit without having to produce them to the customs office of the place of destination. However, he is required to inform the office of the arrival of the goods and to await its authorization before proceeding to unload them. It applies only in the State in which the authorization is granted.

A Transit Committee was set up in 2010.¹³ Composed of two representatives per member State, together with experts from the CEMAC Commission, this committee is responsible for: overseeing the correct application of the new transit regulations; arbitrating in the event of a dispute; making recommendations and issuing technical opinions on transit procedures and security; and updating, at least once a year, the list of high-risk goods. The committee is non-functioning, as the new transit system is not yet in force.

Source: Regulation No. 07/10-UEAC-205-CM-21 of 28 October 2010 adopting the regulations on the Community transit regime and the single security mechanism.

2.26. As the experience with the UDEAC showed, and considering the importance of the contribution made by duties to the national budgets, the success of such a system will depend on the effectiveness of the compensatory or revenue distribution mechanism. In fact, with free circulation, the countries without a coastline will depend almost exclusively on this mechanism to collect the customs duties they are owed. A compensatory mechanism for the losses linked with the free circulation of products of Community origin is already in place, but is not operational (Chapter 3). This mechanism could be strengthened and extended to non-Community goods.

¹³ Regulation No. 09/10-UEAC-205-CM-21 of 28 October 2010 establishing a Transit Committee.

2.27. The free movement for persons is effective only in Cameroon, the Congo, the Central African Republic and Chad. Gabon and Equatorial Guinea have cited security reasons for restricting it. In 2005, the CEMAC Heads of State adopted an Act guaranteeing free movement within the Community for stays of less than three months.¹⁴ The Act is immediately applicable in the four countries already practising free movement and progressively applicable in the other two. It recommends the implementation of a road map comprising 13 measures, in particular: the establishment of a committee responsible for overseeing the implementation of the relevant Community provisions; the strengthening of police, customs and environmental cooperation; the establishment of a centre for the collection of border data that can be consulted in real time; the effectiveness of freedom of movement for persons belonging to certain socio-professional categories; the adoption of a common migration policy; and the strengthening of external border control procedures.

2.28. Some of the measures contained in this road map have begun to be implemented. Thus, a committee responsible for overseeing the implementation of the relevant Community decisions was set up in 2007 and is already functioning.¹⁵ In principle, a temporary measure, adopted in 2008, authorizes free movement for persons in the following categories, provided their stay does not exceed 90 days:¹⁶ members of the government and persons treated as such; members of parliament; national and regional officials; teachers and research workers; students duly enrolled or pre-enrolled in approved institutions; members of the liberal professions recognized by their respective national associations; duly mandated chief executives and senior managers and members of Community and national employers' organizations; and investors. They must be in possession of a valid national passport. However, this provision is effective only in the four countries that already have freedom of movement for persons and is applicable only to nationals of those countries.

2.29. Introduced in 2000, the Community passport (CEMAC passport) should help to facilitate freedom of movement. It confers on its holder the right to travel freely within the area without a visa. The CEMAC passport is not yet in circulation. Its specifications have been drawn up and forwarded to the States for validation, but only Cameroon has validated them.¹⁷

2.3 Relations with the WTO

2.30. With the exception of Equatorial Guinea, all the CEMAC countries are former contracting parties to the GATT 1947. However, they joined the WTO at different times: Cameroon, Gabon and the Central African Republic acceded in 1995, Chad in 1996, and the Congo in 1997. Equatorial Guinea has observer status and applied for accession on 19 February 2007.¹⁸ The WTO grants "least developed country (LDC)" status to the Central African Republic and Chad. This makes them eligible for the Enhanced Integrated Framework (EIF).

2.31. The CEMAC countries are not parties to any of the plurilateral agreements concluded under the aegis of the WTO. They grant at least MFN treatment to all their trading partners and have not been party to any dispute under the WTO as either complainant or respondent. Cameroon and Chad were third parties in the disputes *European Communities - Regime for the Importation, Sale and Distribution of Bananas* and *United States - Subsidies on Upland Cotton*, respectively.¹⁹

2.32. The CEMAC countries are not very active in notifying the WTO of their trade policies and practices. The notifications made between January 2006 and March 2013 are listed in Table 2.1. The WTO's integrated database holds data on the MFN customs tariffs between 2002 and 2012 for

¹⁴ Additional Act No. 08/CEMAC-CCE-05 of 29 June 2005 relating to freedom of movement for persons in the CEMAC zone.

¹⁵ See Decision No. 99/07-UEAC-070 U+042-CM-16 of 18 December 2007 establishing a monitoring and evaluation committee within the context of free circulation in the CEMAC zone.

¹⁶ Decision No. 02/08-UEAC-CM-17 of 20 June 2008 listing the persons temporarily admitted to travel without a visa in the CEMAC zone.

¹⁷ At present, Cameroon and the Central African Republic are issuing national passports with references to CEMAC.

¹⁸ On 5 February 2008, the WTO General Council set up a working party to examine Equatorial Guinea's application. When the present report was being drawn up, Equatorial Guinea had not yet submitted a memorandum on its foreign trade regime, and the working party had not yet met.

¹⁹ For further information, consult the WTO's dispute settlement site. Viewed at: http://www.wto.org/french/tratop_f/dispu_f/dispu_f.htm.

all the countries, except for the data for Gabon in 2006. The import statistics, however, are less complete, the most recent data being those for 2010 (Cameroon and Central African Republic). No data have been communicated concerning Chad.

Table 2.1 Notifications made to the WTO by CEMAC member countries, 2006-2013

Agreement and provision	Country/entity	Reference	Date
GATT 1994 - Regional agreements			
Article XXVIII:5 - Market access	Gabon	G/MA/218	12/11/2008
Notifications of quantitative restrictions	Central African Republic	G/MA/NTM/QR/1/Add.12	03/05/2011
Agreement on Agriculture			
Article 18.2 - Absence of domestic support	Gabon	G/AG/N/GAB/3	13/07/2010
Article 18.2 - Absence of domestic support	Cameroon	G/AG/N/CMR/2	28/10/2011
Article 18.2 - Absence of export subsidies	Gabon	G/AG/N/GAB/4	13/07/2010
Article 18.2 - Absence of export subsidies	Cameroon	G/AG/N/CMR/1	28/10/2011
Agreement on Implementation of Article VI of the GATT 1994			
Articles 18.5, 32.6 and 12.6 - Laws and regulations	Gabon	G/ADP/N/1/GAB/1 G/SCM/N/1/GAB/1 G/SG/N/1/GAB/1	26/10/2010
Articles 18.5, 32.6 and 12.6 - Laws and regulations	Gabon	G/ADP/N/1/GAB/1/Corr.1 G/SCM/N/1/GAB/1/Corr.1 G/SG/N/1/GAB/1/Corr.1	17/02/2011
Article 16.4 and 16.5 - Notification	Gabon	G/ADP/N/193/GAB	29/06/2010
Article 16.4 and 16.5 – Notification	Central African Republic	G/ADP/N/193/CAF	04/08/2010
Article 16.4 and 16.5 – Notification	Congo	G/ADP/N/193/COG	11/02/2011
Article 16.4 and 16.5 - Notification	Chad	G/ADP/N/193/TCD	31/05/2012
Articles 18.5, 32.6 and 12.6 - Laws and regulations	Gabon	G/ADP/N/1/GAB/2/Corr.1 G/SCM/N/1/GAB/2/Corr.1 G/SG/N/1/GAB/2/Corr.1	10/03/2011
Articles 18.5, 32.6 and 12.6 - Laws and regulations	Gabon	G/ADP/N/1/GAB/2 G/SCM/N/1/GAB/2 G/SG/N/1/GAB/2	03/03/2011
Agreement on Customs Valuation (Article VII of the GATT 1994)			
Notification of Community (CEMAC) texts	Gabon	G/RO/N/65	03/08/2010
Agreement on Import Licensing Procedures			
Article 7.3 - Regulations	Cameroon	G/LIC/N/3/CMR/3	25/09/2009
Article 7.3 - Regulations	Cameroon	G/LIC/N/3/CMR/2	05/09/2007
Article 7.3 - Regulations	Central African Republic	G/LIC/N/3/CAF/1	16/12/2010
Agreement on Preshipment Inspection			
Article 5 - Regulations	Central African Republic	G/PSI/N/1/Add.12	26/04/2010
Agreement on Subsidies and Countervailing Measures			
Absence of subsidy measures	Gabon	G/SCM/N/186/GAB	12/07/2010
Article 25.11 - No actions (countervailing duties)	Cameroon	G/SCM/N/153/Add.1/Rev.1	11/10/2007
Article 25.11 - No actions (countervailing duties)	Cameroon	G/SCM/N/144/Add.1/Rev.1	01/05/2007
Agreement on Technical Barriers to Trade			
Annex 3C (Code of Good Practice)	Cameroon	G/TBT/CS/N/179	9/9/2009
Article 10.6 - Standards on hydraulic binders (cement)	Cameroon	G/TBT/N/CMR/8	12/8/2009
Article 10.6 - Standard on mixed propane/butane LPG bottles	Cameroon	G/TBT/N/CMR/6	19/11/2007
Article 10.6 - Characteristics of tanks for the road and rail transport of liquid products	Cameroon	G/TBT/N/CMR/2	19/11/2007
Notification - Detergent powders, various products	Cameroon	G/TBT/N/CMR/5	19/11/2007
Article 10.6 - Mandatory standards on reinforcing rods, welded mesh and ties	Cameroon	G/TBT/N/CMR/1	19/11/2007

Agreement and provision	Country/entity	Reference	Date
Article 10.6 - Technical inspection and conformity of consumer products	Cameroon	G/TBT/N/CMR/3	19/11/2007
Article 10.6 - Standard on the labelling of pre-packaged food products	Cameroon	G/TBT/N/CMR/4 G/TBT/N/CMR/7	19/11/2007
Article 10.6 - Environment Code	Central African Republic	G/TBT/N/CAF/10	2/11/2009
Article 10.6 - Price monitoring of basic commodities	Central African Republic	G/TBT/N/CAF/9	13/02/2009
Article 10.6 - Protection of wildlife and regulation of hunting	Central African Republic	G/TBT/N/CAF/7	13/02/2009
Article 10.6 - Mining Code	Central African Republic	G/TBT/N/CAF/8	16/02/2009
Article 10.6 - Monitoring outbreaks of avian influenza	Central African Republic	G/TBT/N/CAF/6	19/01/2006
Trade -Related Aspects of Intellectual Property Rights			
Contact point (Article 69)	Gabon	IP/N/3/Rev.11/Add.4	18/08/2010
General Agreement on Trade in Services			
Articles III:4 and IV:2 (contact point)	Central African Republic	S/ENQ/78/Rev.13	04/12/2012
Article III:3 - Electricity Code	Central African Republic	S/C/N/444	04/06/2008
Article III:3 - Regulation of telecommunications	Central African Republic	S/C/N/445 S/C/N/446	04/06/2008
Integrated Data Base (IDB)			
Applied tariffs, 2000, 2002-2005, 2007-2012	Gabon	G/MA/IDB/2/Rev.36	05/10/2012
Applied tariffs, 2001	Cameroon	G/MA/IDB/2/Rev.36	05/10/2012
Applied tariffs, 2002-2012	Cameroon, Congo, Central African Republic, Chad	G/MA/IDB/2/Rev.36	05/10/2012
Imports, 1996-2001, 2005-2007	Gabon	G/MA/IDB/2/Rev.36	05/10/2012
Imports, 1999	Central African Republic	G/MA/IDB/2/Rev.36	05/10/2012
Imports, 2006-2008	Congo	G/MA/IDB/2/Rev.36	05/10/2012
Imports, 2000-2010	Cameroon, Central African Republic	G/MA/IDB/2/Rev.36	05/10/2012

Source: WTO, Central Registry of Notifications. Viewed at: https://docs.wto.org/dol2fe/Pages/FE_Browse/FE_B_S006.aspx [1 April 2013].

2.33. The five CEMAC countries that are Members of the WTO each have a mission in Geneva. Where trade negotiations are concerned, they collectively belong to the following groups: ACP, African Group, G-90, and W52 sponsors. In principle, they coordinate their positions with those of the other countries that are members of these groups. Depending on their trade interests, these countries also associate themselves with other groups. Thus, Cameroon and Congo are among the paragraph 6 countries²⁰; the Congo is part of the G-33²¹; Chad and the Central African Republic belong to the least developed country (LDC) group; and Chad to the Cotton-4 (C-4) Group. The CEMAC members have not yet established a framework for the coordination of their positions in the WTO.

2.34. CEMAC has observer status within the WTO Committee on Trade and Development.²² However, since it is not represented in Geneva, it has difficulty in participating effectively in the activities of this Committee. The non-payment of contributions is another factor limiting the effective participation of some of these countries in the activities of the WTO. The Congo, the Central African Republic and Chad used to be among the Members affected by "administrative measures", because of arrears in contributions accumulated over at least 30 years. In 2010, they accepted a payment plan that rescheduled their arrears over several years.²³ Since 2012, the Central African Republic has again been affected by these measures.

²⁰ A group of 12 WTO Members with less than 35% of non-agricultural products covered by legally bound tariff ceilings.

²¹ Also called "Friends of Special Products", the G-33 is a group of 46 developing countries, Members of the WTO, pressing for flexibility to enable them to undertake limited market opening in agriculture.

²² UDEAC already had this status within the GATT Committee on Trade and Development.

²³ WTO (2011).

2.35. At the WTO's Eighth Ministerial Conference in December 2011, Gabon was the only one of the five countries not to be represented.²⁴ The statements of the delegations at the plenary session reflected common as well as individual concerns. Thus, they recalled the importance of the Doha Round, deplored the slowness of the negotiating process, and argued for development issues to be taken into account in the negotiations.

2.36. Cameroon also asked for "the Aid-for-Trade initiative to be given sufficient resources to enable the production capacity of the developing countries to be substantially improved while allowing for the introduction and strengthening of infrastructure conducive to the development of business and trade". The Central African Republic appreciated the implementation of the waivers in respect of generic medicines contained in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and supported the idea of extending the transition period in favour of the LDCs. It also supported the decision on preferential treatment which could enable the LDCs to move towards gradual liberalization of the services sector. The delegation of Chad recalled the importance of the Sectoral Initiative in Favour of Cotton and requested action "to strengthen the role of the CTD²⁵ and to reinvigorate its work under its mandate regarding the monitoring of the application of the special provisions and special and differential treatment under the WTO agreements".

2.4 Regional trade agreements

2.4.1 African Union

2.37. The CEMAC countries are founder members of the African Union (AU), successor to the Organization of African Unity (OAU).²⁶ Launched at the Durban Summit on 9 July 2002, the aims of the AU include accelerating the political and socio-economic integration of the continent. For this, it relies on the African Economic Community (AEC) established by the Treaty of Abuja.

2.38. Created in 1994, the AEC is intended to lead to a monetary and economic union on a continental scale by 2034, the ultimate objective being to create a United States of Africa.²⁷ The integration process envisages, firstly, the strengthening of the main regional economic communities (REC), of which eight have been designated as pillars of the AEC.²⁸ CEMAC as an entity is not one of these pillars but is represented through the Economic Community of Central African States (ECCAS).

2.39. The New Partnership for Africa's Development (NEPAD), adopted in 2001 at the Lusaka (Zambia) Summit, is an AU programme concerned with the relations between Africa and the international community.²⁹ A number of NEPAD's activities and projects, which benefit from the support of the development partners, encourage regional integration, particularly through the development of transport, energy, water and sanitation infrastructure and new communication and information technologies. Trade, including access to markets for African products, has been declared to be one of NEPAD's priority objectives.

²⁴ Online information. Viewed at: http://www.wto.org/french/thewto_f/minist_f/min11_f/min11_f.htm.

²⁵ Committee on Trade and Development.

²⁶ The Charter establishing the OAU was signed on 25 May 1963. The Constitutive Act of the African Union was adopted at the summit held in July 2000 at Lomé (Togo). The African Union, which succeeded the OAU, was proclaimed on 11 July 2001 at Lusaka, Zambia, following ratification of the Constitutive Act by 44 of the 53 OAU member States.

²⁷ Accra Declaration. Viewed at: <http://www.africa-union.org>. All the CEMAC countries have now ratified the treaty. The Central African Republic and Chad ratified it in 1993, Cameroon in 1995, the Congo in 1996, and Equatorial Guinea and Gabon in 2002 and 2007, respectively.

²⁸ The pillars of the AEC are: the Community of Sahel-Saharan States (CEN-SAD), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of Central African States (ECCAS), the Economic Community of West African States (ECOWAS), the Intergovernmental Authority on Development (IGAD), the Southern African Development Community (SADC), and the Arab Maghreb Union (UMA).

²⁹ NEPAD online information. Viewed at: <http://www.nepad.org/home/lang/en>.

2.40. In July 2003, the NEPAD Heads of State and Government Committee, the body responsible for its implementation³⁰, adopted 27 projects for the Central African region. A regional coordination body was set up. This drew up a short-term action plan comprising 14 of the 27 projects. The follow-up of two of these projects is entrusted to CEMAC³¹, namely, the programme for the facilitation of transport along the Douala-Bangui and Douala-N'Djamena priority corridors, and the programme for aviation safety oversight in Central Africa (COSCAP).

2.41. The transport facilitation programme is aimed at giving the landlocked countries (Central African Republic and Chad) improved access to world markets, through the installation of the necessary infrastructure and the elimination of certain barriers. One of the principal objectives is to improve the transport supply chain along the main transit corridors, thereby enabling these countries to access the port of Douala. According to a report by the United Nations Economic Commission for Africa³², this project has begun to be implemented. COSCAP is intended to improve the safety of regional and international air links through civil administration capacity building. An action plan for the period 2008-2015 was drawn up in 2007. The action taken includes the adoption, in 2012, of an ECCAS Community civil aviation code and the creation of the Regional Civil Aviation Agency for Central Africa.

2.42. In 2003, the African Union also implemented an African Peer Review Mechanism (APRM). This is a voluntary mechanism by means of which a country can submit its policies and practices in the areas of democracy, governance, and socio-economic management for review by a group of eminent Africans. At the end of 2011, 29 African countries (including three from CEMAC) had signed the memorandum of understanding.³³ Cameroon and the Congo signed the memorandum in 2003, thus becoming two of the first countries to sign. Gabon signed in 2011. So far, none of these countries has undergone a peer review.³⁴

2.4.2 Economic Community of Central African States (ECCAS)

2.43. The CEMAC countries are all members of the Economic Community of Central African States (ECCAS), a subregional organization established on 18 October 1983. In addition to the CEMAC countries, ECCAS includes Burundi and the Democratic Republic of the Congo (members of the Economic Community of the Great Lakes Countries)³⁵, as well as Angola and Sao Tomé and Príncipe.

2.44. When ECCAS was established, its mission was to set up a customs union at the end of a 12-year period by, among other things, eliminating customs duties and taxes with an equivalent effect between member States; abolishing quantitative restrictions and other barriers to trade; introducing a common external tariff; and removing obstacles to the free movement of goods, services and capital and the right of establishment.

2.45. ECCAS commenced its activities in 1985 before entering upon a phase of inactivity starting in 1992, due to socio-political disturbances and armed conflicts in most of its member States. At a meeting held in Libreville in 1998, the Heads of State undertook to give it new life. The next year, four areas of priority activity were identified: the development of the capacity to maintain peace, security and stability; the development of physical, economic and monetary integration; the development of a culture of human integration; and the establishment of an autonomous financing mechanism.

2.46. Like CEMAC, ECCAS has a preferential tariff regime, a transit regime, and its own rules of origin (Box 2.2). Its financing mechanism is also based on a levy on imports from third countries.³⁶ 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

³⁰ In February 2010, this committee was renamed the NEPAD Heads of State and Government Orientation Committee (HSGOC).

³¹ The follow-up of the implementation of the other 12 projects of the PACT/NEPAD/AC has been entrusted to ECCAS.

³² ECA (2011b).

³³ African Union (2012).

³⁴ Altogether, 14 countries have been reviewed by means of this mechanism.

³⁵ An original member, Rwanda left ECCAS in 2007 to join the East African Community (EAC).

³⁶ The Community integration contribution (CCI), which consists of a levy equal to 0.4% of the customs value of imports from outside ECCAS.

overlapping was likely to lead to inconsistencies and duplication of effort, particularly in financial terms. They invited the two institutions to set up a steering committee to determine what could be done to harmonize integration policies, programmes and instruments, with a view to an eventual merger. The steering committee was established in 2010. It identified and ranked the areas to be harmonized³⁷ and identified the measures needed to achieve harmonization.

Box 2.2 The ECCAS preferential tariff, transit regime and rules of origin

The origin criteria for the ECCAS countries are defined in a protocol annexed to the Treaty establishing ECCAS (Annex 1 to the Treaty establishing ECCAS³⁸). They differ from those of CEMAC, particularly as regards the percentage of local value added for manufactured products, which must represent at least 45% of the ex-factory price, as against 30% for CEMAC. This threshold can be reduced to 25% if the product is "of special importance", and 30% if the product is found to be in short supply. As with goods wholly produced within ECCAS, Community origin is conferred only if Community nationals form a majority of the management of the enterprise and hold at least 30% of the capital.

Although the ECCAS Treaty provided for the establishment of a free trade area after a period of 8 years, it was only in 2004 that a corresponding action plan was adopted. According to this action plan, the countries were to apply a zero-rated tariff to domestic products and craft products from 1 July 2004, and progressively reduce the tariff on mining and manufacturing products until it was completely eliminated on 1 January 2007. However, the introduction of this regime would have been de facto confirmation of the existence of two preferential regimes for the CEMAC member countries. To avoid any conflict between regimes, a so-called "territoriality" principle was adopted. By virtue of this principle, the CEMAC GPT would remain applicable to intra-CEMAC trade, whereas the ECCAS preferential tariff would be applicable to the rest of intra-Community trade. This provision was to be in force during the transition period when the rules and procedures of the two regimes would be in process of being harmonized.

As things stand, the ECCAS free trade area is not yet in effect. The harmonization efforts have made it possible to arrive at a consensus on a number of instruments. Thus, the rules of origin have been harmonized and incorporated into the Community texts. A certificate of origin based on the ECCAS model has been adopted as documentary evidence for the movement of Community goods (even though CEMAC continues to use its movement certificate). For product approval, a standard dossier and procedures have been adopted. CEMAC has also set up an origin committee but the plan to establish national committees to receive approval applications has not yet been put into effect.

Moreover, Community approaches have been identified, in particular, in the areas of countervailing duties and the common external tariff. On the basis of the CEMAC CET, an outline three-band ECCAS common external tariff has been proposed, namely:

Basic necessities and capital goods for investment purposes (5%);

Raw materials, intermediate goods and other capital goods (10%); and

Daily consumer goods and luxury goods (20%).

Intra-ECCAS transit is governed, in principle, by the Protocol on transit and transit facilities annexed to the ECCAS Treaty. Under this Protocol, member States undertake to approve freedom of transit on their territory, not to levy any entry or exit duty on transit, and to take measures to simplify transit and warehousing procedures for the benefit of landlocked member countries. Goods in transit, together with the means of transport, must be covered by security guaranteed by banks or appropriate institutions. The transit document is the Inter-African transit carnet (TIA Carnet (ECCAS)), which is valid, in principle, in all the member States. However, this regime is not yet in effect.

³⁷ These areas are as follows: freedom of movement for persons and goods; security; trade policy; transport; energy; food security; information and communication technologies; budgetary and monetary rules; integration financing mechanism; and environment.

³⁸ Treaty establishing ECCAS, online information. Viewed at: <http://www.ceeac-eccas.org/pdf/traites/ECCAS%20Treaty.pdf> [31 January 2013].

2.47. ECCAS is one of the eight Regional Economic Communities (RECs) designated by the African Union as pillars for the implementation of the African Economic Community. Within the context of the rationalization of the RECs, at the initiative of the Subregional/Central Africa Office of the Economic Commission for Africa (S-CAO/ECA), an expert group has been formed to study the harmonization of programmes and activities. In 2007, a consensus was reached on the following instruments: rules and certificates of origin, approval procedures and dossiers for the preferential regime, compensatory mechanisms, treatment of re-exports, and the goods in international transit regime.

2.48. One of ECCAS's major achievements is the establishment of a mechanism known as the Council for Peace and Security in Central Africa (COPAX).

2.49. The ECCAS customs union has still to enter into effect.

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

2.50. Chad and the Central African Republic are members of CEN-SAD, a community created on 4 February 1998 at the initiative of six countries of the Sahel-Saharan region.³⁹ Its main objective is to establish a "global economic union" on the basis of a development plan consistent with the national plans. Specifically, CEN-SAD aims to carry out common infrastructure projects in the areas of transport and communications, development of trade between the member States, and the removal of barriers to the free movement of goods, commodities and services.

2.51. It is Africa's largest regional economic community, in terms of both GDP and the population and number of the member countries. At present, it is composed of 28 countries. Like ECCAS, CEN-SAD is one of the eight pillars of the African Economic Community. However, its progress with economic integration has been limited or indeed non-existent where the trade chapter is concerned. On the other hand, all the members participate in other regional economic communities such as WAEMU and COMESA, which are at a relatively more advanced level of integration.

2.52. In accordance with its Treaty, in April 1999 CEN-SAD established a regional bank known as the Sahel-Saharan Investment and Trade Bank (BSIC). Its initial capital of €250 million was entirely subscribed by member States.⁴⁰ Libya is the largest shareholder with 45% of the capital, and Chad and the Central African Republic hold 5% each. It has branches in a dozen member countries (including Chad and the Central African Republic). The BSIC engages in all banking, financial and commercial activities, including those relating to the financing of foreign trade and investment projects.

2.53. CEN-SAD is at the origin of the African Great Green Wall Initiative (AGGWI), a project to build a green barrier to protect against the effects of climate change and desertification. More than 7,000 km long and 15 km wide, by 2020 the green wall should have linked the west coast of Africa (Dakar) with the east coast (Djibouti), passing through the following 11 countries: Senegal, Mauritania, Mali, Burkina Faso, Niger, Nigeria, Chad, Sudan, Eritrea, Ethiopia, and Djibouti. The implementation of the wall at the level of each individual country is entrusted to national entities. The Pan-African Agency of the Great Green Wall, based in N'Djamena (Chad), was set up in 2010 to coordinate actions, monitor and assess activities, and mobilize resources.

2.4.4 Other preferential relations

2.54. 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).

³⁹ Burkina Faso, Libya, Mali, Niger, Sudan and Chad.

⁴⁰ In 2008, the capital was increased to €500 million. Viewed at: <http://www.bsicnet.com>. [31 January 2013].

2.4.4.1 Relations with the European Union

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

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

2.57. In Central Africa, the negotiations are being conducted within the CEMAC framework extended to include Sao Tomé and Príncipe and the Democratic Republic of the Congo. A roadmap defining, among other things, the timetable for the negotiations and the topics to be dealt with was signed by the two parties at Brussels in July 2004. The negotiations are still continuing. In order to benefit from the trade preferences that it risked losing with the expiration of the Cotonou Agreement, Cameroon initialled, in 2007, and then signed, in 2009, an interim EPA with the EU. This agreement has not yet been ratified. Moreover, Cameroon has officially requested the postponement of the dismantling of its tariffs, which should have begun on 1 January 2010.

2.4.4.2 Relations with the United States

2.58. 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. Its objective is not only to expand and diversify trade between the United States and Sub-Saharan Africa but also to give the countries incentives to open up their economies and move in the direction of a market economy. Countries are eligible if they are determined to have established, or are making continual progress toward establishing the following: market-based economies; the rule of law and political pluralism; elimination of barriers to United States trade and investment; protection of intellectual property; efforts to combat corruption; policies to reduce poverty and increase the availability of health care and educational opportunities; protection of human rights and worker rights; and elimination of certain child labour practices.⁴¹

2.59. At present, Cameroon, the Congo, Gabon and Chad are eligible for the AGOA. The Act is in force until 2015 but the list of eligible countries is revised every year to reflect conformity with the admission criteria.⁴²

Table 2.2 CEMAC country exports to the United States under the preferential regime
(US\$ thousand)

	Exports in 2006			Exports in 2011		
	Total to the United States	(% of total to the United States)		Total to the United States	(% of total to the United States)	
		Under AGOA	Under GSP		Under AGOA	Under GSP
Cameroon	223,517	68.2	0.3	322,219	42.6	11.3
Congo	3,045,473	25.4	0	2,376,790	81.4	0
Gabon	1,330,984	96.9	0	4,432,129	10.8	0
Equatorial Guinea	1,718,077	n.a.	90.7	1,189,911	n.a.	0
CAR	4,295	n.a.	0	6,034	n.a.	0
Chad	1,904,713	80.4	8.7	3,188,885	93.8	0.8

n.a. Not applicable.

Source: US International Trade Commission (Mirror Statistics). Viewed at: <http://dataweb.usitc.gov>.

⁴¹ AGOA online information. Viewed at: <http://agoa.gov>.

⁴² The Central African Republic was removed from the list on 1 January 2004.

2.60. Table 2.2 shows the exports from the CEMAC countries to the United States between 2006 and 2011 (mirror statistics). The proportion of exports benefiting from preferences under the AGOA is declining in Cameroon and Gabon and rising in Chad and the Congo. Most of these exports would appear to be hydrocarbons.

2.61. Cameroon and Chad are also eligible for the Third-Country Fabric Provision. Under this provision, they are not obliged to use fabric produced locally or in the subregion for their clothing exports to benefit from the advantages of the AGOA. However, this provision is not being used by Chad and is very little used by Cameroon. In 2011, out of a total of 199.9 million square metres equivalent imported under this provision, Cameroon contributed only 0.016 million.⁴³

2.5 Investment regimes

2.62. The CEMAC Investment Charter, adopted in 1999⁴⁴, 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. In the Charter, States undertook to grant foreign investment the same treatment as domestic investment. States also recall their accession to the Treaty of the Organization for the Harmonization of Business Law in Africa (Box 2.3), undertake to adapt their national law and judicial policy to its rules and provisions, and guarantee the application of the procedures and decisions of its judicial bodies. The CEMAC countries are also signatories to the Treaty establishing the Inter-African Conference on Social Security. They guarantee the fair and transparent application of the right to work and social security in conformity with that treaty.

2.63. The CEMAC countries are all parties to the main international investment guarantee arrangements. They are members of the World Bank's Multilateral Investment Guarantee Agency (MIGA). This enables eligible foreign enterprises to obtain an MIGA guarantee for their investments in these countries. The guarantee is variable but, in general, covers the risks associated with foreign exchange restrictions, expropriation, breach of contract, and losses caused by conflict (including terrorism). Members are entitled to receive technical assistance from MIGA, so as to attract foreign investment.

2.64. With the exception of Equatorial Guinea, the CEMAC countries are all signatories to the Convention of the International Centre for Settlement of Investment Disputes (ICSID), a centre which provides facilities for the conciliation and arbitration of investment disputes between member States and nationals of other member States.

2.65. The OHADA Uniform Acts constitute a legal framework for business life and commercial activities in the 16 member countries, including the CEMAC countries (Box 2.3). Despite this harmonized framework, the CEMAC region is considered to be the region of the world in which it is the most difficult to do business because of the cumbersome and costly regulations.⁴⁵ According to the report *Doing Business 2012* (Table 2.3), starting a business can take up to 161 days in the Congo and requires 11 procedures (as compared with 71 days and eight procedures six years ago). The number of documents needed to import varies from eight in Gabon to 17 in the Central African Republic, and the time to import may exceed two months in the Congo and the Central African Republic, and three months in Chad.

⁴³ Jones, Vivian C. and Williams, Brock R. (2012).

⁴⁴ Regulation No. 17/99/CEMAC-020-CM-03 of 17 December 1999 on the CEMAC Investment Charter.

⁴⁵ World Bank (2011).

Box 2.3 The Treaty on the Harmonization of Business Law in Africa (OHADA)

The CEMAC countries are signatories to the Treaty on the Harmonization of Business Law in Africa (OHADA).⁴⁶ In force since July 1995, this Treaty is intended to harmonize business law in the 17 member countries⁴⁷ through: the drafting and adoption of simple, modern common rules adapted to the situation of the economies concerned, the implementation of appropriate judicial procedures, and the promotion of recourse to arbitration as a means of settling contractual disputes. The Treaty simultaneously established the Organization for the Harmonization of Business Law in Africa (OHADA).

The harmonization of the legal framework for business involves the application of the Uniform Acts adopted by the Council of Ministers. In 2012, nine Uniform Acts were in force. The Ministry of Justice is generally responsible for managing OHADA in the member States.

Uniform Act	Date of entry into force
General commercial law (revised in 2010)	01/01/1998
Law relating to commercial companies and economic interest groups (EIG)	01/01/1998
Organization of security (revised in 2010)	01/01/1998
Organization of simplified recovery procedures and measures of execution	10/07/1998
Organization of collective proceedings for wiping off debts	01/01/1999
Arbitration law	11/06/1999
Organization and harmonization of company accounting systems	01/01/2001
Contracts for the transportation of goods by road	01/01/2004
Law relating to cooperative societies	2011

The provisions of OHADA general commercial law define the status of traders and intermediaries such as agents and brokers and include common provisions governing commercial sales. Company law is also harmonized, with consequences in terms of commercial presence: thus, foreign companies wishing to operate in CEMAC member States are required to domicile their registered office there and to keep their accounts there. Initially, however, these enterprises may establish branches for a maximum of two years. At the end of this period, they must be attached to a company of one of the member States.

The common commercial legislation also deals with security and arbitration. This has made it possible to promote arbitration as a judicial means of settling commercial disputes. Some countries have set up an arbitration centre within the Chamber of Commerce.

One Uniform Act applies specifically to contracts for the transportation of goods by road via the territory of an OHADA State party. OHADA law is accompanied by a model accounting system (SYSCOA), mandatory in member States. All the Uniform Acts are directly applicable. The Common Court of Justice and Arbitration (CCJA) is the court of cassation for all disputes relating to the uniform law and hears appeals on points of law against the appellate decisions of national courts.

The mechanism used to finance OHADA consists of a levy imposed at the customs border of each member country. This levy is set at 0.05% of the value of imports of products originating in third countries and released for consumption in the member States.

Source: OHADA online information. Viewed at: <http://www.ohada.org>.

⁴⁶ The Treaty was signed on 17 October 1993 at Port-Louis (Mauritius) and revised at Quebec (Canada) on 17 October 2008. Viewed at: <http://www.ohada.org> [31 January 2013].

⁴⁷ The countries are: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, the Congo, Côte d'Ivoire, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

Table 2.3 Trends in various indicators relating to the business environment, 2006 and 2012

	Cameroon		Congo		Gabon		CAR		Chad	
	2006	2012	2006	2012	2006	2012	2006	2012	2006	2012
Ease of doing business (ranking ^a)	152	161	171	183	132	170	167	185	172	184
<i>Starting a business</i>										
Ranking ^a	152	125	146	180	142	157	132	170	174	181
Procedures (number)	12	5	8	11	10	9	10	8	19	9
Time (days)	37	15	71	161	60	58	14	22	75	62
<i>Trading across borders</i>										
Ranking ^a	140	157	166	181	112	135	156	182	157	180
Documents to export (number)	10	11	12	11	4	7	9	9	7	8
Time to export (days)	38	23	50	50	19	20	63	54	87	75
Documents to import (number)	14	12	15	10	10	8	19	17	14	11
Time to import (days)	51	25	62	62	26	22	60	62	111	101

a The rankings for 2006 and 2012 are based on 175 and 185 countries and economies, respectively.

Source: World Bank (2006) and World Bank (2013).

2.66. Most of the reforms undertaken by the countries have encouraged a trend towards an improvement in the business environment. The report *Doing Business in the OHADA Member States 2012* identified, for the CEMAC countries, some 30 reforms relating to the business environment since 2005. In Cameroon, one of these reforms, the creation of the single window, made possible a drastic reduction in the number of procedures and the time needed to start a business (five procedures and on average 15 days as compared with 12 procedures and 37 days in 2006).

2.67. The reforms undertaken at regional level involve the revision of two of OHADA's Uniform Acts: that relating to general commercial law and that organizing security.

2.68. Among other things, the revision of the Uniform Act relating to general commercial law enabled the process of starting a business, particularly enrolment in the trade and mortgage register, to be made more flexible. For example, the applicant is no longer required to produce a copy of his police record at the time of application. He can produce a sworn statement and then has 75 days to produce the police record.⁴⁸ Moreover, if the application is complete and all the necessary documents are provided, the competent authority is obliged to issue the registration number exactly at the moment at which the application is lodged. It then has three months to verify its conformity. The obligation to publish the registration in a newspaper authorized to publish legal announcements has also been abolished.

2.69. A new professional status better adapted to the informal sector has also been introduced in the revised Uniform Act, that of "*entreprenant*". This status is reserved for individuals engaged in a civil, commercial, artisanal or agricultural activity whose annual turnover during two successive years does not exceed a limit fixed by each State. For operators eligible for this status, a simple declaration made to the trade and personal property credit registry is sufficient (instead of actual registration). The accounting requirements are less stringent. Moreover, States are free to take additional incentive measures in their favour, in particular with respect to taxation and national insurance contributions.

2.70. The revision of the Uniform Act organizing security also allows for greater flexibility as regards access to credit. For example, the procedures for constituting and publishing security have been simplified and the range of goods that can constitute security consisting of a charge on movables has been extended to any type of goods or set of goods, present or future.

⁴⁸ In Cameroon, in mid-July 2011, 103 enterprises at Yaoundé and 69 entrepreneurs at Douala had used this option when applying to start a business. World Bank (2011).

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1. The customs procedures applicable at Community level are defined in the CEMAC Customs Code, last revised in 2001.¹ The Code is aimed at harmonizing the national provisions concerning the organizational framework of the customs service and customs regimes and procedures.

3.1.1 Registration

3.2. In the CEMAC member States, any operator wishing to carry out an import or export operation must have importer/exporter status and be in possession of a trader's professional card.² The local court generally deals with enrolment in the register of trade and personal property credit, and the trader's card is issued by the foreign trade directorate of the country concerned. However, the card is not valid from one State to another.

3.3. The import procedure is triggered by the lodging of an import declaration (intention to import or preliminary import declaration, as the case may be). According to the country, this is issued by the national trade directorate or the preshipment inspection company (see country annexes). Depending on the national regulations, some goods may be subject to special authorization or restrictions, which may involve obtaining an import licence or a certificate of conformity. For goods eligible for preferences, the operator must then obtain the certificates of origin from the supplier. For products of CEMAC origin, this certificate gives entitlement to exemption from import duties and taxes.

3.4. Member States have introduced the requirement for imports arriving by sea to be accompanied by an inspection or cargo tracking note. This note is not connected with a Community regulation. It is generally produced by the Ministry responsible for transport in each country and has to be lodged with the national shippers' councils (see country annexes). The high charges for issuing this document vary from one country to another and can give rise to discriminatory treatment depending on the point of loading of the goods imported.

3.5. Under the foreign exchange regulations of the CEMAC countries, the payment for imports with a value of more than CFAF 5 million must be domiciled with an approved resident intermediary, if they come from a country outside the franc zone.³ For imports whose value exceeds CFAF 100 million, the payment must undergo a more rigorous process of verification by the financial intermediary, the aim being to "ensure the satisfactory outcome of the operation". Payment cannot be made until the import documents have been checked and countersigned by the customs service.

3.1.2 Preshipment inspection

3.6. Although not based on Community legislation, inspection, whether preshipment or at destination, is mandatory in all the member States, with the exception of Gabon (see country annexes). It relates to the quality, quantity and value of the imports. In each country, this operation is delegated to a private company and governed by an agreement binding the State to that company. The list of companies and the inspection fees are shown in Table 3.1.

3.7. The inspection conditions vary according to the country. In general, products admitted free of duty and taxes and products with a value below a certain threshold are exempt. However, this exemption threshold varies from country to country (Table 3.1). The inspection fees are between 0.90% and 1% of the f.o.b. value of the goods, with a minimum levy which can be as much as CFAF 140,000 in the Central African Republic, which corresponds to a rate of 28% for

¹ The Customs Code currently in force stems from the UDEAC Customs Code adopted in 1965 and several times amended. The latest revision was adopted by Regulation No. 05/01-UDEAC-097-CM-06 of 3 August 2001 revising the CEMAC Customs Code.

² The status of trader in the OHADA member countries members is governed by the Uniform Act on general commercial law (AUDCG), in force since 1998 and revised in 2010.

³ Regulation No. 02/00/CEMAC/UMAC/CM of 29 April 2000 harmonizing the foreign exchange regulations in the CEMAC member States.

imports with a value equivalent to the threshold (CFAF 500,000). These high minimum fees can be a burden on small and medium-sized enterprises that lack the means to consolidate their imports.

Table 3.1 Preshipment inspection companies and related fees

Country	Cameroon	Congo	Gabon	CAR	Chad
Inspection company	SGS	Cotecna	n.a.	Bureau Veritas	Bureau Veritas
Exemption threshold (CFAF)	2,000,000	3,000,000	n.a.	500,000	2,000,000
Fees (% of f.o.b. value)	0.95	0.90	n.a.	1	0.90
Minimum fees (CFAF)	110,000	65,000	n.a.	140,000	100,000
Import value corresponding to minimum fees (CFAF)	11,578,947	7,222,222	n.a.	14,000,000	11,111,111
Rate corresponding to lump sum (% of exemption threshold)	5.5	2.2	n.a.	28	5

Source: Data obtained from the national authorities.

3.8. After inspection, the company issues a verification certificate which is required when the goods are cleared. In Chad, inspection at destination for goods not inspected before being loaded was introduced in 2012 (Annex 5 (Chad)).

3.1.3 Customs declaration

3.9. Under the CEMAC Customs Code, a detailed declaration must be lodged for all imported goods. The declaration is made on a harmonized form, the single administrative document⁴, and contains the information needed to apply the customs procedure and compile foreign trade statistics. In some countries, depending on the value of the goods (Chad) or their nature (Gabon), it is possible to make a simplified declaration that allows for rapid clearance (see country annexes). For goods declared for release for consumption, a separate value declaration is required, which complicates the import procedure.

3.10. Where customs valuation is concerned, the Community Code incorporates the provisions of the Agreement on Implementation of Article VII of the GATT 1994. In principle, the transaction value constitutes the primary basis for determining the customs value of the goods. The Code prohibits the use of minimum, arbitrary or fictitious values. Where there is reasonable doubt as to the truth or accuracy of the value declared by the importer, reasonable means, consistent with the principles and general provisions of Article VII of the GATT, are recommended. In practice, some countries continue to use minimum values (see country annexes).

3.11. Imports and exports can be declared only by the owners of the goods or by approved customs clearing agents (Article 112.1). However, member States can restrict this right to approved customs clearing agents only.

3.12. The customs procedures applicable are release for consumption, transit (Chapter 2, section 2.2), warehousing, temporary admission, inward processing, drawback, "processing of goods intended for release for consumption"⁵, and transshipment.

3.13. The declaration may be made in writing, orally or electronically. For online registration, the CEMAC countries use the ASYCUDA system. The Congo uses the latest version (ASYCUDA World), whereas the other countries use the version ASYCUDA+.⁶ With the exception of Chad,

⁴ Regulation No. 04/03-UEAC-110-CM-09 of 9 January 2003 adopting the Single Administrative Document in the Community.

⁵ "Processing of goods intended for release for consumption" is a customs procedure in which the goods imported may undergo, under customs control and before being released for consumption, processing or working which results in the amount of import duties and taxes applicable to the products obtained being less than that which would have applied to the goods as imported. This procedure is applicable not only to goods imported directly from abroad but also to those which are subject to another customs procedure. The categories of goods and the operations authorized are determined by the CEMAC Council of Ministers.

⁶ Online information. Viewed at: <http://www.asycuda.org/french/countrydb.asp>.

the other countries collect a non-harmonized fee (so-called IT fee) for declarations processed automatically (see country annexes).

3.14. The possibility of automatic declaration in the customs offices varies from country to country (see country annexes). However, it is available in the main customs offices. In some countries, such as the Central African Republic and Chad, the functioning of ASYCUDA and its deployment to other customs offices is encountering numerous difficulties relating, in particular, to the networking of the IT equipment, the availability of an internet connection, and the lack of trained personnel.

3.15. Once the declaration has been registered, the customs administration makes sure it is acceptable by checking the documents submitted. It then verifies the particulars and determines the duties and taxes payable. A physical inspection of the goods may prove necessary. The importer is allowed a period of time to pay the duties and remove the goods. This period varies from country to country (see country annexes). Once the period has expired, the goods are placed in a customs warehouse.

3.16. Within the framework of the priority chapters of the Central African Transit Facilitation and Security Programme (FASTRAC), there is provision, among other things, for the interconnection of the national customs IT systems. Launched in 2009⁷, this project is aimed at automating customs procedures with a view to removing non-physical obstacles along the road transport corridors. It should lead to the interconnection of the customs office IT systems along the various transit corridors, the interconnection of the customs IT systems between member States, and an interconnection with the CEMAC Commission and the Inter-State Customs Academy. For the pilot phase of the project, routes along the Cameroon-CAR and Cameroon-Chad corridors have been chosen. According to the CEMAC authorities, the interconnection project was already in its experimental and actual operational phase in March 2013 and interconnection will start in April 2013.

3.1.4 Import duties and taxes

3.17. The CEMAC countries have individually made tariff-binding commitments within the multilateral trading system (Table 3.2 and country annexes). With the adoption of the CEMAC common external tariff, the rates applied are, for some products, higher than those initially bound by the Congo, Gabon and the Central African Republic. Moreover, the other duties and taxes introduced at Community level are inconsistent with the multilateral commitments of the Congo, the Central African Republic and Chad.

Table 3.2 National tariff bindings^a

	Cameroon ^b	Republic of the Congo ^c	Gabon ^b	CAR	Chad ^b
Bound tariff lines (% of total lines)	14.9	17.4	100	62.3	15.2
Simple average of the bound rates	79.9	27.2	21.9	35.8	79.9
Range of bound rates (%)	50-80	5-30	15-60	20-70	75-80
Number of lines in breach of bindings	0	2	2,129	1	0

a The calculations are based on the bound (including partially bound) tariff lines.

b The customs tariff is based on the 2007 version of the Harmonized System.

c The customs tariff is based on the 2002 version of the Harmonized System.

Source: WTO Secretariat calculations based on data provided by the CEMAC countries and WTO, Integrated Data Base.

⁷ Online information. Viewed at: <http://www.sydonia.cemac.int/index.html> [12 June 2012]. The project also includes Sao Tomé and Príncipe, as well as the CEMAC countries. This project is one of the priority chapters of the Central African Transit Facilitation and Security Programme (FASTRAC).

3.1.4.1 Common External Tariff

3.18. Since 2000, the CEMAC countries have been applying a common external tariff (CET) to imports from third countries.⁸ Updated in accordance with the 2007 version of the Harmonized System⁹, the CET consists of 5,493 eight-digit lines and is *ad valorem* for all lines. It has five bands defined as follows:¹⁰ certain cultural and aviation-related products (zero rate), basic necessities (5%), raw materials and capital goods (10%), intermediate and miscellaneous goods (20%), and daily consumer goods (30%).¹¹

3.19. The rates are moderately dispersed with a coefficient of variation of 0.53 from the average of 18.1% (Table 3.3). Nearly half (45.8%) of the tariff lines are subject to the 10% rate (Chart 3.1). Tariff analysis reveals a relatively high level of protection for clothing (30%) and some agricultural products (WTO definition) such as coffee and tea (28.6%), beverages and tobacco (27%), and fruit, vegetables and garden produce (26.4%) (Table 3.3). On the other hand, cotton and petroleum are at the other end of the spectrum with a protection rate of 10% on all products.

3.20. Agriculture, as defined in ISIC (Rev. 2), remains the most protected sector with an average tariff rate of 23.6% (Table 3.3). In fact, 67% of the tariff lines relating to agricultural products are subject to the 30% rate (Chart 3.1). The extractive industries sector, on the other hand, is the least protected: 90.2% of the tariff lines are subject to the 10% rate.

3.21. The CET is proving difficult to apply due to the numerous waivers and "safeguard" measures in place in the countries.¹² Each country applies the CET with exceptions specific to that country (Table 3.4). The proportion of tariff lines affected by these exceptions varies from 0.8% (Chad) to 3.5% (Central African Republic). They generally derive from measures relating to price controls or the implementation of framework agreements. For example, in Cameroon, these exceptions mainly concern live animals and animal products and consist in the application of rates higher than those of the CET, thus reflecting increased protection for local products. In Gabon, a country that depends much more on imports for its domestic consumption, the exceptions relate to a more varied range of products and mainly involve the application of rates lower than those of the CET.

3.22. Despite the existence of a revision mechanism¹³, the CET has never been amended since being adopted. In 2009, at a concertation meeting, the countries identified the existing distortions and made recommendations with a view to a possible revision. However, the initiative was not followed up. According to the CEMAC Commission, a study is envisaged. Meanwhile, at the request of Cameroon, a tariff subheading for "paper for use in printing" was introduced in 2011 to accommodate the printing industry.

⁸ The first attempt to establish an external tariff common to the countries currently members of CEMAC (UDEAC at the time) dates from 1970.

⁹ Decision No. 21/07-UEAC-1368 U-CM-15 of 17 March 2007 approving the updating of the CEMAC CET in accordance with the 2007 version of the Harmonized System.

¹⁰ Act No. 7/93-UEAC-556-SE1 of 21 June 1993 revising the CET and establishing the procedures for the application of the generalized preferential tariff.

¹¹ The transposition of the CET to the 2012 version of the Harmonized System was adopted in 2012 and is already being applied by Cameroon and the Congo. The other countries are awaiting its publication in paper format (the only official version) before applying it.

¹² These practices are not new. Numerous, unilaterally decided waivers, value adjustments and tariff slippages are considered to have led to the failure of the first attempt (in 1970) to introduce a CET in the subregion.

¹³ The CET revision initiative is the responsibility of the Nomenclature and Tariff Committee. This is a functioning committee in charge, among other things, of transposing the CET to the different versions of the Harmonized System.

Table 3.3 Structure of the CEMAC CET, 2013

	2013
1. Simple average of the MFN rates applied	18.1
Agricultural products (WTO definition)	22.4
Non-agricultural products (WTO definition)	17.4
Agriculture, hunting, forestry and fishing (ISIC 1)	23.6
Mining and quarrying (ISIC 2)	11.2
Manufacturing (ISIC 3)	17.8
2. Duty-free tariff lines (% of all tariff lines)	0.6
3. Simple average tariff on dutiable lines	18.2
4. Non-ad valorem duties (% of all tariff lines)	0.0
5. Tariff quotas (% of all tariff lines)	0.0
6. Domestic tariff peaks (% of all tariff lines) ^a	0.0
7. International tariff peaks (% of all tariff lines) ^b	48.1
8. Overall standard deviation of applied rates	9.6
9. "Nuisance" applied rates (% of all tariff lines) ^c	0.0

Note The 2013 tariff consists of 5,493 tariff lines (eight-digit, in accordance with the HS07 nomenclature). The duty rates are lacking for 26 tariff lines.

a Domestic tariff peaks are defined as rates exceeding three times the overall simple average of applied rates (indicator 6).

b International tariff peaks are defined as rates above 15%.

c Nuisance rates are those that are more than 0 but not greater than 2%.

Source: WTO Secretariat calculations based on data provided by CEMAC and WTO, Integrated Data Base.

3.23. Overall, the CET is characterized by mixed escalation: negative from unprocessed to semi-finished products, and positive from the latter to finished products (Chart 3.2). This overall tariff structure is similar to that for food products, beverages and tobacco and for "other manufacturing". However, the tariff escalation is positive in the "textiles and wearing apparel", "paper and paper products, printing and publishing", "chemical products", "non-metallic mineral products", and "metal products, machinery and equipment" industries. In the "wood and products of wood" industry the tariff escalation is mixed (positive from unprocessed to semi-processed products and then negative, with average rates of more than 20%).

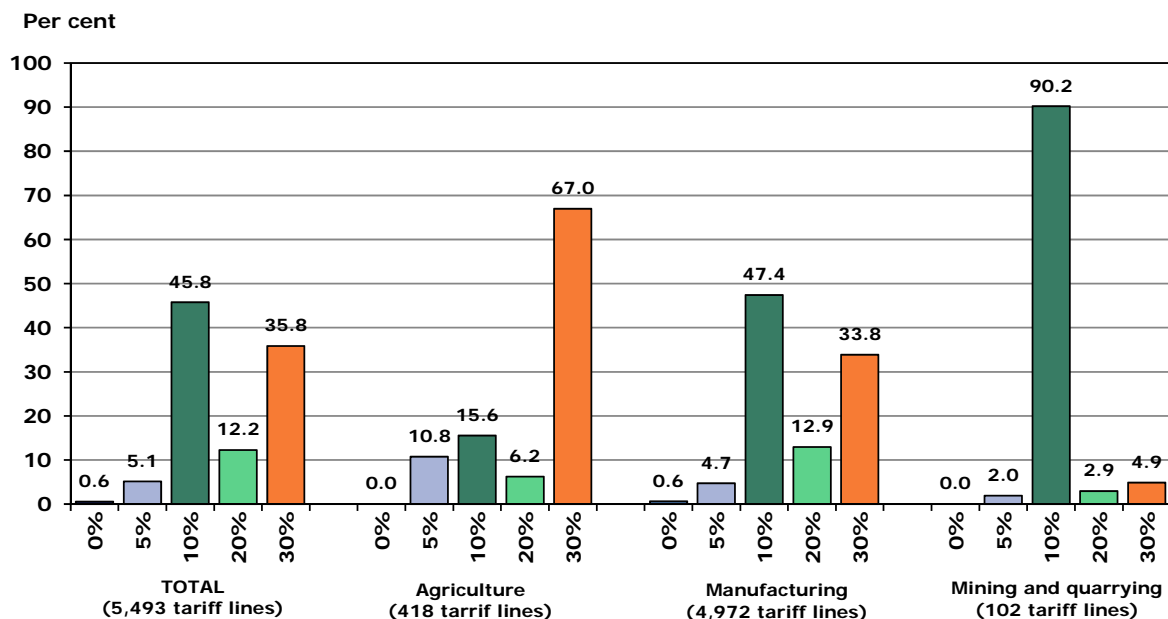
Table 3.4 Number of tariff lines with rates that differ from those of the CET, 2013

	Cameroon	Congo	Gabon	CAR	Chad
Number	107	125	163	193	45
As a percentage of the total number of lines	1.9%	2.3%	3.0%	3.5%	0.8%
Chapters 1 to 24					
rates higher than the CET	105	0	1	45	2
rates lower than the CET	0	57	36	51	1
Chapters 25 to 97					
rates higher than the CET	2	49	21	79	24
rates lower than the CET	0	19	105	18	18
By section of the HS 2007					
I Live animals; animal products	97	29	19	59	2
II Vegetable products	8	4	6	8	0
III Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0	9	4	19	0
IV Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes	0	15	8	10	1
V Mineral products	2	9	3	6	0

	Cameroon	Congo	Gabon	CAR	Chad
VI Products of the chemical or allied industries	0	7	51	2	1
VII Plastics and articles thereof; rubber and articles thereof	0	1	5	1	0
VIII Raw hides and skins, leather, fur skins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut	0	0	1	35	1
X Pulp of wood or of other fibrous cellulosic material; paper or paperboard for recycling (waste and scrap); paper and paperboard and articles thereof	0	0	3	3	1
XI Textiles and textile articles	0	8	3	6	31
XIII Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	0	0	0	1	0
XV Base metals and articles of base metal	0	7	9	21	4
XVI Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	0	26	9	6	3
XVII Vehicles, aircraft, vessels and associated transport equipment	0	5	1	15	0
XVIII Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof	0	4	38	1	0
XX Miscellaneous manufactured articles	0	1	3	0	1

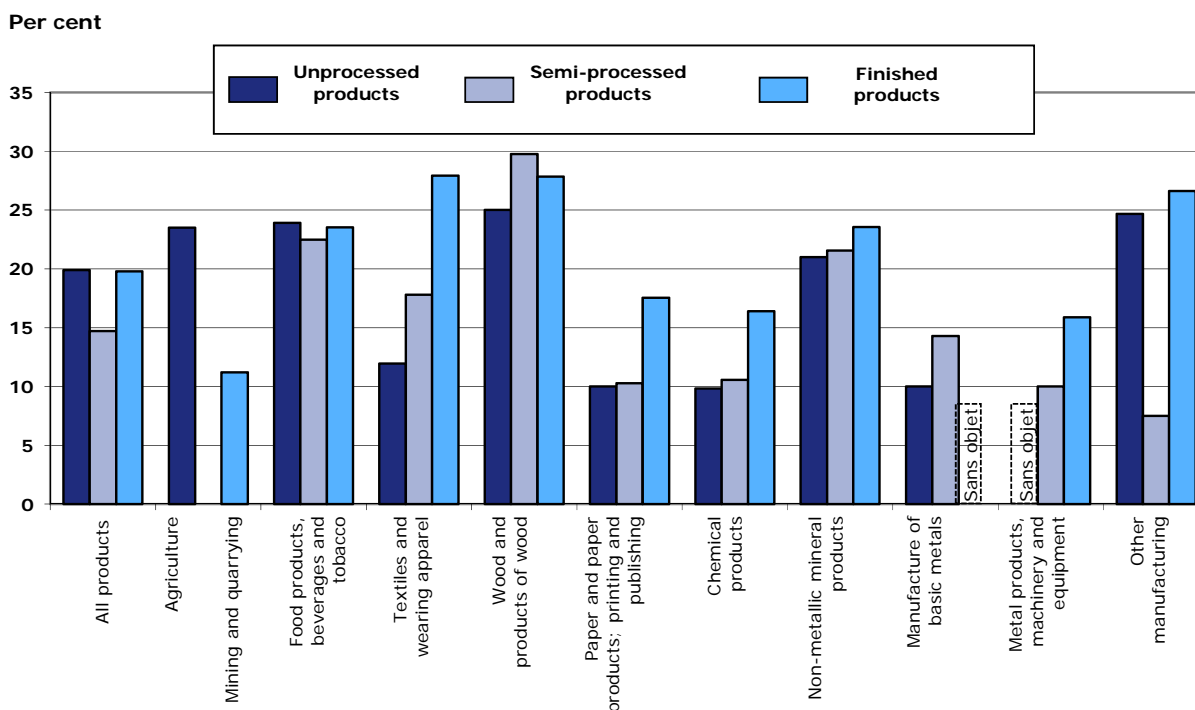
Notes: The information is based on a comparison of the national applied tariffs and the CEMAC CET aligned on the 2007 version of the HS. In some cases, adjustments were needed to make the tariff lines correspond. Where the Central African Republic is concerned, correspondence could be obtained for only 87.7% of the lines in the national tariff.

Source: WTO Secretariat estimates based on information provided by the national authorities and the CEMAC Commission.

Chart 3.1 Distribution of MFN duties by sector, 2013

Note: International Standard Industrial Classification of All Economic Activities (Rev.2), electricity, gas and water excluded (one tariff line). The figures do not add up to 100% because the duty rates for some lines are lacking (0.5% of total lines).

Source: WTO Secretariat calculations based on data provided by the CEMAC Commission.

Chart 3.2 Escalation of the rates of the CEMAC CET, 2013

Note: The product groups are defined in accordance with the two-digit ISIC.

Source: WTO Secretariat calculations based on data provided by the CEMAC Commission.

Table 3.5 Summary analysis of the CEMAC CET, 2013

Description	Number of lines	Simple average of rates (%)	Range of rates (%)	Standard deviation (%)	Coefficient of variation
Total	5,493	18.1	0-30	9.6	0.53
Harmonized System (HS)					
Chapters 1 to 24	887	23.5	5-30	9.2	0.39
Chapters 25 to 97	4,606	17.1	0-30	9.3	0.54
WTO definition					
Agriculture	814	22.4	5-30	10.1	0.45
Animal products	99	20.6	5-30	8.6	0.42
Dairy products	28	22.9	5-30	11.3	0.49
Fruit, vegetables and garden produce	210	26.4	5-30	8.0	0.30
Coffee, tea	86	28.6	5-30	5.9	0.21
Cereals and other preparations	100	18.3	5-30	11.2	0.61
Oilseeds, fats & oils	73	20.2	5-30	10.6	0.53
Sugar and sugar confectionery	18	21.1	10-30	9.9	0.47
Beverages and tobacco	59	27.0	5-30	6.9	0.26
Cotton	7	10.0	10	0.0	
Other agricultural products	134	16.4	5-30	10.1	0.62
Non-agricultural products	4,679	17.4	0-30	9.3	0.53
Fish and fish products	144	23.8	10-30	5.1	0.21
Metals & minerals	946	17.1	5-30	9.0	0.53
Chemicals	882	11.5	5-30	6.2	0.54
Wood, paper, etc.	351	21.9	0-30	10.6	0.48
Textiles	599	19.5	0-30	8.6	0.44
Wearing apparel	219	30.0	30	0.0	
Leather, footwear, etc.	162	20.5	0-30	10.1	0.49
Non-electrical machinery	549	12.3	0-30	5.6	0.46
Electrical machinery	247	16.8	10-30	7.7	0.46
Transport equipment	160	15.4	0-30	8.8	0.57
Manufacturing n.e.c.	399	21.9	0-30	10.0	0.46
Petroleum	21	10.0	10	0.0	0
By ISIC sector ^a					
Agriculture, hunting, forestry and fishing	418	23.6	5-30	9.7	0.41
Mining & quarrying	102	11.2	5-30	4.7	0.42
Manufacturing	4,972	17.8	0-30	9.5	0.53
By degree of processing					
Raw materials	762	19.9	5-30	10.1	0.51
Semi-finished products	1,787	14.7	0-30	7.7	0.52
Finished products	2,944	19.8	0-30	9.9	0.50

a International Standard Industrial Classification of All Economic Activities (Rev.2), electricity, gas and water excluded (one tariff line).

Source: WTO Secretariat calculations based on data provided by the CEMAC Commission.

3.1.4.2 Other duties and taxes

3.24. To these taxes there should be added the levies intended to finance certain Community initiatives and various national levies. At Community level, these include:

- The Community integration tax (TCI), levied at the rate of 1% on imports from countries outside the CEMAC zone and intended to finance the area's integration process;
- The Community integration contribution (CCI), levied at the rate of 0.4% on imports from outside ECCAS and intended to finance ECCAS and its institutions (currently being collected by the Congo, Gabon, the Central African Republic and Chad); and
- The OHADA levy, charged at the rate of 0.05% on imports from non-member countries and intended to finance the Organization for the Harmonization of Business Law in Africa (OHADA).

3.25. The Community preference tax was abolished in almost all the countries with the implementation of the TCI. Only Chad continues to levy it (see Annex on Chad). It was levied to finance the Economic Commission on Cattle, Meat and Fishery Resources (CEBEVIRHA).

3.26. Other national levies, such as the statistical fee and the IT fee, are applied at rates that vary from country to country (see country annexes).

3.1.5 Internal taxes

3.27. The value added tax (VAT) and excise duty regimes were harmonized by a directive adopted in 1999 and revised in 2011.¹⁴ The rates in force vary with the country.

3.1.5.1 Value added tax

3.28. In accordance with the directive, VAT is applicable to goods and services whether locally produced or imported. For local products, the tax base is the ex-factory value. For imports, it comprises the customs value, as defined in the CEMAC Customs Code, customs duties and excise duty. Each country is free to choose the rate of VAT from an initial range of 15% to 18%, extended to 19% by the revision of 2011. A zero rate is applicable to exports, their accessories and international transport.

3.29. The directive establishes a list of goods and services eligible for exemption. This includes, in particular, local products (*produits du cru*), imports of duty-free goods (in accordance with the provisions of the Customs Code), certain goods and services regarded as basic necessities (Annex 2 to Directive No. 07/11-UEAC-028-CM-22), and some pharmaceutical products and medical equipment (Annex 2 to Directive No. 07/11-UEAC-028-CM-22). 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. In practice, the countries deviate individually from the Community list (see country annexes).

3.30. Following the 2011 revision of the directive, countries can levy VAT at a reduced rate (between 5% and 10%) on the following products: other removables for medicine and surgery; imported insecticides and pesticides; imported fertilizer; imported flour and wheat; imported meat and poultry; imported milk and cream, not concentrated, containing added sugar or other sweetening matter; imported milk and cream, concentrated, containing added sugar; and books, other than textbooks.¹⁵

3.1.5.2 Excise duty

3.31. The directive establishes a list of products on which excise duty may be levied. Each country is free to draw up its national list by choosing products from the Community list. However, the national list must necessarily include tobacco and alcoholic beverages.¹⁶

3.32. For imported or locally manufactured products, the tax base is identical to that for VAT, but excludes VAT and the excise duty itself. Countries are free to set the rate applicable to each product within a range extending from zero to 25%. Thus, the rates in force differ from country to country (see country annexes).

3.1.6 Concessions on duties and taxes

3.33. Reliefs and exemptions from duties and taxes are governed by Act No. 13/65-UDEAC-35 of 14 December 1965 establishing the conditions of application of Article 241 of the UDEAC

¹⁴ Directive No. 1/99/CEMAC-028-CM-03 of 17 December 1999 harmonizing the legislations of the member States on value added tax (VAT) and excise duty, and its revising Directive No. 07/11-UEAC-028-CM-22.

¹⁵ Annex 4 to Directive No. 07/11-UEAC-028-CM-22.

¹⁶ In 2011, this list was extended to apparatus used for games of chance and games designed to entertain and to satellite communications (excluding all forms of fixed telephone (corded, CT phone, etc.)). See Annex 2 to Directive No. 07/11-UEAC-028-CM-22.

Customs Code and its successive revisions.¹⁷ These amendments abolish the exceptions from the payment of duties approved by the national authorities and lay down a list of products and equipment eligible for relief, together with the conditions for granting relief. These texts allow the following to enter free of import duties and taxes:

- goods returning to the customs territory (provided they are imported within two years of being exported);
- consignments sent from State to State within the context of international relations and diplomatic privileges and immunities (subject to reciprocity);
- effects and movables in current use, imported on transfer of residence (excluding motor vehicles, motorcycles, aircraft and vessels for sports or pleasure);
- effects and objects in current use acquired by inheritance;
- school kits and trousseaux;
- consignments of no commercial value;
- products and objects intended for the Red Cross or similar organizations providing assistance and relief (the list of which is drawn up by the Minister responsible for public health);
- vestments, products, instruments and objects used for the performance of religious ceremonies (addressed directly to the officials of the religious groups in question);
- products and equipment imported by the Agency for Air Navigation Safety (ASECNA) within the context of its activities;
- certain products and equipment imported by airline companies for use within the context of their activities inside an international airport; and
- educational, scientific and cultural imports by institutions (the list of which is drawn up by the Minister responsible for finance).

3.34. These products and materials are also eligible for exemption from exit duties and taxes if exported for similar reasons.

3.35. The suspensory customs procedures (temporary admission, inward processing, etc.) allow certain economic operators to introduce products and equipment duty-free. Where the temporary admission procedure is concerned, the list of eligible products and equipment is drawn up at Community level. There is a list of this kind for equipment used to explore for and exploit hydrocarbons.¹⁸ The national customs authorities can also authorize temporary admission for the introduction of technical equipment provisionally imported by mining and oil companies for research and prospecting purposes.

3.1.7 Tariff preferences

3.36. Since 1998, products recognized as originating in the subregion (section 3.2.8) can move around the Community area duty-free.¹⁹ However, in the absence of free circulation (*libre pratique*), goods released for consumption in a CEMAC country are subject to import duties and taxes whenever they cross the border between member States (Chapter 2).

3.37. To make up for the loss of customs revenue caused by the implementation of the GPT, a compensatory mechanism was introduced in 2008 by opening a window (Window 2) within the Community Development Fund (FODEC).²⁰ This window is to be funded by allocating 40% of the revenue from the TCI (after deduction of the resources earmarked for the operation of the Community institutions). The resources from the window are to be distributed among the countries in proportion to the loss of income due to Community preference²¹ and are intended for national

¹⁷ Mainly Acts No. 2/92-UDEAC-556-CD-SE1, No. 8/93-UDEAC-556-CD-SE1, No. 28/94-UDEAC-556-CD-56, and No. 18 /96-UDEAC-556-CD-57.

¹⁸ It is annexed to Directive No. 1/99/CEMAC-028-CM-03 of 17 December 1999 harmonizing the legislations of the member States on value added tax (VAT) and excise duty, and its revising Directive No. 07/11-UEAC-028-CM-22.

¹⁹ A generalized preferential tariff was introduced by Act No. 7/93-UDEAC-556-CD-SE1 of 21 June 1993. The application procedures are established by Circular No. 471/SG/DUD of 2 August 1995. It led to the complete tariff liberalization of intra-CEMAC trade.

²⁰ Regulation No. 02/08-UEC-046-CM-17 of 30 June 2008 establishing the intervention and management procedures for the Community Development Fund.

²¹ The loss of income is estimated as the difference between the amount of the customs duties that would have been collected by applying the CET and that actually collected by applying the GPT, which, in the

investment funds for the benefit of SME/SMIs. This window has not yet received any formal funding because of the low level of collection of TCI on behalf of the CEMAC Commission. Moreover, there are no reliable statistics on intra-Community trade that could serve as a basis for calculating the loss of income.

3.1.8 Rules of origin

3.38. Community origin is systematically granted to local products and traditional craft products.²² For industrial products, it is granted if the products are recognized as manufactured on the territory of the Union and if one of the following conditions is found to hold:

- the product is wholly obtained from raw materials of Community origin;
- community raw materials account for at least 40% of the value of the raw materials used; or
- the local value added is equal to at least 30% of the ex-factory value.²³

3.39. This rule does not apply to products resulting from assembly, packaging or preserving operations, or to products resulting from inward or outward processing procedures.

3.40. Community origin is certified by means of a movement certificate issued by the customs authorities. In the case of local products, all customs offices are competent to issue movement certificates. For manufactured products, they can be issued only by the customs offices of the place in which the enterprise is situated.

3.41. A CEMAC Origin Committee has been envisaged since 2008²⁴, but has not yet been set up. It will be responsible not only for approving products of CEMAC origin manufactured by subregional enterprises but also for issuing technical opinions on disputes relating to these products. To obtain approval, the operator must submit to the Ministry responsible for industry or trade an application dossier based on a model defined by the CEMAC Commission.²⁵ A national approval committee determines the Community origin of the products in question. If the application for approval is accepted, the dossier is referred to the Origin Committee, which examines it and recommends it to the Council of Ministers for decision. At present, national committees are operating in Cameroon, in Gabon and in the Central African Republic (see country annexes).

3.42. There is provision for preferential rules of origin under the other trade agreements to which the CEMAC countries are signatories, including ECCAS, and under the arrangements from which they benefit (Chapter 2, section 2.3).

3.1.9 Prohibitions, quantitative restrictions and licensing

3.43. Under the CEMAC Customs Code, goods may be imported freely, with the exception of gold, which is subject to special regulations. Some products may be banned or restricted for humanitarian, security or public health reasons.²⁶

case of the free trade area, simply corresponds to the duties that would have been collected if the CET had been applied.

²² Regulation No. 21/07-UEAC-1505 U-CM-16 of 18 December 2007 amending Article 10 of Act No. 1/98-UDEAC-1505-CD-61 of 28 July 1998 amending Articles 9 and 10 of the Annex to Act No. 7/93-UDEAC-556-CD-SE1 of 21 June 1993.

²³ The procedures for determining the local value added are set out in Circular No. 179/CEMAC/SE/DMC/SDAD of 24 October 2003 and its Corrigendum No. 027/CEMAC/SE/DMC/SDAD of 11 February 2004.

²⁴ Regulation No. 07/08-UEAC-193-CM-17 establishing an Origin Committee.

²⁵ Regulation No. 19/08-UEAC-010 H-CM-18 relating to the approval procedure for products of CEMAC origin.

²⁶ Article 16 of the Annex to the Treaty establishing the Central African Economic and Monetary Community (WTO document WT/COMTD/24, 29 September 2000).

Table 3.6 List of goods subject to non-tariff import restrictions

Product	Cameroon	Congo	Gabon	CAR	Chad
Products of animal origin	Sanitary certificate	Sanitary certificate	Sanitary certificate	Sanitary certificate	Prior authorization and sanitary certificate
Products of vegetable origin	Phytosanitary certificate	Phytosanitary certificate	Phytosanitary certificate	Phytosanitary certificate	Prior authorization and phytosanitary certificate
Cereal and food products	Certificate of conformity (wheat flour, yoghurt, concentrated milk)	Import licence (meat, poultry, marine fish, salted fish, wheat flour, edible oils, salt, mineral water, rice, tomato concentrate)	Prior import declaration (food products obtained from poultry and pigs and derivatives) Prohibition (wheat flour)	Phytosanitary certificate	..
Sugar	..	Monopoly	Import licence	Import monopoly	Monopoly
Pharmaceutical products	Prior authorization and transit visa health	..	Right of exploitation must be obtained	Import licence	..
Arms and ammunition, dual-use products	..	..	Special texts	Authorization to carry a firearm	..
Ozone layer depleting products and substances	..	..	Specific regulation	..	..
Other products	Certificate of conformity (gas cylinder, jute bag, metal sheeting (of galvanized iron or aluminium alloy))	..	Homologation (cell phones and other communications equipment)	Coffee may not be imported until domestic production has been marketed	Prior authorization (air conditioning machines, refrigerators, freezers, portable fire extinguishers, insulating panels, aerosols, freon, thermal insulation)

Source: Information provided by the national authorities and data obtained online, viewed at: <http://www.izf.net>.

3.44. With a view to the establishment of the common market, it is planned 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 UEAC Convention).

3.45. According to the notifications received by the WTO, Cameroon and Chad no longer have import or export licences.²⁷ Import licence and/or quota regimes are applied to certain products in the Congo, in Gabon and in the Central African Republic. The importation of sugar is regulated by a licensing regime, with a market share reserved for a monopoly company which ranges from 80% (in the Congo) to 90% (in the Central African Republic).

3.1.10 Standards, technical regulations and accreditation

3.46. The Community Investment Charter provides for the establishment of a standardization, metrology and certification system in each country as well as at Community level. This system must be in conformity with international rules, including the provisions of the WTO and the International Organization for Standardization. However, the initiatives in this respect are only recent. In October 2011, the countries signed a memorandum of agreement creating the Central African Sub-regional Metrology Organization (CEMACMET).²⁸ Attached to the CEMAC Commission, this organization is intended to promote metrology and related activities with a view to facilitating trade. The agreement led to the launch of the CEMAC Regional Infrastructure-Quality Development Project (IQ-CEMAC) with the support of the German Metrology Institute.²⁹ The first "orientation" phase should be completed in 2013.

3.47. At national level, the countries are at different stages as regards the status of the national body responsible for quality or standards (see country annexes). They also have different status within the ISO. The national bodies of Cameroon and Gabon, which have committee member status, are authorized to participate, with full voting rights, in the drafting of any important standard. The Congo, on the other hand, is a corresponding member and thus cannot take an active part in the technical and policy-making work of the organization. The Central African Republic and Chad are not members. Cameroon, the Congo and Gabon are members of ARSO.

3.48. Other initiatives include the introduction of a quality programme for agrifood products (CEMAC quality system) and a "CEMAC Infrastructure-quality" chapter intended to promote activities relating to standards, certification and accreditation.³⁰

3.1.11 Sanitary and phytosanitary measures

3.49. Sanitary and phytosanitary regulations are not yet harmonized within the Community. National measures regulate the importation of certain goods that might pose a risk to public health or safety or are simply of strategic interest.

3.50. With respect to phytosanitary measures, the Regional Food Safety Programme (PRSA) has laid the foundations for the harmonization of the rules. Common regulations on the registration of pesticides were validated by the Ministries of Agriculture in 2004. These regulations define the registration criteria and give the competent authorities of the member States discretion to control the importation, exportation, marketing, utilization and destruction of registered pesticides. A Pesticides Committee of Central Africa (CPAC), composed of experts from the member States, was officially set up in 2007 to ensure the implementation of the regulations. The first registration session was scheduled for April 2013.

3.51. With regard to pharmaceutical products, in 2002 CEMAC designated the Organization for Coordination of the Fight against Endemic Diseases in Central Africa (OCEAC) as its specialized public health body. Accordingly, this organization is overseeing the process of harmonization of national pharmaceutical policies. Thus it has developed a draft common pharmaceutical policy due to be submitted to the Ministers responsible for health in April 2013. Among other things, this text defines the criteria for drug approval, pharmaceutical inspection and quality control. Cameroon's National Drug Quality Control and Expertise Laboratory (LANACOME) has been identified to serve as a benchmark.

²⁷ Notifications G/LIC/N/3/CMR/3 of 25 September 2009 (Cameroon), and G/LIC/N/3/TCD/2 of 20 August 2001 (Chad).

²⁸ Online information. Viewed at: <http://www.cemac-qualite.org> [12 January 2013].

²⁹ The project also extends to the Democratic Republic of the Congo and Sao Tomé and Principe.

³⁰ The CEMAC "Infrastructure-quality" programme is a chapter of the Programme of Support for Trade and Economic Integration (PACIE/PIR 10° FED).

3.52. The CEMAC countries have all ratified the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer. Community regulations reflecting these commitments were adopted in 2005.³¹ In accordance with these regulations, the importation, exportation and re-exportation of these substances, products that contain them and equipment that uses them are subject to the procurement of a licence issued by the Minister responsible for trade, after consulting the Minister responsible for the environment of each member State. The substances, products and equipment subject to these regulations are specified in an annex to the regulations.

3.1.12 Contingency measures

3.53. The anti-dumping and countervailing duty arrangements are governed by the CEMAC Customs Code. Article 12 of the Code specifies the conditions under which these duties can be imposed. One prerequisite is that the goods in question "are causing or threatening to cause material injury to the domestic production of an identical or directly competitive product of a member State". In the case of countervailing duties, they are applicable only if the goods benefit abroad "from a direct or indirect bounty or subsidy, whatever its nature, origin or mode of attribution". Anti-dumping duties can be applied to goods for which the price paid or payable is lower than the comparable price charged by the supplier for like goods in the country of origin or in any transit country. The procedures for applying these duties and the duty rates are determined by the Council of Ministers. At present, there are no texts relating to the application of these duties.

3.54. Under the UEAC Convention, at the request of a member State the Council of Ministers may authorize a State, for a limited period, to take protective measures intended to deal with serious difficulties in one or more economic sectors. Article 22 of the Convention stipulates that in the event of a sudden economic crisis affecting, in particular, the balance of payments, a member State may, "as a precaution, take the safeguard measures that are indispensable", but without further clarifying the nature of these measures. However, the measures must have only a minimal perturbing 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.

3.55. In 2008, with a view to combating the flare-up in food prices, the Council of Ministers adopted a regulation authorizing the countries derogate, for an initial period of six months, from the Community rules regarding the application of entry duties and VAT on animal, vegetable and fish products.³² Thus, the countries took measures that included, in particular, the placing of a ceiling on the prices of imported products, the reduction or suspension of import duties and taxes, including VAT, and export restrictions (see country annexes). Moreover, the Congo and the Central African Republic benefited temporarily from periods of derogation from the application of the GPT.

3.2 Measures directly affecting exports

3.2.1 Registration and customs procedures

3.56. 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 simple exit, re-exportation, and the economic customs regimes.

3.57. The export procedure generally begins with the obtaining 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 are subject to domiciliation with an approved intermediary if their value is found to exceed CFAF 5 million.

³¹ Regulation No. 09/05-UEAC-143-CM-13 of 5 February 2005 adopting the common regulations on control of the consumption of substances that deplete the ozone layer in the CEMAC zone.

³² Regulation No. 06/08-UEAC-180-CM-17 of 20 June 2008 on derogation measures in favour of the CEMAC member States.

3.2.2 Export duties and taxes

3.58. The Community Customs Code allows each member State to set export duties and taxes. The rates and the products covered by these duties vary from country to country (see country annexes).

3.2.3 Prohibitions, quantitative restrictions and licensing

3.59. There are no Community provisions concerning export prohibitions, quantitative restrictions or licensing. The CEMAC countries are all signatories to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Accordingly, the export of these species is prohibited or subject to authorization (see country annexes).

3.2.4 Free zone regime

3.60. The CEMAC Customs Code grants member States the right to establish industrial or commercial free zones that exist outside the customs regime.³³ Goods admitted to commercial free zones may undergo operations necessary to ensure their preservation, improve their presentation or marketability or enable them to be packaged for transport. On the other hand, the processing operations applicable to goods in industrial free zones are a matter for national legislation.

3.61. On leaving the free zone, goods destined for abroad may transit under customs escort or under the general Community transit conditions. If the goods are released for consumption on Community territory, the operator must pay the import duties and taxes. The Customs Code leaves it to the States to determine the volume of goods that can be released for local consumption on leaving a free zone.

3.62. Cameroon, Gabon and the Congo have supplemented these regulations with national legislation (see country annexes).

3.3 Measures affecting production and trade

3.3.1 Incentive measures

3.63. In accordance with the Community provisions, newly formed companies in the agricultural, industrial, mining or forestry sectors can benefit from exemption from profits tax during their first three years of operation. Although the rates of amortization of the investment are fixed at Community level, these companies may choose degressive or accelerated amortization.³⁴ During the first years of operation, they are authorized to carry losses over to subsequent years. Tax reduction measures are also available when profits are reinvested. The methods of application vary from country to country (see country annexes).

3.64. Companies with subsidiaries may, under the following conditions, deduct the income from shares or ownership interests in those subsidiaries from their taxable profits: the two companies must have their registered offices in the Community, while the parent company must hold at least 50% of the subsidiary's capital and must retain its holdings for at least two consecutive years.

3.65. The Investment Charter offers additional advantages. It provides for a reduction in registration fees in the following cases: company formation, new equity issues, mergers, or transfers of shares and holdings. It encourages countries to introduce additional measures into the legislation relating to the mining, tourism and forestry sectors. Where micro-enterprises and informal sector operators are concerned, it encourages States to take appropriate measures to limit their reporting obligations and reduce their administrative burden. States may also take measures to encourage enterprises to invest in regions that are landlocked or relatively

³³ Act No. 2/96-UDEAC-1297-57 of 1 July 1996 adopting the regulations on the operation of the free zone in UDEAC.

³⁴ Directive relating to corporation tax (annex to Directive No. 02/01/UEAC-050-CM-06 revising Act No. 3/72-153-UDEAC of 22 December 1972 introducing the corporation tax).

underdeveloped (see country annexes). There are no specific provisions relating to the utilization of raw materials of local origin.

3.3.2 Competition and price control

3.66. There are two texts governing the Community competition regime: the Regulations on anti-competitive business practices³⁵ and the Regulations on State practices affecting trade between member States.³⁶

3.67. In general, the competition regulations are aimed at three types of practice: certain unlawful understandings, certain concentration operations, and abuses of dominant position. The Community regulations give a non-exhaustive list of practices considered to be unlawful including: fixing directly or indirectly the buying or selling prices or other conditions of a transaction; limiting or controlling production, outlets, technical development or investment; dividing up markets or sources of supply; and imposing unequal conditions on trading partners for equivalent services. However, agreements which are considered to make an effective contribution to the development of economic efficiency or give consumers or users a certain benefit or advantage, and agreements deemed indispensable for the achievement of economic efficiency are not banned.

3.68. Where concentrations are concerned, the regulations are not intended to prohibit them but rather to prevent operations that might have an adverse effect on the free play of competition.³⁷ The regional competition monitoring body must be notified before carrying out any operation with a Community dimension. A concentration operation is said to have a Community dimension when at least two of the partner enterprises have a common market turnover of more than CFAF 1 billion each, or the parties to the operation together hold 30% of the regional market.³⁸ The regulations define the procedures to be followed in making such a notification.

3.69. Under the regulations, any monopoly or situation conducive to the acquisition of a market share of 30% or more constitutes a dominant position. Abuse of such a position is a punishable offence.

3.70. The regulations on government practices that affect trade between member States deal with State aid for enterprises, the situation of enterprises with legal monopoly status, and competition for government contracts. State aid can take various forms: subsidies, exemption from taxes, exemption from parafiscal charges, interest rebates, loan guarantees on easy terms, supply of goods on preferential terms, coverage of operating losses, etc. This aid is deemed to be incompatible with the common market when it distorts or threatens to distort free competition.³⁹

3.71. Enterprises with legal monopoly status must make sure to avoid abusive practices such as tied sales, the imposition of unjustified discriminatory conditions of sale, refusal to sell, the practice of unjustifiably breaking off business relations, or the use of income from their monopoly activities to subsidize their sales in other sectors.⁴⁰

3.72. The Community legislation does not exclude the adoption of national competition legislation. At present, Cameroon, Gabon and the Central African Republic each have specific laws on competition. Community competition law is implemented by a Community competition monitoring body, a Community court, and national competition control agencies. The regional body has not yet been set up, but the CEMAC Commission has had to examine and has authorized two requests

³⁵ Regulation No. 1/99-UEAC-CM-639 of 25 June 1999 regulating anti-competitive business practices and amendments made by Regulation No. 12/05-UEAC-639 U-CM-SE of 25 June 2005.

³⁶ Regulation No. 4/99-UEAC-CM-639 of 18 August 1999 regulating State practices affecting trade between member States.

³⁷ With the exception of concentration operations that affect the legitimate interests of the member States (Article 14).

³⁸ Article 6 of Regulation No. 1/99-UEAC-CM-639 of 25 June 1999 regulating anti-competitive business practices.

³⁹ With the exception of socio-cultural aid such as social assistance, aid for the victims of natural disasters, aid for underdeveloped regions and aid intended to promote culture, the preservation of the heritage or the protection of the environment.

⁴⁰ Unless justified for reasons of public order, security or public health.

for mergers. Apart from that of Cameroon, the national competition control agencies are not yet operational.

3.3.3 Government procurement

3.73. Pending the complete harmonization of the national regulations, government procurement is governed by the regulation on State practices affecting trade between member States adopted in 1999.⁴¹ In order to promote the broader participation of Community nationals, the regulation provides for regional preference measures. It defines the ranges within which each State is free to set the threshold for this regional preference. For works, supply or service contracts, the regional preference must be fixed within a range extending from zero to 20% of the amount of the bids. In the case of supply contracts, the range is increased to 30% for bids containing at least 40% of products of Community origin.

3.74. In principle, government contracts are awarded by open tender and published in the official journals of the Community or the member States. However, there are situations in which limited tendering or private agreements may be considered. Limited tendering is permissible in urgent situations or when justified by the nature or certain special characteristics of the contract. It is also acceptable in the case of highly specialized projects or programmes or for contracts of major importance.

3.75. Private agreements are acceptable where there is urgency or for short-term technical cooperation purposes; for operations that supplement or are necessary to complete other operations already in progress; when the performance of the contract is reserved exclusively for the holders of patents or licences governing the use, processing or importation of the articles concerned; or, following a failed call for bids, after a new consultation.

3.76. The Regional Competition Council (CRC) is the body responsible for monitoring the application of the rules on government procurement. If a breach of the rules is established, the Council may order the offender to fulfil his obligations and, where necessary, suspend the contract award procedure or the performance of the contract. If the offender disregards the Council's instructions or the matter is brought before the Council after the signature of the contract, the dispute is referred to the Community Court of Justice.

3.77. No CEMAC country is party to the Plurilateral Agreement on Government Procurement (AGP). Cameroon has observer status.

3.3.4 Protection of intellectual property rights

3.78. In the CEMAC Investment Charter⁴², the countries regard counterfeiting as a serious impediment to their economic development and undertake to conduct a merciless struggle against it. The Customs Code also contains provisions on counterfeiting: it denies entry to all counterfeit foreign products and excludes them from warehouses.

3.79. As signatories to the Bangui Agreement (1977), the CEMAC countries are members of the African Intellectual Property Organization (OAPI), which currently has 16 member States.⁴³ The revision of the Bangui Agreement, on 24 February 1999, was aimed, among other things, at making its provisions consistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). In force since 28 February 2002, it covers: patents (Annex I), utility models (Annex II), trademarks and service marks (Annex III), industrial designs (Annex IV), trade names (Annex V), geographical indications (Annex VI), copyright and related rights (Annex VII), and protection against unfair competition (Annex VIII).

⁴¹ Regulation No. 4/99/UEAC-CM-639 of 18 August 1999 regulating State practices affecting trade between member States.

⁴² Regulation No. 17/99/CEMAC-20-CM-03 of 17 December 1999 relating to the CEMAC Investment Charter.

⁴³ The original agreement was signed on 13 September 1962 by 12 Heads of State and Government and created the African and Malagasy Industrial Property Office (OAMPI). It was its revision at Bangui on 2 March 1977 that gave rise to the OAPI.

3.80. Annex X on the protection of new plant varieties, which must be patented under Article 27 of the WTO TRIPS Agreement, entered into force on 1 January 2006. The OAPI Administrative Council postponed the entry into force of Annex IX on layout-designs (topographies) of integrated circuits, which must be protected under Article 35 of the TRIPS Agreement, because of the lack of skills necessary to process applications for protection. The revised Bangui Agreement (1999) was notified to the WTO and was examined by the TRIPS Council at its session held on 27 and 28 November 2001.⁴⁴ The terms of protection established by this Agreement are defined in accordance with the WTO TRIPS Agreement (Table 3.7).

Table 3.7 Subjects and terms of protection under the Bangui Agreement (1999)

Subject	Bangui Agreement (1999)
Patents	20 years
Utility models	10 years
Trademarks and service marks	10 years, renewable every 10 years
Industrial designs	5 years, may be extended for 2 periods of 5 years
Trade names	10 years, renewable every 10 years
Geographical indications	n.a.
Appellations of origin	n.a.
Literary and artistic property	
Copyright	Life of the author + 70 years after his/her death
Films, radio and audiovisual programmes	70 years
Photos (works of applied art)	25 years
Related rights for performances	50 years
Related rights for phonograms	50 years
Related rights for radio broadcasts	25 years
Protection against unfair competition	
Layout-designs (topographies) of integrated circuits ^a	10 years
Protection of new plant varieties	25 years

n.a. Not applicable.

a The revised Bangui Agreement regime is not in force.

Source: WTO Secretariat.

3.81. In principle, the revised Bangui Agreement (1999) prohibits parallel imports where patents are concerned.⁴⁵ However, a licence may be granted automatically where the vital interests of the national economy, public health or national defence are involved.⁴⁶

3.82. For each of the member States the OAPI acts as a national industrial property service and provides a common system of administrative procedures for registering the related rights. The registration procedure begins with the filing of an application accompanied by supporting documents. The application may be lodged with the national liaison body or sent directly to the OAPI. Applicants who are not resident in one of the member States must send their application directly to the OAPI, through an approved agent.⁴⁷

3.83. The documents issued by the OAPI guarantee protection in all the member States. Between 2007 and 2012, the number of patent applications filed by CEMAC country residents rose from 30 to 48, while for trademarks the number rose from 178 to 283 (Table 3.8). Most of these applications were made by residents of Cameroon.

⁴⁴ WTO documents IP/Q/GAB/1; IP/Q2/GAB/1; IP/Q3/GAB/1; and IP/Q4/GAB/1 of 18 May 2004.

⁴⁵ Annex I (Article 7) to the revised Bangui Agreement (1999).

⁴⁶ Article 56 of the revised Bangui Agreement (1999).

⁴⁷ A list of these agents can be found on the OAPI website. Viewed at: <http://www.oapi.int/index.php/fr/mandataires-agrees>.

Table 3.8 Trend in the number of patent and trademark applications from CEMAC member States filed with the OAPI, 2007-2012

Applicants	2007	2008	2009	2010	2011	2012
Patents:	30	26	31	30	37	48
Cameroon	14	16	25	22	26	45
Congo	7	2	1	0	0	0
Gabon	6	7	1	7	4	2
Equatorial Guinea	0	0	0	0	0	0
CAR	1	1	1	1	3	0
Chad	2	0	3	0	4	1
Trademarks:	178	237	291	348	319	283
Cameroon	144	203	269	283	267	238
Congo	13	10	10	10	18	15
Gabon	19	23	12	41	23	19
Equatorial Guinea	0	0	0	9	5	8
CAR	0	0	0	1	3	2
Chad	2	1	0	4	3	1

Source: Data provided by the OAPI.

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

4 TRADE POLICIES BY SECTOR

4.1 Agriculture, livestock, forestry and fishing

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

4.2. Because of its range of climates and agro-pastoral resources, the region is conducive to the development of agriculture and livestock breeding. It is believed to possess about 13 million hectares of arable land, 65 million hectares of grazing land and 160 million hectares of forest.¹

4.3. Despite this potential, local food production is insufficient in most of the countries and food crises and shortages are frequent. According to the FAO's latest report on the state of food insecurity², undernourishment affects a substantial proportion of the population, even though the situation varies considerably from one country to another. For the period 2010-2012, the undernourished proportion of the population is estimated at 15.7% in Cameroon, 37.4% in the Congo, 30% in the Central African Republic, and 33.4% in Chad. The average for Sub-Saharan Africa is 26.8%.

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

4.1.1 Community agricultural policies

4.5. Where the coordination of national policies in the agriculture, livestock and fishing sectors are concerned, CEMAC intends: (i) to increase productivity in these sectors; (ii) ensure the profitability of the subsectors; (iii) stabilize the markets; (iv) guarantee security of supply; and (v) ensure reasonable prices for products delivered to the consumer (UEAC Convention, Article 35). The drawing up and adoption of a regional food security programme and a common agricultural strategy are expected to contribute to the achievement of these objectives.

4.1.1.1 The Common Agricultural Strategy (SAC) under CEMAC

4.6. Adopted in August 2003³, the SAC is aimed at promoting trade in agricultural products and ensuring food security. It is based on a dozen or so strategic thrusts of which five have been identified as having priority:

- a. Intensifying agricultural and food production: the measures identified are aimed at improving agricultural production through research, the dissemination of cultivation techniques and agricultural equipment, and product processing;
- b. winning national, regional and international markets: priority is being given to opening up rural areas, then to building food product preservation, processing and packaging capacity, and improving market access.
- c. mobilizing and strengthening civil society: the idea is to involve civil society more widely in the framing and implementation of agricultural and environmental protection policies and to support the NGOs operating in the sector;
- d. carrying out the necessary institutional reforms in the areas of research and access to credit; and

¹ FAO (2009).

² FAO, WFP and IFAD (2012).

³ Regulation No. 11/03-UEAC-019-CM-10 of 28 August 2003 adopting the Common Agricultural Strategy of the CEMAC member countries.

- e. contributing to rural poverty reduction, through measures such as the promotion of income-generating activities for the poor, the constitution of strategic food reserves, etc.

4.7. The SAC has not yet been implemented. The CEMAC Commission is at the stage of drawing up the priority measures and the investment plan.

4.8. In the field of agricultural research, the Regional Applied Research Centre for the Development of Agricultural Systems in Central Africa (PRASAC) is the Community's specialized institution. Initially a bilateral cooperation initiative between Cameroon and France, PRASAC was subsequently extended to include the Central African Republic and Chad. At the CEMAC Conference of Heads of State in December 2000, it was decided to make it a UEAC specialized institution. PRASAC seeks to create synergy between the national agricultural research institutions with a view to finding answers to local needs and building local intervention capacity.

4.9. Since 2009 it has managed a subregional seed sector development programme. This programme is aimed at equipping the subregion with an effective high-performance seed sector by, among other things, harmonizing the seed laws and regulations and promoting the establishment of a regional market. The programme specifies the activities to be carried out at different levels (national and regional), together with the necessary financing. A Regional Seed Council (CRS) is to coordinate the activities at regional level. At country level it should be supplemented by national seed councils. Programme implementation is to be spread over five years. So far, none of the seed councils is yet in place. However, the regulatory texts have been drawn up. A catalogue (known as "Catalogue Zero") containing a dozen plant species and varieties of Community interest has been compiled.

4.1.1.2 Regional food security programmes

4.10. Drawn up with the support of the FAO, the CEMAC Regional Food Security Programme (PRSA-CEMAC) is geared towards food security and poverty reduction, particularly in rural areas. Adopted in 2002, it can be broken down into two components: one concerning cross-cutting regional activities and the other support for national programmes.

4.11. At cross-cutting regional activity level, it is aimed, in particular, at harmonizing national agricultural policies, facilitating trade, and establishing a regional observatory for agricultural subsectors and policies, together with a food security information system. With respect to support for national food security programmes, it seeks to consolidate the implementation of existing programmes and identify the constraints on action to improve food security.

4.12. The finalization of the national agricultural strategies in Cameroon, the Congo, the Central African Republic and Chad (see country annexes) is part of the PRSA-CEMAC component relating to support for national programmes. At cross-cutting regional activity level, the measures include harmonization of the pesticide registration procedures (Box 4.1), a review of the state of the seed sector, and studies in the following areas, in particular: GMO risk management; establishment of a regional agricultural product quality management and control system; and the production of agricultural statistics. It has not been possible to implement PRSA-CEMAC in its entirety for lack of financial resources.

Box 4.1 Pesticide registration in Central Africa

The CEMAC countries have harmonized their pesticide registration procedures. Common regulations were adopted by the Council of Ministers in March 2006.⁴ They are aimed at "pooling the experience and expertise of the member States in assessing and approving pesticides to ensure that they are used rationally and judiciously and to protect human health and the environment".

The Inter-State Pesticides Committee of Central Africa (CPAC) is responsible for assessing and approving pesticides. The regulations make the use and marketing of pesticides conditional on their registration by the CPAC.⁵ The registration procedure begins with the submission of a dossier to the CPAC on the basis of a standard model proposed by the latter. The fees for examining the dossier vary depending on whether an accelerated (CFAF 2,880,000) or a normal (CFAF 6,160,000) procedure is followed. They also depend on the number of toxic substances contained in the product. For products containing more than one toxic substance, CFAF 1,008,000 or CFAF 1,540,000 per substance must be added to the fee, depending on whether the procedure is accelerated or normal.

Registration is generally granted for a period of 10 years. If most of the data required are provided but additional studies are necessary, the CPAC may grant a provisional two-year authorization.

The regulations do not govern the importation, exportation, marketing, use or destruction of approved pesticides. These are the responsibility of the national authorities.

Since being established in 2006, the CPAC has been engaged in reviewing the situation with regard to the use of pesticides and in developing the tools necessary for registration. It has just finalized an agro-ecological map of the subregion. It has not yet started up its registration activities, but the first session is planned for April 2013.

Source: Online information, viewed at: <http://www.cpac-cemac.org> [28 February 2013].

4.13. At African Union level, the Comprehensive Africa Agriculture Development Programme (CAADP) is the framework for NEPAD's agricultural sector development activities. Adopted in July 2003 at Maputo (Mozambique) during the African Union summit, the CAADP is aimed at eradicating hunger and reducing poverty through agriculture-based development. To achieve these objectives, the Heads of State and Government set themselves the objective of raising the share of the national budget allocated to agriculture to at least 10% within a period of five years (i.e. before 2008). This should enable them to achieve, among other things, a 6% annual increase in agricultural production by 2015.

4.14. As one of the designated pillars of the African Economic Community, ECCAS is the body responsible for implementing the CAADP in Central Africa. Thus, with the support of the FAO, it has drawn up a Regional Food Security Programme (PRSA-ECCAS). Adopted in 2004, this programme is actually a transposition of the CAADP to subregional level. In particular, it provides for the development of a common agricultural strategy.

4.15. However, there was a delay in implementing the PRSA-ECCAS. Following the food crisis of 2008, there seemed to be a renewal of interest in the programme. Thus, a Special Regional Agricultural Development Fund (FSRDA) was set up to promote food security. The process of formulating a common agricultural policy was reactivated with the support of the FAO and the African Capacity Building Foundation (ACBF). This common agricultural policy should incorporate the national agricultural strategies, the Regional Food Security Programme, the pillars of the CAADP, and the measures decided upon following the food crisis of 2008.

4.16. At the proposal of the FAO and within the framework of the rationalization of the regional economic communities, the CEMAC and ECCAS Regional Food Security Programmes were merged in 2012. The merged PRSA has three components and ten priority actions (Table 4.1). It has not yet been validated by the Ministers responsible for agriculture and has so far remained inactive.

⁴ Regulation No. 09/06-UEAC-144-CM-14 of 10 March 2006 adopting the common regulations on the registration of pesticides in the CEMAC zone.

⁵ Regulation No. 11/07-UEAC-144-CM-15 of 11 March 2007 on the establishment, composition and functioning of the Pesticides Committee of Central Africa (CPAC).

Table 4.1 Matrix of the areas of intervention and priority actions of the PRSA/AC

Strategic areas of intervention	Components		
	Support for national food security programmes	Harmonization of national agricultural policies	Trade development
Sustainable increase in productivity and agricultural production:	- Support for the formulation and implementation of NFSPs, and the emergence of agricultural trade organizations at regional level (Project No. 1);	- Promotion of an efficient and competitive regional agriculture (Project No. 6);	- Safer foodstuffs and inputs (Project No. 8);
Improvement of seed subsectors:	- Development of an efficient regional seed sector (Project No. 3);		
Improvement of the quality of research services:	- Formulation of a master plan for agricultural research at regional level (Project No. 2);		
Establishment of a regional food security information system:	- Establishment of a regional early warning system and a mechanism for regulating food surpluses and deficits (Project No. 4);	Promotion of improved information management to strengthen food security and agricultural trade (Project No. 7);	
Development of intra-Community trade:		Project Nos. 6 and 7;	- Project No. 8; - Development of intra-Community trade (Project No. 9);
Development of extra-Community trade:			- Building the capacity of countries to participate effectively in agricultural trade negotiations (Project No. 10);
Building the capacity of rural development actors and promoters:	Project Nos. 1, 2 and 3;	- Project No. 6;	Project Nos. 8 and 10.
Poverty reduction:	- Introduction of a regional plan for a nutritional surveillance system (Project No. 5);		

Source: ECCAS and CEMAC (2011), Central African Regional Food Security Programme (PRSA/AC), April.

4.1.2 Policy by subsector

4.1.2.1 Cotton

4.17. Cameroon, the CAR and Chad are the three CEMAC cotton-producing countries. In these countries, the subsectors are generally organized around majority State-owned companies, in a monopoly situation. These are the *Société de développement du coton* (Cameroon), the *Société cotonnière centrafricaine* (Central African Republic) and, since 2012, the *CotonTchad Société nouvelle* (Chad). These companies buy seed cotton from the producers and take care of the ginning and marketing. Downstream there are a few processing plants that produce textiles for the local market. However, most of the cotton fibre produced is exported to Asia and Europe.

4.18. Cameroon is the largest producer in the subregion. According to FAO statistics⁶, its cotton fibre production was 62,000 tonnes during the 2010/2011 season. Chad's production is assessed

⁶ FAO statistical database, online information. Viewed at: <http://faostat3.fao.org/home/index.html> [12 October 2012].

at 25,500 tonnes, and that of the Central African Republic at 3,500 tonnes. In all three countries, production is tending to decline because of the numerous difficulties facing the subsector (see Annexes on Cameroon, the Central African Republic and Chad).

4.19. To revitalize the subsector, in 2006, the countries set up a committee to coordinate and monitor subregional policies.⁷ The committee started work in 2006, but the countries subsequently asked for its mandate to be extended to include all basic products, as they are not all cotton producers. Within the framework of the "All ACP Agricultural Commodities Programme (AAACP)"⁸, the geographical scope was extended to the ten ECCAS States. A strategy embracing the cotton-textile-clothing chain was drawn up in 2011. It is aimed at developing the subsector by pursuing the following five strategic objectives: (i) increasing cotton production (seed and fibre); (ii) improving and guaranteeing the quality of the cotton; (iii) supporting and developing fibre processing; (iv) intensifying the promotion and marketing of the subregion's cotton and textiles; and (v) developing and improving the exploitation of the products of seed crushing. The objective for 2020 is to triple seed cotton yield (1,200 kg/ha) and to achieve an output of 350,000 tonnes of cotton fibre, 100 million litres of oil and 200,000 tonnes of cake.

4.20. The implementation of the strategy is the responsibility of a coordination and monitoring committee composed of representatives of the subsector's various actors. The strategy has not yet been adopted.

4.21. Chad is one of the four African countries behind the Sectoral Initiative for Cotton (C-4).⁹ In a communication addressed to the Director-General of the WTO in April 2003, these countries declared that the maintenance of support measures by some Members was distorting world prices and that this was frustrating their efforts to make their production competitive and liberalize the sector. They demanded recognition of the strategic value of cotton for development and poverty reduction in numerous LDCs and the total elimination of support for cotton production and exports. At the WTO's Eighth Ministerial Conference, they reiterated their appeal to WTO Members in general, and in particular to the protagonists of the cotton dossier "to engage effectively in the negotiations".¹⁰

4.1.2.2 Sugar

4.22. The sugar industry in the CEMAC zone is characterized by local production amounting to about 250,000 tonnes and a substantially larger demand. In 2005, Community requirements were estimated at 320,000 tonnes. The Congo is the only net sugar exporter. In 2010, it reportedly exported more than 37,000 tonnes of sugar to the Community market, in particular, to Cameroon and Chad (Table 4.2).

Table 4.2 Sugar production and marketing in 2010
(tonnes)

Country	Production	Total sales		
		Local	intra-CEMAC	Total
Cameroon (Sosucam)	105,000	90,000	30,000	120,000
Congo (Saris Congo)	70,310	41,938	37,166	79,104
Gabon	26,850	26,850	..	26,850
CAR	11,153	18,847	..	30,000
Chad (CST)	37,700	93,500	..	..
Total	251,013	271,135	..	..

.. Not available.

Source: Information provided by the national authorities and online information.
Viewed at: <http://www.somdiaa.com/groupe/les-filiales#sucre>.

⁷ Regulation No. 11/06-UEAC-168-CM-14 of 11 March 2006 establishing a Subregional Committee on the Coordination and Monitoring of Cotton Subsector Policies in the CEMAC zone.

⁸ Launched in September 2007, the "All ACP Agricultural Commodities Programme (AAACP)" is an initiative of the European Commission and the ACP Secretariat. Its purpose is to build the capacity of the actors involved at the various levels of the agricultural commodities value chain and to implement sustainable strategies in the related sectors. Online information. Viewed at: <http://www.euacpcommodities.eu>.

⁹ The C-4 countries are Benin, Burkina Faso, Chad and Mali.

¹⁰ WTO document WT/MIN(11)/ST/127.

4.23. In each of the countries, there is generally a single company responsible for processing sugar cane. These companies are all subsidiaries of the *Société d'organisation de management et de développement des industries alimentaires et agricoles* (SOMDIAA), a majority French-owned agrifood group. The companies in question are *Compagnie sucrière du Tchad*, *Société agricole et de raffinage industriel du sucre* (SARIS Congo), *Société sucrière du Cameroun*, *Sucreries d'Afrique Gabon*, and *Société de gestion sucrière de la République centrafricaine*. They are grouped within an association called the Sugar Industry Group (GPS-CEMAC), financed by the annual subscriptions of its members.

4.24. A platform for technical cooperation with 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 perpetuation of the subsector's activities. Thus, in March 2006 a common sugar market organization (OCM-Sucre-CEMAC) came into being¹¹ with 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 help combat fraud, smuggling and counterfeiting; and (iv) to provide a stable framework for the operations of the sector's professionals. OCM-Sucre-CEMAC is financed from the subscriptions of the members of the GPS.

4.25. The Committee for the Coordination and Monitoring of Sugar Policies (CCSPS) is the body at the centre of this common market. It oversees the attainment of the organization's objectives; follows up matters relating to the production, distribution and marketing of sugar; and coordinates the initiatives taken to ensure the free movement of Community production and an adequate level of market protection. Chaired by the CEMAC Commission, it is composed of representatives of the customs administrations, ministries of trade, sugar companies and GPS-CEMAC. It is financed by GPS-CEMAC, which also provides the secretariat.

4.26. In 2007, a set of common market regulation strategies proposed by OCM-Sucre-CEMAC was adopted by the Council of Ministers.¹² These strategies protect Community production, in particular, by: guaranteeing the free movement of locally produced or refined sugar; implementing a Community supply plan; tightening tariff measures; and combating fraud, smuggling and counterfeiting (Box 4.2). None of these strategies has been implemented since their adoption.

4.27. In 2012, SOMDIAA announced an investment plan aimed at increasing the sugar output of its African subsidiaries by about 30% to reach a level of 450,000 tonnes in 2017.¹³ Specifically, the plan envisages increasing production capacity in Cameroon, Chad and Gabon and improving productivity and yields, without an expansion of production capacity, in the Congo.

¹¹ Regulation No. 10/06-UEAC-CM-14 of 11 March 2006 on the establishment, organization and operation of the CEMAC zone common sugar market organization.

¹² Regulation No. 19/07-UEAC-166-CM-16 of 18 December 2007 adopting strategies for the regulation of the CEMAC zone common sugar market.

¹³ Online information. Viewed at:
http://www.commodafrica.com/fr/actualites/matieres_premieres/somdiaaplaninvestment.

Box 4.2 Regulation of the CEMAC common sugar market

The strategy for the regulation of the common sugar market consists of the following four components:

1. **Free movement of products:** Member States undertake not to impose any constraints on the free movement of sugar of Community origin or refined in the CEMAC zone. They also undertake not to impose any quantitative restriction or measure with equivalent effect. In the case of sugar previously imported and sugar intended for refining or granulation in another member State, re-exportation to another member country is permitted only with the agreement of the latter.
2. **Community sugar supply:** This is managed by a Committee for the Coordination and Monitoring of Sugar Policies (CCSPS). On the basis of information provided by administrations and sugar industries, this committee draws up a forecast sugar supply plan. It proposes, in particular, an estimate of overall import needs and export availabilities and an estimate of national needs to be met from intra-Community imports and imports from third countries. For imports from outside the Community, the Committee determines the quantities intended for refining, granulation, direct consumption and re-exportation, respectively.
3. **Trade with third countries:** All sugar imports into the Community area are subject to the approval of the national authorities of each country. The request must be notified to the CCSPS, which immediately provides the administration concerned with information about the situation on the regional market. In the light of this information, the competent administration may or may not grant approval, preference being given to sugar of Community origin. Where exports are concerned, an export declaration issued by the national authorities is required.

The strategy also proposes changes in the CET as a means of protecting the subregion's sugar industries. It proposes that the *ad valorem* rates be replaced by specific rates on quantities (Table 4.1). Pending the introduction of this system, it proposes that the CET (at the rate of 30% on these products) continues to be applied at fixed prices so that the actual rates already correspond to the specific rates proposed.

Table Proposals by the OCM-Sucre-CEMAC for the amendment of the CET

Description	Suggested rate (per tonne)	Transitional rate	
		Basic rate (CET)	Fixed prices (per tonne)
Cane or beet sugar, white or raw, and chemically pure sucrose, in solid form (tariff heading 1701):			
For refining	CFAF 78,715 €120)	30%	CFAF 262,383 (€400)
Other	CFAF 157,430 (€240)	30%	CFAF 524,766 (€800)
Molasses resulting from the extraction or refining of sugar (tariff heading 1703)	CFAF 39,357 (€60)	30%	CFAF 131,192 (€200)

4. **Fraud, smuggling and counterfeiting:** OCM-Sucre-CEMAC recommends the "vigorous" application of the sanctions for which the various Community texts provide and invites close and frank cooperation between the various administrations involved in combating these practices. It suggests a campaign against fraudulent imports, the effective application of the existing mutual assistance agreements, the reactivation of the meetings of the Committee on Combating Customs Fraud, and the overhaul of the CEMAC Customs Code with a view to taking the problem of piracy more exhaustively into account.

Source: Regulation No. 19/07-UEAC-166-CM-16 of 18 December 2007 adopting strategies for the regulation of the CEMAC zone common sugar market.

4.1.2.3 Forestry sector

4.28. With the exception of Chad, all the CEMAC countries have more or less substantial forest resources and export wood products. According to statistics compiled by the Central African Forests Observatory (OFAC) for 2010, the forested area is estimated at 18.6 million hectares for Cameroon; 17.1 million for the Congo; 22.3 million for Gabon; and 6.9 million for the Central African Republic.¹⁴ However, the sector is very little industrialized. It is characterized

¹⁴ OFAC online information. Viewed at: <http://www.observatoire-comifac.net/indicators.php?lvl=cntr>.

by a few mainly foreign-owned large industrial operators and several small operators working smaller areas.

4.29. At present, there are no Community regulations at CEMAC level but all the national legislations reflect a desire to promote local wood processing (see country annexes).

4.30. At ECCAS level, the organization of a Conference of Ministers responsible for the forests of Central Africa in 2000 provided a framework for harmonization initiatives. This followed the "Declaration of Yaoundé", in which the ECCAS Heads of State proclaimed, among other things, their support for the preservation of biodiversity and the sustainable management of tropical forests. These commitments were institutionalized in 2005 in the form of a treaty on the conservation and sustainable management of forest ecosystems and the establishment of the Central African Forests Commission (COMIFAC).¹⁵

4.31. COMIFAC is the body responsible for formulating, harmonizing and monitoring forestry and environmental policies in Central Africa.¹⁶ A convergence plan defining the priority measures to be taken with a view to harmonizing national forestry and fiscal policies was adopted in February 2005. In this connection, a subregional convention on forest control and the repression of illicit activities and poaching was adopted in October 2008. A system for the gathering, processing and sharing of forestry information has also been set up. The harmonization of the other instruments (institutions, legislation, standards and taxation) should follow.

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

4.1.2.4 Livestock products

4.33. Grazing land covers one third of the region's area. Chad, Cameroon and the Central African Republic are the main bovine cattle producers in the subregion, accounting for 95% of the regional herd estimated at about 16.5 million head.¹⁷ The other species are estimated at 6.7 million head of sheep, 37 million goats, 2.4 million pigs and 87 million chickens and other poultry. Consequently, livestock farming is one of the pillars on which the Community intends to rely in order to increase its rate of economic growth and achieve the objectives that it has set itself in its Regional Economic Programme (Chapter 2, Box 2.1).

4.34. The Economic Commission for Cattle, Meat and Fishery Resources (CEBEVIRHA) is CEMAC's implementing agency for livestock, fishing and aquaculture.¹⁸ Active since 1991, it has the following specific objectives: implementation of an integrated livestock and fisheries development policy at member State level; improvement of the health of cattle and fish; inspection of the places where herds are prepared for market and the environment of the fish; exploitation of the products and by-products of livestock farming and fishing; development and harmonization of trade; harmonization and coordination of the livestock and fisheries policies contained in the member States' development plans; and the organization of training in the sectors concerned.

¹⁵ Treaty on the conservation and sustainable management of Central African forest ecosystems and establishing the Central African Forests Commission.

¹⁶ Article 5 of the Treaty on the conservation and sustainable management of Central African forest ecosystems and establishing the Central African Forests Commission. Viewed at: <http://www.comifac.org/la-comifac-1/traité-constitutif>.

¹⁷ Online information. Viewed at: http://www.fao.org/fileadmin/templates/sfc/fichier/elevage_en_afrique_centrale.pdf [31 January 2013].

¹⁸ Act No. 20/87-UDEAC-475 of 18 December 1987. When first established it was called the Economic Community for Cattle, Meat and Fishery Resources (CEBEVIRHA - UDEAC). The word Community was replaced by Commission at the time of transition from UDEAC to CEMAC.

4.35. One of CEBEVIRHA's achievements was the introduction in 1995 of the passport for cattle and the international transhumance certificate.¹⁹ These documents replaced the international animal health certificate. They are issued by the livestock services at the cattle entry and exit posts and cost CFAF 2,500 each. According to CEBEVIRHA, they are used only to a very limited extent. Although designed to facilitate the cross-border movement of cattle, the international transhumance certificate has never been used by the States since its introduction. This is because, in some countries, these documents are not taken into account in the national regulations on trade and the cross-border movement of cattle. In the countries in which provisions exist, their use is restricted because of the limited number of agents in some end markets and ignorance of the value of this document on the part of the economic operators. CEBEVIRHA has conducted a few training campaigns to make border veterinary officers more familiar with the use of these documents.

4.36. Each year, CEBEVIRHA organizes a joint meeting on the livestock, fishing and aquaculture sectors. These meetings provide a framework for the exchange of views within which the various actors in these sectors can discuss problems and seek solutions. The ninth of these meetings was held in 2012 at Brazzaville in the Congo.

4.37. Within the framework of the Regional Economic Programme (PER), the Community aims to develop two structures in the Cameroon-Chad-CAR area: an "Agropastoral Technology Centre of the Savannas" and a "Special Economic Zone". The technology centre will make it possible to improve the organization of the transhumance routes with the development of watering points. It will also provide for an epidemiological monitoring system, a vaccination system, an intensification system involving the provision of stalling facilities and breed improvement, and artificial insemination programmes. The special economic zone will include cattle slaughtering and meat processing facilities to reduce imports.

4.1.2.5 Fishery products

4.38. 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.²⁰ However, the exploitation of this potential has remained below full capacity. In 2009, cumulative fish and seafood production for all the countries, with the exception of Equatorial Guinea, was estimated at 323,037 tonnes (Table 4.3), to which Cameroon contributed some 43%. Post-catch losses and wastage could amount to 25 to 30% of production. Moreover, aquacultural production is only marginal.

Table 4.3 Fishery sector indicators

Indicator	Cameroon	Congo	Gabon	Equatorial Guinea	CAR	Chad	Total
Physical characteristics ^a :							
EEZ (km ²)	16,547	31,017	213,000	303,509	0	0	564,073
Shoreline (km)	402	169	800	296	0	0	1,667
Fish and seafood in 2009 ^b (in tonnes)							
Production	138,952	59,966	39,119	..	15,000	70,000	323,037
Imports	131,143	21,434	15,320	..	285	2,200	170,382
Exports	180	617	4 448	..	0	0	5,245

.. Not available.

Source: ^a National authorities (Gabon) and CIA (2012);

^b FAOStat and information provided by the national authorities.

4.39. In 2011, the countries launched the Inland Fishing and Aquaculture Promotion Project (PPCA-CEMAC). Financed from Community funds (FODEC) to the tune of CFAF 5.5 billion, this project is aimed at improving inland fishing production and increasing aquacultural output. The plan for achieving these objectives has four components: promotion of applied research, institutional capacity building, reduction of post-catch losses, and support for the development of aquatic ecosystems. The planned activities involve, among other things, the construction and/or rehabilitation of production, marketing, preservation, training and research infrastructure;

¹⁹ Decision No. 1/94-CEBEVIRHA-018-CE-29 of 16 March 1994.

²⁰ CEMAC (2009).

financial and technical support for the fishermen's and fish farmers' associations; and the equipping and building of the capacity of the government services in charge of the sector. These activities are aimed at increasing inland fishing production by 15% and doubling aquaculture production in the areas covered by the project.

4.40. The CEMAC countries are signatories to the international Code of Conduct for Responsible Fisheries. According to an evaluation made by CEBEVIRHA in 2004, the progress achieved relates, in particular, to the following aspects: taking the provisions of the Code into account in national legislation, commencement of the process of ratification of certain international agreements²¹, surveillance of fishing activities, and the organization of projects in the sector.

4.41. Within the framework of the Regional Economic Programme, it is planned to establish a Community fishery development centre on the Island of Annobon in Equatorial Guinea. Implementation, initially envisaged for 2009 in CEBEVIRHA's action plan, was postponed until 2013.

4.42. At ECCAS level, the Regional Fisheries Committee for the Gulf of Guinea (COREP) is the specialized body in charge of fishing matters. Established in 1984²², COREP's objectives are to coordinate, harmonize and develop the exploitation of fisheries in the exclusive economic zones of the member countries. Since becoming an ECCAS specialized institution in 2007, COREP has made possible the adoption of a strategic action plan based on the Code of Conduct for Responsible Fisheries and covering the period 2009-2015. COREP is also in charge of implementing the Programme ACP Fish II, a European Union programme aimed at improving fishery management in the ACP countries.

4.2 Mining and energy

4.43. With the exception of Equatorial Guinea, all the CEMAC countries are parties to the Extractive Industries Transparency Initiative (ITIE). The Central African Republic was recognized as being in conformity with the ITIE in 2011 and is the only country with this status in the subregion.²³

4.44. A Standing Commission for Energy and Mining (COPEM) was established in March 2006 but it is not yet operational.²⁴ Specifically, the Commission is responsible for preparing any measure aimed at promoting Community policies in these sectors, monitoring cooperation at the various levels (national, subregional and international) and studying any question relating to these sectors, as well as for following up the regulations and, if necessary, proposing improvements. The Commission is intended to be composed of experts from the ministerial departments concerned, the private sector and civil society, together with representatives of CEMAC. In the mining sector, an ad hoc committee composed of subregional mining experts is in process of preparing a document on the harmonization of the national regulations with a view to a Community mining code. Likewise, an ad hoc energy committee has been set up. It is composed of national electricity company executives and the directors-general in charge of energy in the ministries.²⁵

4.2.1 Petroleum and gas products and coal

4.45. With the exception of the Central African Republic, all the CEMAC countries are petroleum exporters (Chapter 1). Proven reserves of natural gas were estimated at 302 billion m³ in 2007. Equatorial Guinea is currently the principal natural gas producer.

²¹ These are the Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas (FAO, 1993) and the Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks (UN, 1995).

²² Convention on the Regional Development of Gulf of Guinea Fisheries signed on 21 June 1984 at Libreville (Gabon).

²³ EITI online information. Viewed at: <http://eiti.org/fr> [31 January 2013].

²⁴ Regulation No. 12/06-UEAC-171-CM-14 of 11 March 2006 establishing the Standing Commission for Energy and Mining (COPEM).

²⁵ Since 2008 this committee has participated in the meetings organized within the framework of CEMAC's intensive peri-urban electrification and energy planning projects.

4.46. There are no Community regulations in the mining sector. However, it occupies an important place in the PER. The Community intends to expand the existing infrastructure in order to become a prominent player at regional and world market levels. Thus, it is planned to install in the Congo, by 2015, a refinery with an annual capacity of 8 to 10 million tonnes equipped with storage infrastructure. Gas cylinder manufacturing and LPG filling plants will also be set up. Where natural gas is concerned, the annual capacity of the existing liquefaction plant in Equatorial Guinea will be increased to 8 million tonnes by 2015.

4.2.2 Energy

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

4.48. According to the PER, CEMAC has the third largest hydroelectric potential in Africa, estimated at 33 GW, with two thirds of it located in Cameroon. Considering that the installed capacity is 1,009 MW, this potential is underexploited. Peri-urban electrification is often lacking and, outside Cameroon and Gabon, rural electrification is almost non-existent.

4.49. Within the framework of the ACP-EU Energy Facility, the European Union is cofinancing the CEMAC Energy Facility, a project that aims to improve access to electricity in peri-urban and rural areas.²⁶ Launched in November 2008 for a three-year period, this project has two components: a planning component and an "intensive peri-urban electrification" component. The planning component is intended to improve energy planning capacity in the subregion by introducing a Community energy information system. It is benefiting from the technical support of the GTZ and IOF. The project has been extended to December 2013.

4.50. The "intensive peri-urban electrification" component includes a "planning" chapter and a "connection" chapter. At the planning level, the programme is financing a number of project feasibility studies. According to a report by the ECA Subregional Office for Central Africa²⁷, the following projects are being examined: the Dimoli (120 MW), Memve'élé (20 MW) and Fe II (36 MW) hydroelectric power plants. Since 2012, CEMAC has been implementing an energy information system in the Central African Republic and the Congo. This system is intended to enable these countries to draw up their energy balance sheets in accordance with international standards. Under the connection chapter it is planned to make 57,000 subsidized connections, including 20,000 in Cameroon, 10,000 in the Central African Republic, 9,000 in the Congo, 5,500 in Gabon, and 12,000 in Chad. The connections objective is still far from having been achieved (see country annexes).

4.51. The goal of the Regional Economic Programme is to exploit the strong existing hydroelectric potential and to interconnect the power networks of the member States to create a regional electricity market. The installed power generation capacity will be raised to 25,000 MW by 2025. This energy should come mainly from hydroelectric (70%) and thermal sources (25%). This should make it possible not only to ensure regional self-sufficiency but also to export the surplus to Nigeria and West Africa, via a link with the West African Power Pool (WAPP).

4.52. More than a score of power generating projects have been identified. The construction of two gas-fired power stations in Cameroon (Kribi and Limbé) and one in the Congo (Pointe Noire), plus hydroelectric dams in the Central African Republic (Boali 2 and Boali 3 extension) and the Congo (Imboulou) were envisaged for 2010 (see country annexes).

4.3 Manufacturing sector

4.53. Manufacturing in the CEMAC zone is in an embryonic state. The industrial fabric is located mainly in Cameroon and to some extent in the Congo. According to UNIDO statistics (Table 4.4), manufacturing sector value added accounted for 12.9% of CEMAC GDP in 2010, which is more than the African average of 10.4%. However, this figure conceals a sharp disparity at country

²⁶ Online information. Viewed at: <http://www.cemac-energie.org>.

²⁷ ECA (2011a).

level, as it varies over a range extending from 4.4% in Gabon to 19.7% in Cameroon. As compared with 2005, the manufacturing sector's value added as a percentage of GDP has increased slightly in the Congo, stagnated in Gabon, and fallen in the other countries (with the exception of Equatorial Guinea where it has risen from 7.6 to 17.7%).

Table 4.4 Trend in manufacturing value added as a percentage of GDP, 2000-2010
(per cent)

	Cameroon	Congo	Gabon	Equatorial Guinea	CAR	Chad	CEMAC	Africa
2000	19.3	3.5	3.7	1.4	6.6	8.6	11.1	11.2
2005	20.8	5.1	4.4	7.6	6.7	5.8	11.8	10.5
2010 ^a	19.7	5.3	4.4	17.7	6.6	5.2	12.9	10.4

a Estimates.

Source: United Nations Industrial Development Organization (UNIDO) *Statistical Country Briefs*, online information. Viewed at (31 January 2013): <http://www.unido.org/index.php?id=1002110>.

4.54. The industrialization of the economies is being held back by a relatively unattractive business environment (Chapter 2). Within the framework of the implementation of the African Productive Capacity Initiative (adopted by the African Union in 2004), the Ministers in charge of industry in the CEMAC zone decided to develop a support programme for productive capacity building, business upgrading and the development of a regional quality system. Within this context and in conjunction with the negotiations conducted within the framework of the EPA, a regional restructuring and industrial upgrading programme was drawn up by UNIDO in 2007.²⁸ This programme covers the ten ECCAS countries and consists of the following three components: support for the upgrading and improvement of the competitiveness of industries and related services; building quality infrastructure capacity; and capacity creation/building for the institutions and technical structures established to develop and perpetuate the programme.

4.4 Postal, telecommunications and broadcasting services

4.4.1 Telecommunications and broadcasting

4.4.1.1 Overview

4.55. The mobile phone network continued to develop rapidly in the CEMAC countries during the period 2005-2010 (Table 4.5). In Gabon, teledensity doubled and now exceeds the average for Sub-Saharan Africa, with 107 mobile lines per 100 inhabitants (though multiple subscriptions are common). Likewise, it increased sharply in the Congo and in Equatorial Guinea. It is below the average for Sub-Saharan Africa in Cameroon. In the CAR and Chad, low incomes continue to limit the growth of the mobile telecommunications market and services (see country annexes).

4.56. Overall, the CEMAC member States have a low fixed teledensity (less than 2.5 lines per 100 inhabitants), partly because of the still very limited access to electricity (see country annexes).

²⁸ UNIDO (2007).

Table 4.5 CEMAC: telecommunications services indicators, 2005 and 2010

	Fixed telephony		Mobile telephony		Internet	
	Number of lines per 100 inhabitants		Number of lines per 100 inhabitants		Percentage of individuals using the Internet	
	2005	2010	2005	2010	2005	2010
Cameroon	0.6	2.5	12.8	41.6	1.4	4.0
CAR	0.2	0.3	2.5	23.2	0.3	2.3
Congo	0.5	0.2	15.8	94.0	1.5	5.0
Gabon	2.9	2.0	53.7	106.9	4.9	7.2
Equatorial Guinea	1.6	1.9	15.9	57.0	1.1	6.0
Chad	0.1	0.5	2.1	23.3	0.4	1.7
Sub-Saharan Africa ^a	3.0	3.1	13.7	51.7	3.2	8.3

a Simple average of 47 countries.

Source: National authorities (Gabon); and ITU (2011), *World Telecommunication/ICT Indicators Database 2011*, 15th Edition.

4.57. Although where telephony is concerned, competition has clearly increased and users are benefiting from lower tariffs and higher-quality services, the Internet is still expensive and uncompetitive. The percentage of individuals using the Internet is increasing in all the countries, but still remains below the average for Sub-Saharan Africa.

4.58. None of the CEMAC member States has made specific commitments on telecommunications under the GATS, and none participated in the negotiations on telecommunications services that took place within the WTO following the Uruguay Round and concluded in 1997. However, the national legislations applicable to this sector do not contain any special restrictions with respect to market access for foreign providers.

4.4.1.2 General regulatory framework

4.59. Mobile phone services are generally open to competition, in particular from abroad. This is not yet the case with fixed-line telephone services, which remain a public monopoly in most of the States. Efforts at CEMAC level to create a common regulatory framework have not yet materialized at national level. Within CEMAC, the telecommunications services market remains fragmented, since the Community framework has not been put in place by the national authorities. Some operators are active in several CEMAC countries, but none of them provides a regional service.

4.60. Several projects to harmonize telecommunications services have been on the back burner since 1999. For example, the Central African Telecommunication Regulators Association (ARTAC)²⁹, based at Yaoundé, is supposed to harmonize the regulatory framework in order to arrive at common telecommunications legislation. A technical regulation committee is planned but not yet in place.

4.4.1.2.1 Concessions, licences, market access and competition

4.61. In each CEMAC member State, the Ministry in charge of telecommunications oversees the formulation and implementation of a sectoral telecommunications policy. On the advice of the regulatory body, it approves and grants concessions, licences and permits, generally by means of a decree, except in the case of a few services (mainly private networks) where only a simple declaration is required (see country annexes).

4.62. In general, the Ministry responsible for telecommunications allocates radio-frequency bands, whereas the regulatory body manages the frequencies and collects the fees associated with their use. There is no radio-frequency management system at regional level.

²⁹ Online information. Viewed at: <http://www.artac.cm>.

4.63. A concession or permit may be granted for one or more of the following services: fixed telephony; mobile telephony; international services; and the Internet. It may be allocated to one or more legal persons of public or private law, by means of agreements specifying, in particular, the rights and obligations of the concession holder. The concession may cover, *inter alia*, the establishment of telecommunications networks between fixed points open to the public, the establishment of sound broadcasting signal transport infrastructure, and global satellite telecommunications systems.

4.64. In general, the new national regulatory frameworks liberalize the mobile telephone services market segment and open up the path for the conclusion of public/private partnerships for network management and development. However, in most of the member States, the historical operator continues to hold a legal or de facto monopoly over fixed telephony (see country annexes).

4.4.1.2.2 Community strategy

4.65. In 2005, CEMAC adopted an information and communication technology strategy called e-CEMAC 2010. It is aimed at "integrating the region into the information society" by carrying out the following six programmes: (1) harmonization of the regulatory and legislative frameworks; (2) development of the network interconnection infrastructure; (3) development of sectoral implementing strategies, in particular in trade, health and education; (4) promotion of the use of ICTs by SME/SMIs; (5) promotion of ICT research and development; and (6) capacity building for the CEMAC Commission. The strategy was to have been fully implemented by 2010.

4.66. The first two sub-programmes are being implemented, but for the other four the process has not yet begun. The common regulatory framework applicable to electronic communications activities is known as the "Telecom Package" (Box 4.3). Adopted in November 2008, this package defines the harmonized framework for network regulation, tariffs, the legal regime governing activities, user protection, and the universal service.³⁰ It also creates a Community regulatory body responsible, in particular, for promoting cooperation between the national regulatory authorities. The question of the organization and operation of this committee has still to be decided. On the other hand, the national regulatory authorities are functioning in all the CEMAC countries.

4.67. Where infrastructure is concerned, an optical fibre telecommunications network interconnection project (known as the Central African Backbone (CAB)), was launched in 2010 with the financial support of the African Development Bank and the World Bank. Its objective is to help provide the populations of the countries of Central Africa with access to a high-speed internet connection and to reduce the costs of communications services. The first phase of the project involves connecting the Central African Republic and Chad to the SAT3/WASC/SAFE fibre optic submarine cable, available at Kribi (Cameroon).³¹ It should be noted that a fibre optic cable has already been laid along the Chad-Cameroon pipeline and links the Doba oil field to Kribi. The other countries, in particular, the Congo, Gabon, Equatorial Guinea and the Democratic Republic of the Congo, are due to be interconnected in a second stage. Each country is to install its own segment and then negotiate an interconnection agreement bilaterally (see country annexes).

³⁰ The Telecom Package will be supplemented by Community regulations on cybersecurity, e-commerce and personal data protection.

³¹ South Africa Transit 3/West Africa Submarine Cable: the SAT3/WASC submarine cable is a fibre optic submarine telecommunications cable linking Europe with South Africa with connections to a number of West African countries along the route. Its deployment is closely linked with that of the SAFE cable linking South Africa with India and Malaysia. SAT3/WASC/SAFE as a whole forms part of a single 37-operator consortium. The consortium is currently led by Telkom SA, which also acts as network manager.

Box 4.3 The CEMAC Telecom Package

The CEMAC Telecom Package is a set of seven directives and regulations aimed at defining a harmonized framework for electronic communications activities in the member States. It covers the following areas:

- Regulation: Decision No. 45/08-UEAC-133-CM-18 creates a technical committee for the regulation of electronic communications (CTR). This body is responsible for promoting cooperation between the national regulatory authorities and establishing a database containing information relating to the regulation of electronic communications. The question of the organization and functioning of this committee has still to be decided.
- Tariff setting and control: Directives No. 08/08-UEAC-133-CM-18 and No. 10/08-UEAC-133-CM-18 establish the harmonized framework for setting tariffs for electronic communications services in relation to network interconnection and access and public services, respectively. In general, fixed telephone tariffs are set by the authorities and mobile tariffs by the operators; interconnection agreements are concluded between operators and the relevant tariffs are negotiated between the parties concerned (the regulatory agencies intervene only in the event of disputes or anticompetitive practices). The national regulatory authorities may control the universal service tariffs and the tariffs for services provided by an operator with exclusive or special rights or which enjoys a dominant position in the market segment for these services or baskets of services.
- Activity regimes: Directive No. 09/08-UEAC-133-CM-18 harmonizes the legal regimes governing electronic communications activities. It identifies the services that may be subject to the following different regimes: authorization, declaration, and free service. The following services are subject to an authorization regime: establishment and/or operation of electronic communications networks open to the public or transport networks; provision of public telephone services; utilization of rare resources such as radio frequencies, numbering resources and Internet domain names; establishment and operation of independent networks; and provision of terminal equipment. The declaration regime is applicable to the provision of Internet services and value-added services. All other services are free.
- User protection: the legal framework for the protection of user rights is established by Directive No. 07/08-UEAC-133-CM-18. The Directive guarantees users a number of rights, in particular: protection of privacy, access to information, service quality and continuity, the treatment of personal data, and protection against cybercrime. It provides for the establishment of simple, transparent and free extrajudicial procedures at regulatory authority level for the purpose of settling disputes between subscribers and operators.
- Universal service: the harmonized framework for national universal service policies is established by Directive No. 06/08-UEAC-133-CM-18. The minimum package includes the following services: access to the public telephone network and the Internet; availability of public call boxes and access to a Community telecentre; free access to emergency services from any fixed or mobile telephone; possibility of using telephone information services and a directory; and special measures to allow access equivalent to the universal service by certain social groups.
- Network regulation policies: Regulation No. 21/08-UEAC-133-CM-18 lays down a number of common guiding principles for the regulation of electronic communications. In particular, they must contribute to the progressive realization of an open and competitive market in the sector while safeguarding the public interest. The Regulation also defines the tasks of the national regulatory authorities, guarantees their autonomy and determines their powers to arbitrate in disputes, conduct inquiries and impose penalties.

Source: CEMAC online information. Viewed at: <http://www.cemac.int>.

4.68. There are no Community provisions governing the importation, marketing and use of satellite terminals. The national regulatory agencies are responsible for the application of the rules on equipment approval and homologation.

4.69. Telecommunications equipment and computers are currently subject to a CET of 10%, plus the other duties and taxes levied on imports. In the past, to facilitate access to information technologies and the Internet, some member States have authorized, for a given tax year, the duty-free admission of computers imported within the context of production activities.

4.4.1.3 Analysis by service

4.4.1.3.1 Telephony

4.70. Most CEMAC member countries maintain a State monopoly, often with a foreign partner, on the supply of fixed telephone services. The persistence of public monopolies is more the result of the difficulty in reforming these enterprises, making them profitable and attracting private investors than of a deliberate policy of public intervention (see country annexes).

4.71. All the member States have introduced a new numbering scheme. This is eight-digit in Cameroon, Gabon, the Central African Republic and Chad, and nine-digit in the Congo.

4.4.1.3.2 Internet services

4.72. Although the demand for internet services is growing rapidly, internet access networks are still not very extensive within CEMAC (Table 4.5) and utilization is below the Sub-Saharan average. The few households with internet access obtain it either over copper telephone line networks or, more often, by satellite.

4.73. Because of the lack of infrastructure and competition, the price of internet services is excessive, which explains the low rate of penetration. For example, in the CAR, internet access is possible only in Bangui and Berberati, in particular in a few cybercafés and hotel business centres; connections rented to individuals are provided by satellite.

4.74. In each of the countries, the Internet access providers must obtain a licence issued by the regulatory agency, which specifies the rules and conditions governing their activities (see country annexes).

4.4.1.3.3 Universal service

4.75. One of the directives adopted by CEMAC concerns the universal service (Box 4.3). Universal service obligations generally include the routing of telephone calls from and to subscriber points, the free routing of emergency calls, and the provision of an information service. Telecommunications service providers must guarantee number portability and freedom of choice in the selection of national and international connection providers. A universal service financing fund should be established in the countries to promote development of the service and indemnify the operators responsible for providing it. In practice, the universal service is provided by the historical operator. The mobile telephone operators contribute to its financing through a call tax (see country annexes).

4.4.2 Postal services

4.76. Within CEMAC, the postal services market is characterized by its dynamism and by an anarchical supply of services, numerous private players having emerged as a result of the shortcomings of the official operators during the 80s and 90s. For example, many inter-city passenger transport companies also offer postal and fund transfer services.

4.77. Mail sent through the official postal channels, when they are operating, generally takes a long time to be delivered: an average of two weeks for domestic and three weeks or even a month for international mail, with a serious risk of getting lost. Accordingly, customers often resort to courier services, which are becoming increasingly enterprising and competitive, both in transporting letters and goods and in transferring money (see country annexes). The informal sector also provides many postal services.

4.78. Postal reform has not been a Community objective within CEMAC. Although it features in most of the postal laws of the CEMAC member countries, the concept of a universal postal service

is difficult to apply in countries in which mail is not regularly distributed or collected, with most inhabitants having no postal address (country annexes). According to the legal texts, most universal service providers still belong to the States. As mentioned above, although not stipulated in these texts, most postal activity is private.

4.5 Transport services

4.5.1 Air transport services

4.79. The CEMAC countries are all members of the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA), the Agency for Air Navigation Safety in Africa and Madagascar (ASECNA)³², and the Agency for the Supervision of Aviation Safety in Central Africa (ASSA-AC).³³ ASECNA is responsible for managing and controlling air traffic at airports in its 17 member countries. In some countries, it also has contracts to manage national aviation activities. This is the case with all the CEMAC countries, except Cameroon. The traffic statistics for the subregion's main airports are reproduced in Table 4.6.

Table 4.6 Traffic statistics for the main airports in 2009

Country (Airports)	Commercial movements	Commercial passengers	Freight (tonnes)
Cameroon (Douala, Yaoundé and Garoua)	21,225	537,923	19,242
Congo (Brazzaville and Pointe Noire)	54,304	1,249,747	190,813
Gabon (Libreville and Port-Gentil)	35,662	957,658	20,097
Equatorial Guinea (Malabo)	11,984	373,127	8,558
Central African Republic (Bangui)	3,492	77,632	1,635
Chad (N'Djamena)	4,624	132,415	5,828

Source: ASECNA. Viewed at: <http://www.asecna.aero/telechargement/Stateaero2009.pdf>.

4.80. A number of national and regional companies operate in the CEMAC zone: Cameroon Airlines Corporation, Trans Air Congo and Equatorial Congo Airlines (both based in the Congo), and Karinou Airlines (Central African Republic). Gabon Airlines and Toumai Air Chad are no longer operating. The West African private company ASKY Airlines also serves the CEMAC countries. Some large towns and capital cities are served by foreign companies such as Air France, Iberia, Swiss, Bruxelles Airlines, Lufthansa, Royal Air Maroc, Kenya Airways, Ethiopian Airlines, and South African Airways. A Community air transport company is in the process of being set up (Box 4.4).

³² ASECNA online information. Viewed at: http://www.asecna.aero/asecna_administrations.html.

³³ ASSA-AC was established in 2007 by Additional Act No.15/07-CEMAC and became a CEMAC specialized institution in July 2012.

Box 4.4 The Community air transport company Air CEMAC

The decision to set up a Community air transport company was taken at the Conference of Heads of State in December 2001.³⁴ This decision followed the disappearance of the multinational company Air Africa and was intended to fill the void this had left. However, it encountered a lack of enthusiasm, both in the private sector and among States. In fact, while pursuing the Community initiative, some States began setting up national companies. Nearly ten years later, a company called "Air CEMAC" was formed with its headquarters and technical platform in Brazzaville (the Congo).

The search for a strategic partnership was a lengthy business. After several failed attempts, in 2012 a partnership agreement was finally signed with the group Air France-KLM Royal Dutch Airlines. The capital structure is in the course of being negotiated with the new partner. It is intended that Air CEMAC should initially serve the subregion and then progressively extend its services to certain African and after that European destinations. The network is in process of finalization.

Source: Information provided by the CEMAC Commission.

4.81. The Ministerial Declaration of Yamoussoukro defines the conditions for intra-African air transport services.³⁵ It eliminates, in principle, all non-physical barriers and restrictions relating to the granting of traffic rights, especially fifth freedom rights, between signatories.³⁶ It prohibits anti-competitive behaviour with respect to tariff regulation and airline designation by States and introduces a "Community ownership clause" by virtue of which in any member State of the African Union and any company of another member State is treated in the same way as a national company. The Declaration of Yamoussoukro provides for a similar regime for scheduled and unscheduled flights (passengers and all cargo).³⁷

4.82. Any wholly or majority foreign-owned company can benefit from the advantages of the Decision if it satisfies the eligibility criteria, in particular, if its headquarters, its central administration and its principal place of business are physically located in the signatory State concerned.³⁸ The African Civil Aviation Commission (AFCAC) is a specialized institution of the African Union responsible for civil aviation matters. One of its current priorities is to reduce the particularly high risk of accidents linked with air transport in Africa, which is having an adverse effect on its international trade.³⁹

4.83. At CEMAC level, there are many texts that govern commercial activities in the air transport sector, in particular: the Common Civil Aviation Code; the Multilateral Air Transport Agreement; the law on competition; the legal framework for time slots at airports; the regime of air carrier liability in the event of violation of the boarding rules for passengers; and the ground services market access regime.

4.84. In force since 21 July 2000 and twice revised⁴⁰, the CEMAC Civil Aviation Code aims to harmonize the existing national codes.⁴¹ Under the Code, any aircraft flying over the territory of a member State must be insured against the following risks: civil liability; aircraft hull, passengers, baggage, mail and freight; and third-party losses on the ground (Article 202). The exercise of an air transport activity is subject to the prior authorization of the national civil aviation authorities. Every operator must hold an operating licence and an air carrier certificate issued by the competent authority (Article 207). Authorized enterprises must submit their

³⁴ Additional Act No. 02/01-CEMAC-066-CE-03 of 8 December 2001 establishing a community air transport company in the CEMAC zone.

³⁵ The Decision was taken under Article 10 of the Treaty of Abuja establishing the African Economic Community; it was signed in July 2000 and has been in force since 12 August 2002. According to its Article 2, the Decision takes precedence over all non-conforming bilateral and multilateral air transport agreements.

³⁶ The right of an airline to carry passengers, freight and mail between two States Parties other than the State Party in which it is licensed

³⁷ WTO document S/C/270/Add.2 of 28 September 2007.

³⁸ Article 6.9 of the Decision.

³⁹ Online information. Viewed at: <http://www.afcac.org>.

⁴⁰ The latest revision was in 2012.

⁴¹ Regulation No. 10/00-CEMAC-0066-CM-04 of 21 July 2000 adopting the CEMAC Civil Aviation Code.

operating schedules including, in particular, an indication of the types of aircraft normally used for each of the passenger services planned.

4.85. At Community level, the operating conditions and procedures for air services are established by a 1999 agreement, the Libreville Agreement.⁴² This Agreement allows each member State to designate two companies to operate approved intra-Community air services. It grants these companies the necessary operating permit. Any State is free to grant a designated enterprise of another member State the right to serve its territory. States undertake to grant the same treatment as that reserved for their national companies with regard to the use of airport infrastructure, equipment and services, and fees.

4.86. Under the Libreville Agreement (and in accordance with the International Air Services Transit Agreement (Chicago, 7 December 1944)), member States unconditionally grant each other overflight and non-traffic landing rights (first and second freedoms). They reserve the free exercise of the rights for flights from or to their cities (third and fourth freedoms). As regards the fifth freedom, that is, flights to another State with traffic being put down and possibly taken on in a third State, the Agreement provides for total liberalization after a two-year transition period during which the fifth freedom would be limited to a given proportion of the traffic (40% of the previous year's traffic).

4.87. The Libreville Agreement liberalized flight frequencies without restrictions. However, the companies are responsible for coordinating and harmonizing the operating schedules.

4.88. Where cabotage is concerned, a member State may request the assistance of a designated enterprise of another member State to serve its territory. The Agreement also imposes obligations on these enterprises. Thus, they are free to set their tariffs, but must endeavour to charge tariffs that are "reasonable, with reference to international tariffs" and abide by the Community rules on competition.

4.89. The Agreement on Civil Aviation Safety between the CEMAC States was adopted on 28 October 2010.⁴³ The Agreement reaffirms the commitment of the States to act in conformity with the provisions of the international legal instruments.⁴⁴ Member States will also ensure that aircraft operators observe the ICAO civil aviation safety provisions, as well as the standards and recommended practices of the Chicago Convention.

4.5.2 Maritime transport and port services

4.90. Maritime navigation activities are regulated by the Community Merchant Marine Code adopted in 1994 and then revised in 2001.⁴⁵ The Code lays down the rules applicable to the vessel, navigation, pollution, the organization of transport operations, the auxiliary professions and dispute management. It stipulates that national and subregional cabotage is reserved for vessels flying the flag of a member State.

4.91. The Code was revised in July 2012. The purpose of the revision was to bring it into conformity with international standards, in particular the International Ship and Port Facility Security Code and the Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea (Rotterdam Rules).

⁴² Regulation No. 6/99 /UEAC/-003-CM-02 of 18 August 1999 adopting the Agreement on Air Transport between the CEMAC Member States.

⁴³ Regulation No. 06/10-UEAC-204-CM-21 of 28 October 2010 adopting the Agreement on Civil Aviation Safety of the CEMAC Member States.

⁴⁴ The texts are as follows: Convention on Offences and Certain Other Acts Committed on Board Aircraft (Tokyo, 14 September 1963); Convention for the Suppression of Unlawful Seizure of Aircraft (The Hague, 16 December 1970); Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation (Montreal, 23 September 1971); Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, Supplementary to the Montreal Convention (Montreal, 24 February 1988); and the Convention on the Marking of Plastic Explosives for the Purpose of Identification (Montreal, 1 March 1991).

⁴⁵ Regulation No. 03/01-UEAC-088-CM-06 of 3 August 2001 adopting the revised Community Merchant Marine Code.

4.5.3 Land transport

4.92. Transport costs in Central Africa are among the highest on the African continent. For Chad and the CAR, both landlocked countries, transit costs account for 52% and 33% of export value, respectively. The trip from Douala (Cameroon) - the main regional port and point of entry - to N'Djamena (Chad) and Bangui (CAR) by road lasts, on average, 15 and 10 days, respectively, to which should be added up to 28 additional days for waiting time in the port of Douala.

4.93. The framework for Community transport infrastructure development is defined by the Central African Consensual Master Plan on Transport (PDCT-AC), a plan stemming from the merger of the CEMAC priority integration network⁴⁶ and the ECCAS Community network.⁴⁷ The PDCT-AC also incorporates priority infrastructure projects contained in the NEPAD Short-term Plan of Action in Central Africa. Adopted by the ECCAS Heads of State in 2004⁴⁸, this plan proposes 184 projects considered to reflect the collective needs for transport sector infrastructure development. The objective of the PDCT-AC was, in the short term (by 2010), to make it possible to drive along an asphalted road all the way from one capital to another. In the medium and long term, respectively, it aims to establish a consensual framework for negotiations with a view to mobilizing investment in transport infrastructure and to equip the subregion with a reliable and lower-cost transport system capable of facilitating economic integration.

4.94. Of the 184 projects in the PDCT-AC, 121 are in road transport, 33 in rail transport, 28 in maritime and inland waterway transport, and two in air transport.

4.95. According to a study carried out by the Central Africa sub-regional office of the ECA in 2010, the asphalted surface ratio of the ECCAS inter-capital links increased from 15% in 2004 to 51% in 2010 (Table 4.7). For the CEMAC zone countries, 58% of the length of the inter-capital links are said to be asphalted.

Table 4.7 Asphalted surface ratio for inter-capital road links in the CEMAC zone

Link	Total length (km)	Asphalted length (km)	Percentage asphalted (%)
Yaoundé - Libreville	895	895	100%
Yaoundé - Bata	501	501	100%
Yaoundé - N'Djamena	1,592	1,592	100%
Yaoundé - Bangui	1,151	942	95%
Yaoundé - Brazzaville	1,558	701	43%
Libreville - Brazzaville	1,150	360	31%
Libreville - Bata	423	120	28%
Libreville - Bangui	2,198	641	29%
Brazzaville - Bangui	1,588	638	40%
N'Djamena - Bangui	1,124	642	57%
TOTAL	12,180	7,032	58%

Source: ECA (2012), Note on the development of transport infrastructure in Central Africa: case of the Consensual Master Plan on Transport in Central Africa; Economic Commission for Africa, Central Africa sub-regional office, Document No. ECA/SRO-CA/SE.RI/11/01.c and Forum on Integration, 31 May-1 June, Douala, Cameroon.

⁴⁶ Regulation No. 9/00/CEMAC-067-CM-04 of 20 July 2000 adopting the CEMAC priority integration road network.

⁴⁷ The ECCAS Community network stems from Decision No. 16/CCEG/88 of 27 February 1988 making certain national road segments Community trunk roads.

⁴⁸ Decision No. 16/ECCAS/CCEG/XI/04.

4.96. At regulatory level, two conventions define the legal framework applicable to inter-State road transport: the Inter-State Convention on the Transport of General Cargo by Road⁴⁹, and the Inter-State Convention on Multimodal Freight Transport.⁵⁰ Adopted in 1996, these conventions define, in particular, the respective responsibilities of the shipper and the carrier and identify the information that must be included in transport contracts: the "waybill" or "multimodal transport declaration", as the case may be. The transport of hazardous goods by road is governed by regulations adopted in March 1999.⁵¹

4.97. Since 1989, the CEMAC countries have had a Community Highway Code. The last revision dates from 2001.⁵² Another revision is in progress.

4.6 Tourism

4.98. With regard to tourism, the UEAC Convention gives the Council of Ministers discretion: (i) to define mutual information systems in which the countries can participate with a view to coordinating their policies; (ii) to define the measures that member States can take to develop tourism; and (iii) to take joint action to promote tourist routes and ease border controls.⁵³

4.99. At a consultation meeting held in Douala in July 2001, the Ministers in charge of tourism recommended, among other things: the introduction of a Community passport to promote the free movement of persons; the establishment of a single visa system which would enable tourists to travel from one State to another on a single visa; and the harmonization of the national regulations. A standing commission on tourism has been set up to implement these recommendations and propose other measures designed to promote tourism.⁵⁴ The recommendations are incorporated in an action plan adopted in 2007. The action plan provides for the establishment of a network of cross-border protected areas and the development of Community standards for hotel and restaurant services.

4.100. In 2009, the following sites were selected for the protected area network: the Sangha Trinational (an area common to the Congo, Cameroon and the Central African Republic), the Manovo Ngounda Saint Floris park (Central African Republic), and the Zakouma park (Chad)). The project was approved in 2011, and a steering committee has been set up. The project has not yet started.

4.101. Also within the framework of the action plan, the National School for the Hotel Trade and Tourism of Ngaoundéré (Cameroon) was converted into a subregional institution in August 2002. It was renamed CEMAC School for the Hotel Trade and Tourism (EHT-CEMAC) and included in the list of the Economic Union's specialized institutions.

4.102. At another consultation meeting held recently (in 2011), the Ministers in charge of tourism drew up a strategy for the development of tourism. Among other things, this strategy includes the sustainable development of tourism in the cross-border protected areas and the holding of a CEMAC international tourism fair. The first of these fairs is planned for 2013 in Cameroon.

4.103. At ECCAS level, there is a protocol of cooperation in the field of tourism. Within the framework of this protocol, the countries intend, in particular, to harmonize and coordinate their tourism policies and improve transport services and tourism infrastructure and, to the extent possible, telecommunications services with third States.

⁴⁹ See Act No. 3/96-UEAC-574-CE-31 adopting the legal framework for the inter-State transport of general cargo by road known as the "Inter-State Convention on the Transport of General Cargo by Road" (CIETRMD).

⁵⁰ See Act No. 4/96-UEAC-611-CE-31 adopting the legal framework for inter-State multimodal freight transport known as the "Inter-State Convention on Multimodal Freight Transport".

⁵¹ See Regulation No. 02/99/UEAC-CM-654 of 25 June 1999 regulating the transport of hazardous goods by road in the UDEAC/CEMAC.

⁵² Regulation No. 4/01-UEAC-089-CM-06 of 03 August 2001 adopting the revised Community Highway Code.

⁵³ Article 44 of the Convention governing the UEAC.

⁵⁴ Regulation No. 06/01-UEAC-092-CM-07 of 5 December 2001 establishing the Standing Commission on Tourism in the CEMAC zone.

4.7 Financial services

4.7.1 Insurance

4.104. The insurance sector makes only a marginal contribution to GDP in the CEMAC countries. In 2010, life and non-life insurance premiums written represented 1.3% of GDP in Gabon, 1.1% in Cameroon, 0.6% in the Congo, 0.3% in the Central African Republic and 0.2% in Chad. Cameroon and Gabon are the most dynamic markets in the subregion, as evidenced by the statistics for premiums written (Table 4.8).

4.105. At operator level, the market has both majority locally-owned and majority foreign-owned insurance groups. The foreign presence is substantial. Most of the companies belong to the Federation of African National Insurance Companies (FANAF).⁵⁵

Table 4.8 Trend in insurance premiums written, 2006-2010
(CFAF billion)

		2006	2007	2008	2009	2010
Cameroon	Non-life	76.3	84.6	84.7	87.3	94.4
	Life	18.4	22.3	25.2	28.2	30.7
Congo	Non-life	22.0	25.8	28.2	34.2	28.5
	Life	0.1	0.3	1.1	1.5	3.2
Gabon	Non-life	48.1	54.4	57.1	62.1	70.4
	Life	7.7	9.0	10.3	12.1	12.3
CAR	Non-life	1.8	2.3	2.8	3.0	3.2
	Life	0.0	0.0	0.1	0.0	0.1
Chad	Non-life	5.1	6.6	5.8	7.9	7.8
	Life	0.2	0.3	0.4	0.7	0.8

0.0 Less than CFAF 50 million.

Source: FANAF (2012), *Le marché de l'assurance en Afrique: données 2006 à 2010*, Federation of African National Insurance Companies, February.

4.7.1.1 CIMA common regulations

4.106. The CEMAC countries are all members of the Inter-African Conference on Insurance Markets (CIMA), a regional organization consisting of the 14 CEMAC countries and WAEMU. Since 1995, the CIMA Code has been the regulatory framework for all direct terrestrial insurance in the member States. The conclusion of marine, river or air insurance and reinsurance contracts is excluded from the scope of the CIMA Code (country annexes). The CIMA Code has been amended several times since entering into force.

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

4.108. The approval of the Minister in charge of insurance is required for any operation leading to the transfer of more than 20% of the capital, or to the acquisition of a majority of the voting rights (Article 329-7). The same applies to changes in senior management (Article 306), which require the approval of the CRCA.

⁵⁵ FANAF was established on 17 March 1976. Its headquarters are in Dakar. On 31 December 2010, it had a membership of 153 insurance and reinsurance companies and two motor vehicle guarantee funds (FGA). These companies are active in 28 countries. Viewed at: <http://www.fanaf.org>.

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

4.110. The CIMA Code lays down a principle of specialization according to which the same company cannot simultaneously provide non-life and life insurance services.⁵⁶ At present, all but two of the countries are observing this rule.

4.111. The Council of Insurance Ministers (CMA) is CIMA's supreme body. The CRCA, whose Secretariat is in Libreville⁵⁷, is the market regulator. It is composed of the various national insurance directors (DNA). The DNA authorize the exercise of the profession of insurance intermediary and supervise the mission of the technical experts. The CRCA performs the important task of the stabilizing the sector, in particular by making sure that only sound companies retain their approvals. For example, between September 1995 and December 2007, 19 insurance companies had all their approvals withdrawn by the CRCA. Between 2008 and 2012, the CRCA withdrew eight approvals, including one for an operator established in the CEMAC zone.

4.112. Introduced in 2004, Community co-insurance is a step in the direction of market harmonization. It facilitates exchanges between insurance companies through reciprocity or reinsurance agreements, for certain major risks.⁵⁸ This should make it possible for insurance companies operating in different CIMA member States to participate in the co-insurance of risks which, due to their nature or scale, necessitate the participation of several regional insurers. However, enterprises must first exhaust the national risk-covering capacity.

4.113. In April 2010, the Council of Insurance Ministers decided to raise the minimum level of equity or initial capital for companies operating in the sector. The aim was to strengthen the financial underpinnings and the solvency of these companies and to bring these minima closer to international prudential standards. Thus, the minimum equity capital of limited liability insurance companies was raised to CFAF 1 billion (i.e. twice the previous level) and the initial capital of mutual societies was raised from CFAF 300 million to CFAF 800 million. Enterprises failing to meet this requirement would have to cease their activities.⁵⁹

4.114. The only compulsory insurance under the CIMA Code is motor vehicle civil liability insurance. The CIMA Code does not contain any particular provisions relating to import cargo insurance. It leaves the countries free to legislate for themselves in this area. The same applies to building insurance. In practice, these types of insurance are compulsory in all the CEMAC countries (see country annexes).

4.115. It is prohibited, unless an express waiver can be obtained from the Minister in charge of insurance, to take out direct insurance with a foreign company (including one situated in another member State) not approved on the national territory: the risks located in a given country must be covered by companies approved in that country. Any request for approval submitted by a foreign company (i.e. a company whose registered office is located outside the country) must be justified by its ownership in the country of a subsidiary which it chooses for purposes of performance and jurisdiction (Article 328).

4.116. At present, the CIMA Code makes no provision for single approval but this is being considered. In 2012, the Code was amended to cover micro-insurance operations.⁶⁰

⁵⁶ Article 326 du Code des assurances of the CIMA.

⁵⁷ Online information. Viewed at: <http://www.cima-afrique.org>.

⁵⁸ This principle was introduced by Regulation No. 004/CIMA/PCMA/PCE/SG/04. Viewed at: <http://www.fanaf.org/IMG/pdf/Etats-generaux-nonvie-20060729-coass-communautaire.pdf>.

⁵⁹ Online information. Viewed at: http://www.cima-afrique.org/hc.php?hcl_id=1361.

⁶⁰ Regulation No. 0003/CIMA/PCMA/PCE/2012 of 5 April 2012 organizing micro-insurance operations in the CIMA member States.

4.7.1.2 Reinsurance

4.117. Reinsurance is excluded from the scope of the CIMA Code and companies set up for the exclusive purpose of reinsurance do not need to request approval (Articles 300 and 326 of the CIMA Code). The provisions of the CIMA Code are not very well developed as regards fronting, even though these provisions require that any cession abroad involving more than 75% of a risk located on the territory must obtain the authorization of the Minister in charge of insurance.⁶¹ In general, no authorization is required for the branches of insurance relating to motor vehicles and rail, air and maritime transport.

4.118. In 1981, in particular to prevent risks from being reinsured outside the subregion, the CIMA countries set up a regional reinsurance company: the Common Reinsurance Company of the CIMA Member States (CICA-RE). Under the agreement establishing the CICA-RE, each member State guarantees it the legal cession of 15% of the reinsurance contracts signed by national companies and 5% of the direct premiums relating to all branches (except for the motor vehicle branch) collected by foreign-law companies. In 2011, these cessions accounted for 30.7% of turnover.

4.119. The initial capital of CFAF 600 million has steadily increased, reaching CFAF 10 billion in April 2009. This process has mainly been driven by the incorporation of profits. The States hold 73.2% and the private sector 26.8%. Collectively, the CEMAC countries hold 32.6% of the capital, including 14.7% for Cameroon, 6.5% for Gabon, 5.8% for the Congo, 2.9% for Chad, and 2.6% for the Central African Republic. In 2009, the Finance Ministers of the member States adopted a strategic development plan for the period 2009-2020 aimed, in particular, at opening up shareholding to a private partner and reducing the States' share to 51% of the capital.

4.7.1.3 Insurance brokers and agents

4.120. Under the CIMA Code, only nationals of a member State may exercise the profession of general agent. However, the profession of insurance broker is free of restrictions. The Minister responsible for insurance approves brokers at national level and maintains a list of brokers, which is published and passed on to the CRCA.

4.7.1.4 Initiatives at CEMAC level

4.121. In 1996, the countries introduced an international motor vehicle civil liability insurance card known as the "CEMAC pink card".⁶² Compulsory for all motorists, this card enables any driver visiting another member country to be suitably insured against the civil liability risks that he might face as a result of accidents that occur in the country of destination. It does not provide supplementary cover, but serves rather to facilitate rapid processing and a fair settlement in the event of an accident.

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

4.123. Studies have been carried out with a view to the establishment of a Community reinsurance company within CEMAC.

⁶¹ This does not apply to insurance linked with damage sustained by rail, air, maritime, lake and river vehicles, or to the civil liabilities stemming from their use.

⁶² Act No. 02/96-UDEAC-500-CE-31 of 5 July 1996 approving the Memorandum of Agreement creating an international motor vehicle civil liability card in the UDEAC.

4.7.2 Banking sector

4.7.2.1 Banking system

4.124. As of 31 December 2010, the CEMAC banking system comprised 43 active banks with a cumulative capital of CFAF 372.3 billion (Table 4.9). The growth of the banking sector has accelerated since 2009, and the number of active banks should amount to 48 in 2012.

4.125. The sector continues to suffer from prudential supervision problems. According to the Central African Banking Commission (COBAC), the sector's supervisory body, one of the reasons for this is the weakness of its material and human resources. These factors are preventing it from carrying out inspections and detecting potential failures in good time. Moreover, COBAC considers that rulings of the CEMAC Court of Justice against some of its decisions, as well as sometimes abusive challenges directed against its acts, are having potentially damaging consequences for the stability of the CEMAC banking system.⁶³ The International Monetary Fund (IMF) has stressed the urgent need to improve coordination between the national and regional banking supervisory authorities.⁶⁴

Table 4.9 Network and capital of banks active as of 31 December 2010

	Microfinance institutions		Banks		
	Number	Equity capital (CFAF million)	Number of banks	Number of windows	Equity capital (CFAF million)
Cameroon	495	..	12	164	102,214
CAR	19	..	4	21	19,627
Congo	62	..	6	50	35,011
Gabon	10	..	9	47	147,081
Equatorial Guinea	0	..	4	14	27,220
Chad	172	..	8	39	41,166
Total	758	..	43	335	372,319

.. Not available.

Source: COBAC (2011), *Rapport annuel 2010*. Yaoundé, Cameroon.

4.126. CEMAC also has a flourishing microcredit market due to the inability of the traditional banking system to provide financing for small and medium-sized enterprises. There are 758 microfinance institutions, mostly in Cameroon and, to some extent, Chad (Table 4.9). The main products offered by the CEMAC microfinance institutions are savings, credit, fast money transfers - the fastest growing product - and banking operations such as cashing cheques. Ancillary business such as the sale of insurance products and the payment of wages is also being developed. On account of the microeconomic nature of their activities, microfinance institutions are not at the centre of the international trade in financial services. Donors remain the preponderant source of their capital. However, these institutions can play an important role in assisting national operators to obtain finance for exporting or importing or for producing tradeables.

4.127. In Central Africa the rapid transfer of funds is a flourishing activity, with many money transfer companies, domestic and foreign, such as Western Union and Money Gram, opening up. The public postal services operators, microfinance and banking institutions, intercity bus companies and specialized companies are all competing in this market.

4.7.2.2 Community regulations

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

⁶³ CEMAC (2012b).

⁶⁴ IMF (2012b).

4.129. Credit institutions are approved by the Minister in charge of finances of each member State, advised by COBAC. The minimum capital requirement for a banking establishment was harmonized at CFAF 5 billion (€7.5 million) in June 2010; at the end of 2011, ten or so banks, including five in Cameroon, were in breach of this rule.

4.130. Foreign banks must be registered in each of the member States in which they wish to carry on banking activities.⁶⁵ However, in November 2000, the CEMAC Ministerial Committee adopted the "Single Approval".⁶⁶ This system, which entered into force in 2002, allows a bank approved in one of the member States to open branches or agencies in the other member States, without being required to complete the administrative formalities relating to approval in each country, in particular, the provisions concerning the legal form of the credit institution, the composition of its capital, or the procedure for appointing senior management. According to COBAC, which issues the approval, only tier 1 and 2 banks and financial institutions, in other words those having a "solid" and a "good" financial situation, respectively, can benefit from this new system.⁶⁷

4.131. Foreign financial institutions may have a representative office in a member State, provided that the managers are nationals of a member State and reside in the country.

4.132. The banks in the member States fix interest rates within the limits set by the BEAC. The BEAC fixes the ceiling borrowing rates and the floor loan rates. In 2008, the ceiling rate was abolished and the floor rate was fixed at 3.25%. The average rates as applied by the banks in April 2009 are particularly high for SMEs and private individuals (Table 4.10).

Table 4.10 Average global effective rates applied by the banks (April 2009)
(per cent)

	Large enterprises	SMEs	Individuals
Cameroon	8.67	13.06	13.15
CAR	11.03	14.41	16.49
Congo	9.49	12.97	13.63
Gabon	8.15	12.80	15.76
Equatorial Guinea	9.54	14.33	14.81
Chad	11.08	13.44	14.70

Source: COBAC (2009), *Architecture de la tarification des services bancaires dans la CEMAC*, April.
Viewed at: http://www.beac.int/download/artarif_2009.pdf.

4.133. The foreign exchange regulations require the banks to charge a maximum transfer commission of 0.25% for transfers made in CEMAC and 0.50% for transactions outside CEMAC. Moreover, they set limits on the commissions that can be collected within the context of manual exchange operations. For these operations, the credit institutions may not charge commission higher than 4% for franc zone notes or 10% for other currencies.

4.7.3 Financial markets

4.134. The Central African Financial Market Supervisory Commission (COSUMAF) is the authority set up to oversee, regulate and monitor the regional financial market.⁶⁸ It is responsible for the protection of savings invested in financial assets, investor information and the smooth functioning of the market.

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

⁶⁵ Article 5 of Ordinance No. 85/002 of 31 August 1985 on exercising the activity of credit institution.

⁶⁶ Regulation No. 01/00/CEMAC/UMAC/COBAC of 27 November 2000 establishing the single approval of credit institutions in the Central African Economic and Monetary Community.

⁶⁷ Online information. Viewed at: <http://www.beac.int/download/agreuniquecemac.pdf>.

⁶⁸ Regulation No. 06/03-CEMAC-UMAC of 11 November 2003 on the organization, functioning and supervision of the Central African financial market.

4.136. According to COSUMAF, the major challenges facing the development of the market include the weakness of the stock market culture, the limited dissemination of stock market information, the low level of professionalism among the players and the difficult conditions of access for SMEs.⁶⁹ Moreover, it is not possible by examining interest rates to plot a rate curve capable of guiding potential players in their decision-making.

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

4.8 Professional services

4.138. The initiatives to harmonize the conditions governing a number of professions go back to the UDEAC period. A fee is charged for handling the approval dossiers for certain Community-regulated professions.⁷⁰ This fee is CFAF 250,000 for natural persons and CFAF 1 million for legal persons of Community origin. The rate is twice as much for persons of non-Community origin. The professions described below are subject to Community regulations.

4.8.1 Inter-State general road haulage operator

4.139. The profession of inter-State road haulage operator is governed by the Regulations on the conditions of access to the profession of inter-State general road haulage operator.⁷¹ These regulations restrict the exercise of the profession to national road haulage operators duly authorized by the Ministry responsible for transport in the State of residence and approved by the CEMAC Commission. To obtain approval, the haulage operator must belong to a customs bond system and submit to the Ministry responsible for transport a dossier comprising: an application indicating the routes to which the approval should apply; a national road haulage operator's permit; evidence of payment of the dossier handling fee amounting to CFAF 100,000; and insurance certificates, copies of vehicle registration documents, and technical inspection certificates.

4.140. In addition, natural persons must provide a copy of their police record and a certificate of good standing with the tax authorities. Legal persons must also provide a copy of the articles of association and a receipt for their deposit with the court registry, the police record of the manager, a copy of the legal notice, a copy of the record of the incorporation meeting, a copy of the entry in the commercial register, evidence of payment of business tax, and a business plan.

4.141. After examining the dossier, the Ministry responsible for transport grants provisional approval. This is valid for six months, once renewable. It then transmits the dossier to the CEMAC Commission, which has 10 months within which to rule. An inter-State committee examines the approval and gives its opinion to the Council of Ministers. If the opinion is favourable, the Council of Ministers may grant approval for a period of five years. A register of approved road haulage operators is maintained by the transport ministries of the individual States and the CEMAC Commission.

4.8.2 Profession of tax consultant

4.142. The Regulations governing the profession of tax consultant were first adopted in 1984, following the work done by the UDEAC Standing Commission on accountancy standardization.

⁶⁹ COSUMAF (2009).

⁷⁰ See Decision No. 09/11-UEAC-210-CM-22 of 19 December 2011 establishing the arrangements for the approval services provided by the CEMAC Commission.

⁷¹ Regulation No. 15/03-UEAC-612-CM-11 of 12 December 2003 adopting the regulations on the conditions of access to the profession of inter-State general road haulage operator and the Corrigendum adopted by Regulation No. 12/09-UEAC-612-CM-20.

They were last revised in 2009.⁷² The revised Regulations redefine the tasks and responsibilities of tax consultants and relax and clarify the conditions of access to the profession, as well as the conditions of exercise of the profession in society.

4.143. Access to the profession by foreign nationals depends on the existence of a reciprocity agreement with the country of origin and the possession of a permit to reside permanently in one of the member States. Under these conditions, foreigners may establish a tax consultancy with CEMAC nationals, provided that the latter represent a two-thirds majority in terms of numbers and capital investment.

4.144. The procedure for obtaining approval involves the submission of an application dossier to the Ministry in charge of finance in the State of residence. The Ministry examines the dossier and transmits it to the CEMAC Commission with its opinion. Approval is granted by the Council of Ministers for an indeterminate period and is valid in all the countries. The exercise of the profession is overseen, at national level, by a national association of tax consultants and, at Community level, by a higher council of national associations.

4.8.3 Accountancy professionals

4.145. The harmonization of accountancy professionals dates from 1970 and the adoption of Act No. 4/70-UDEAC-133 of 17 November 1970 on the Regulations governing the profession of accountant, last revised on 5 December 2001.⁷³ This text governs the exercise of the professions of chartered accountant, statutory auditor, and legal expert in accountancy.

4.146. To exercise the profession of chartered accountant it is necessary to obtain the approval of the Council of Ministers. The procedure for obtaining approval involves the submission of an application dossier to the Ministry in charge of finance of the State of residence. The Ministry examines the dossier and transmits it to the CEMAC Commission with its opinion. Approval is granted by the Council of Ministers for an indeterminate period and is valid in all the member countries. The exercise of the profession is overseen, at national level, by a national association of chartered accountants and, at Community level, by a higher council of national associations.

4.147. Foreign nationals are not authorized either to exercise the profession individually or to join together to set up an accountancy firm. However, they may work as salaried employees in an accountancy firm or set up an accountancy firm with CEMAC nationals, provided that the latter represent a two-thirds majority in terms of numbers and capital investment.

4.148. Only chartered accountants and accountancy firms may perform the functions of a statutory auditor. The profession of legal expert in accountancy is also reserved for accountants approved by the Council of Ministers. The latter must be enrolled on a list maintained by the ordinary court or court of appeal which seeks their expertise.

4.8.4 Approved customs clearing agents

4.149. The profession of approved customs clearing agent is governed by an Act adopted in 1981 and last amended in 2010.⁷⁴ It is open to foreigners on condition that nationals of one of the CEMAC States benefit from the same concession in the foreign country.

4.150. Anyone wishing to become an approved customs clearing agent must be able to provide a bank guarantee, the amount of which is fixed by a national consultative committee (but may not be less than CFAF 25 million), and belong to a union, group, federation or any other corporate body associated with the exercise of the profession. The application for approval must be forwarded to the national consultative committee of the State in which the individual wishes

⁷² Regulation No. 13/09-UEAC-CM-20 of 11 December 2009 revising the regulations governing the profession of tax consultant and Regulation No. 07/11-UEAC-051-CM-22 amending Articles 9, 35 and 42 of the Regulation.

⁷³ Regulation No. 11/01-UEAC-027-CM-07 of 5 December 2001 revising the Regulations governing the activities of accountancy professionals.

⁷⁴ See Act No. 31/CD-1220 of 14 December 1981 establishing the Regulations governing the profession of approved customs clearing agent and Regulation No. 11/10-UEAC-207-CM-21 of 28 October 2010 amending the Act.

to carry on the profession. This committee gives its opinion and passes on the dossier to the CEMAC Commission, which enters it on the agenda of the UEAC Council of Ministers.

4.151. Approval is granted for an indeterminate period and is valid throughout the Community territory. However, it specifies the office or offices in which the individual may exercise the profession. To operate in an office other than that for which approval was granted, the individual must obtain the approval of the national consultative committee. In 2012, 29 approvals were granted, ten in Cameroon, 15 in the Congo, one in the Central African Republic and three in Chad.

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