
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.