



Located in Western Africa, bordering the Bight of Biafra, between Equatorial Guinea and Nigeria, the former French Cameroon¹ and part of British Cameroon merged in 1961 to form the present country. Cameroon has generally enjoyed stability, which has permitted the development of agriculture, roads, and railways, as well as a petroleum industry. Despite movement toward democratic reform, political power remains firmly in the hands of an ethnic oligarchy.

Economy

Because of its oil resources and favourable agricultural conditions, Cameroon has one of the best-endowed primary commodity economies in sub-Saharan Africa. Still, it faces many of the serious problems facing other underdeveloped countries, such as a top-heavy civil service and a generally unfavourable climate for business enterprise.

Since 1990, the government has embarked on various programmes designed to spur business investment, increase efficiency in agriculture, improve trade, and revive the nation's banks. In June 2000, the Government completed an IMF-sponsored, three-year SAP. However, the IMF is pressing for more reforms, including increased budget transparency, privatisation, and poverty reduction programmes. International oil and cocoa prices have considerable impact on the economy.

Competition Evolution and Environment

After decades of import-substitution policies, Cameroon began opening its trading system in the late 1980s, a process which included the introduction of new customs and fiscal régimes in January 1994. A new turnover tax was introduced and progress continued in areas related to competition policy, government procurement, technical requirements and anti-dumping.

The process of privatisation in Cameroon, which started in 1990, has continued. However, state monopolies remain in some utilities (water and electricity). In 1997, a new

PROFILE	
Population:	16.1 million***
GDP (Current US\$):	12.4 billion***
Per Capita Income: (Current US\$)	800 (Atlas method)*** 2118 (PPP method)
Surface Area:	4,75,400 sq km***
Life Expectancy:	48.4 years**
Literacy (%):	67.9 (of ages 15 and above)**
HDI Rank:	148
Sources: - World Development Indicators Database, World Bank, 2004 - Human Development Report Statistics, UNDP, 2004 (**) For the year 2002 (***) For the year 2003	

law to regulate competition policy was adopted which applies both to private and public enterprises. Services provided by state monopolies as well as some basic goods are subject to price controls.

Cameroon's trade liberalisation and fiscal reform are part of a larger market-oriented economic reform programme aimed at reversing a prolonged economic downturn triggered by the halving of world petroleum prices in 1986. Cameroon is recovering slowly from a prolonged depression, which lasted until 1995. The improved performance is mainly due to the implementation of structural reforms (economic liberalisation and privatisation) as well as favourable external events. Structural reforms have focused on the privatisation of state monopolies and price liberalisation to allow market forces to allocate resources. In this context, the Government sees trade liberalisation as integral to its efforts in modernising the economy. Trade policy objectives continue to be oriented towards a more open trade regime, and increasing market access for Cameroon's exports.

* Paper done by Nupur Anclia of CUTS in June 2005. Revised in January 2006

¹ CIA World Fact Book

Despite its recent improved growth, Cameroon still suffers from a widespread poverty, deterioration in the education and health systems, and weaknesses in governance. Agriculture and forestry are the main contributors to GDP, with the petroleum sector also of considerable importance to the economy. Cameroon's exports are dominated by petroleum and its products.

Cameroon's trade policies and practices are, to a large extent, determined regionally under CEMAC (*Communauté Economique et Monétaire de l'Afrique Centrale*), which also includes the Central African Republic, Chad, Equatorial Guinea, Gabon and the Republic of Congo.

The Government sees the development of the agriculture sector as the best means for reducing poverty and stimulating economic growth in Cameroon. It is determined to further liberalise the sector, including through privatisation. Its strategy is to improve the sector's competitiveness and enhance factor productivity with a view to strengthening growth and increasing farmers' income.

The services sector contributes some 40 percent of GDP. Cameroon has eliminated most of its previous restrictions on trade in services. Remaining restrictions are limited to the so-called strategic services, such as water distribution, electricity, public transportation, and telecommunications. The performance of the services sector has been poor, and lack of efficiency therein has impeded the development of other sectors.

Cameroon is committed to continuing structural reform, with a view to stimulating private investment, enhancing competition and efficiency, and lowering costs, and thus facilitating the efficient allocation of resources, reflecting Cameroon's comparative advantages, and improving economic growth. In order to attain sustainable poverty reduction, Cameroon needs to register high economic growth rates, significantly improve efficiency in public expenditure, and strengthen governance.

Competition Law

In Cameroon, the Competition Act, which has been on the books since July 14, 1998, has not yet been truly implemented, because the measure instituting the National Competition Commission (NCC) – a central body vital to enforcement of competition policy – has not yet been notified.

Legislation on dumping and the marketing of subsidised imports, which was supposed to ensure compensation for unfair competition and special treatment via a sort of protection for the national industrial fabric, is in the same position as the Competition Act, which happened to enter into force the very same day.

The privatisation of State monopolies has led to the creation of multiple regulatory agencies for the sectors concerned, under the aegis of certain ministries whose powers overlap those to be taken on by the NCC, which is yet to be set up.

Other Regulatory Bodies

Electricity Sector

A new legislative and regulatory framework for the electricity sector was adopted in December 1998, and a privatisation strategy for the electricity company (SONEL) was adopted in June 1999.

Telecommunications Sector

The telecommunications sector underwent a major change in 1998, marked by the adoption of a series of legal measures, most importantly that of Law 89/014 of July 14, 1998 which regulated telecommunications in Cameroon, and made provision for approximately ten regulations, two of which were published on the same day in September 2001 (Order 2001/830/PM of September 19, 2001, defining methods for authorising telecommunications networks operation, and Order 2001/831/PM of September 19 defining methods for authorising telecommunications service provision).

In essence, the Decree establishes the end of public monopoly in the telecommunications sector. It leads to the dismantling of the Government department responsible for telecommunications, and the establishment of a new legal framework, notable for its distinction between private and public networks, and the institution of three sets of provisions, according to the nature of the activity, namely:

- provisions for exclusive or concessionary rights;
- provisions for regulated competition or authorisation; and
- provisions for free competition.

The regulatory activities are carried out by the Telecommunications Regulatory Agency (ARTEL), placed under the authority of the Ministry of Post and Telecommunications and managed by a Board and a General Manager, appointed by the Head of the State, with responsibilities to:

- monitor the market evolution;
- control competitors' behaviour;
- assess the relationship with the competition authority;
- monitor retail prices;
- define the pricing criteria;
- cross comparisons of the pricing practices;
- assessment of the inter connection costs;
- pricing the universal service;
- liaise with consumers associations and consumers;
- assess the economic effects of the regulation;
- research and preparation of market survey reports; and
- manage the telecommunications special Funds.

Banking & Finance

The regulatory framework in Cameroon is relatively well-developed for the state of development of the financial markets of the country, but there are important shortcomings. Improvements are needed in the area of adequacy of staffing of the regional banking commission (COBAC), and coverage of non-bank deposit-taking financial institutions by the regulatory framework. In

addition, the required capital adequacy ratio of 5 percent is too low for the level of risk with which the Cameroonian economy is confronted.

Cameroon's banking sector has undergone a thorough reform. Since the late 1980s, the authorities have implemented a programme of privatisation, liquidation, and recapitalisation of banks, and have reinforced the regulatory and supervisory capacity. The Government sold its last state-owned bank in January 2000. The Central African States Bank (BEAC) regulates the sector through its COBAC, which shares responsibility with the national ministries of finance for licensing new banks. Cameroon is one of the 14 African countries that ratified the Treaty of the Inter-African Conference on Insurance Markets (CIMA), and adopted a common code with respect to the insurance sector.

The banking sector has been in crisis for much of the past decade. However, the government has made some effort to restructure and reform the system. In January 2000, the state sold the last majority government-owned bank to *Banques Populaires* Group of France. Four new private banks have been established since 2000, and the sector now includes 10 commercial banks.

Consumer Protection

Though the country is yet to have a comprehensive consumer protection law, consumer groups campaigned successfully to get consumer protection issues integrated into programmes for health, social services, education and governance.

National Movement of Consumers is very active in promoting consumer interests in the country. In the government, the Directorate of Prices, Metrology and Consumer Protection at the Ministry of Industrial and Trade Development is in charge of coordinating the consumer protection issues.

Concluding Observations and Future Scenario

Experts unanimously agree that there is no universally applicable approach to preparing a country for implementing the competition law. It must simply be ensured that the decisions taken are enforced, because if they are not, then even the right laws and the most qualified people will serve no purpose. Other factors that need to be taken into account include:

- The country's legal framework, supervisory options for the competition body and consumer protection associations and policy;

- The public interest, customs, the level of development, and the derogations, exemptions and exceptions needed to achieve objectives and accommodate local circumstances;
- The competitiveness of businesses, their roles and the level of welfare they provide for the population;
- The role of the public authorities, which must be included at all stages of the formulation and implementation of competition policy and law; and
- The development of a competition culture.

All of a country's basic competition legislation should be formulated and adopted at the same time. Only its implementation should be gradual, tailored to current realities with an objective of achieving significant effectiveness. When competition legislation is adopted, all other laws containing elements that could affect its enforcement need to be amended accordingly. In any event, it is vital to create an institutional structure that has:

- Autonomous legal personality;
- Budget sufficient for assigned tasks;
- Adequate number of qualified staff; and
- Appropriate supporting legislation.

Further efforts are needed to continue the development of the physical and services infrastructure of the economy, as well as to improve the human capital base, to overcome the constraints that weaknesses in these areas impose on development efforts. By improving the level of its multilateral commitments, Cameroon could create confidence in the irreversibility of its reforms and render them more credible, thus improving its ability to attract the much wanted foreign investment. Cameroon's trading partners can assist its reform efforts by ensuring stable, increased access to their markets, in particular for products of export interest to Cameroon.

Apart from all this, competition policy is an evolving process, despite the hurdles, which are mainly psychological. It is, therefore, indispensable to move in tune with the new trends by:

- Holding information and awareness seminars for political authorities, civil society and senior officials, to lay a solid foundation for the competition culture;
- Strengthening the capacities of competition agency officials;
- Backing the institutions responsible for enforcing competition policy; and
- Making comprehensive documentation about competition available to the public.

Suggested Readings

1. WTO, Trade Policy Review, *Cameroon 2001*
2. Challenges/obstacles faced by competition authorities in achieving greater economic development through the promotion of competition; contribution from Cameroon in the OECD Global Forum on Competition, *January 2004*
3. Cameroonian Telecommunication Sector Performance Review, Olivier Nana Nzepa, *April 2004*