

COUNTRY PROFILE:**REPUBLIC OF CAMEROON****DATED:****JANUARY 2008****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	3C	No restrictions

Recent Political Highlights

- ❑ President Paul Biya has been chief of state since November 1982. The president is elected by popular vote for a seven-year term and is eligible for a second term. The next election is due in October 2011;
- ❑ President Biya won multi-party polls in 1992 and 1997, but his 1997 victory was boycotted by the three main opposition parties;
- ❑ Opposition parties and non-Governmental groups have criticised the intention to amend the country's constitution to permit the Biya to run for presidency for a third term. In his New Year message, he hinted that he would change a clause that limits the head of state to two terms in office. The amendment would open the way for him to run for power again in 2011. President Biya, who came into power in 1982, revised the constitution by extending the presidential term from five to seven years.

Recent Economic Highlights

- ❑ Cameroon has a population of 18m that was expected to grow at a rate of 2.2% last year;
- ❑ According to Transparency International, 79% of Cameroonians have paid a bribe in the past year – more than in any other country. Corruption and impunity have become a way of life. An Anti-Corruption Commission was created in March to end graft and the police began publishing the names of officers guilty of gross corrupt practices. The local press and some opposition parties have been critical of the reluctance of Government to recover stolen money;
- ❑ The economy expanded by an estimated 3.9% in 2006. The IMF expected GDP growth of 3.8% in 2007 and 5.3% in 2008. The Fund also expected CPI of 2% in 2007 and 2.7% in 2008. According to the members of the Bank of Central African States, 2007 was a prosperous year for Cameroon as it registered GDP growth of 5.3% owing to the increase in exports of raw materials. Inflation averaged 2.8% in 2007 from 5.3% in 2006;
- ❑ The European Investment Bank (EIB) and the IFC signed a financial agreement with the Capital Financial Holding Company that runs the Commercial Bank in Cameroon to enable the company to boost its lending to small and medium size enterprises in the sub region. The two bodies would shoulder the responsibility of providing technical assistance and advisory services to the Commercial Bank of Cameroon with the aim of contributing to the development of the region's banking system;
- ❑ Iron ore exploration plans are set to commence in mid 2008 in the region of Mbalam. The project is expected to bring great economic benefits to the country, given its capacity to produce 35m tonnes of iron ore per year over twenty years. The project will create 2,000 jobs. CFA1.5bn francs will be invested and 400km of rail will be constructed during the course of the project;
- ❑ The shortage of electrical energy has been a major hindrance to Cameroon's economic and industrial development. In various parts of the country, the population has risen against the electricity company AES-SONEL over prolonged power cuts. The president stated that he has been underscoring the need of adequate supply of electricity to ensure economic and industrial development to meet the growing needs of the population. The irony is that Cameroon has tremendous potential to surmount the power shortage. It ranks only below the DRC in energy potential. It needs financial resources and political will to develop the energy sector to meet local demands and export to needy neighbours;
- ❑ The Cameroonian and German Governments have signed an agreement to write off over \$1.2bn of debt. Germany decided to exempt Cameroon from its debt after the country met conditions under the Enhanced Heavily Indebted Poor Countries initiative in May 2006. The debt arose mainly from infrastructure construction including the Yaounde Airport, Douala Port, national railways and the state television station complex.

Latest Trade Developments

- ❑ Major exports: crude oil and petroleum products, timber, cocoa beans, aluminium, coffee and cotton;
- ❑ Major imports: machinery, electrical equipment, transport equipment, fuel and food;
- ❑ Main trading partners: Spain, Italy, France, South Korea, Netherlands, US, Belgium, Nigeria and China;
- ❑ SA exports to Cameroon totaled R284m in 2006 from R232m in 2005 and R272m in the year to October 2007.