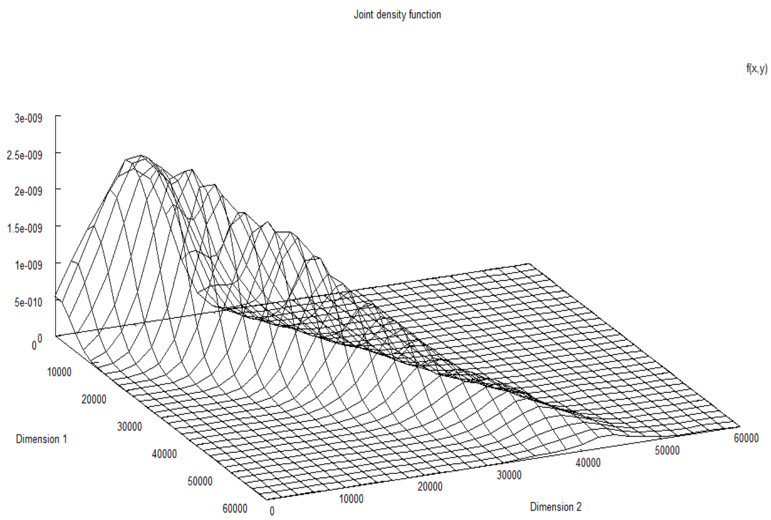
ECONOMIC OBSERVATORY

Cameroon Chamber of Commerce, Industry, Mines and Crafts

Report on Cameroon's Economic Situation in 2016



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LIST OF ABBREVIATIONS

CA	:	Central Africa
AFB	:	Afriland First Bank
AFD	:	French Development Agency
AGOA	:	African Growth and Opportunity Act
EPA	:	Economic Partnership Agreement
BEAC	:	Bank of Central African States
BICEC	:	Banque Internationale du Cameroun pour l'Epargne et le Crédit
BREXIT	:	British Exit
BTP	:	Building Construction and Public Works
EAC	:	East African Community
CAM	:	Centre of Arbitration and Mediation of the CCIMC
CARPA	:	Support Council for the Realisation of Partnership Contracts
CCIMC	:	Cameroon Chamber of Commerce, Industry, Mines and Crafts
ECCAS	:	Economic Community of Central African States
CEMAC	:	Central African Economic and Monetary Community
CERBER	:	Collection, Management and Restitution to Regulatory Status Banks
CMC	:	Certified Management Centre
CIDE	:	Economic Information and Documentation Centre
PIC	:	Pilot Incubation Centre
CMA	:	Chamber of Trades and Crafts
CNC	:	National Council of Credit
CO	:	Certificate of Origin
COMINA	:	Interministerial EPA Negotiation Committee
CPCCAF	:	Permanent Conference of African Francophone Trade Chambers
CRCN	:	Regional Negotiating Committee
GVC	:	Global Value Chains
DAF	:	Directorate of Administration and Finance
DBS	:	Directorate of Business Support
DEIE	:	Directorate of Economic Information and Studies
DGEPIP	:	Directorate-General of the Economy and Public Investment Programming
DGI	:	Directorate-General of Taxation
DPC	:	Directorate of Promotion and Cooperation
GESP	:	Growth and Employment Strategy Paper
STR	:	Statistical and Tax Returns
ECAM	:	Entreprises du Cameroun
MFI	:	Micro-finance Institutions
FC	:	Business Directory of the CCIMC
FENAP	:	National Federation of Associations of SMEs
IFAD	:	International Fund for Agricultural Development
IMF	:	International Monetary Fund
LE	:	Large enterprises
GFAC	:	Association of Cameroonian Businesswomen
GICAM	:	Cameroon Employers Association
ICRISAT	:	International Crops Research Institute for the Semi-Arid Tropics
IDEP	:	United Nations Institute for Economic Development and Planning

ME	:	Medium-sized enterprises
MECAM	:	Mouvement des Entrepreneurs du Cameroun
MINEPAT	:	Ministry of the Economy, Planning and Regional Development
MINFI	:	Ministry of Finance
MINMAP	:	Ministry of Public Contracts
MINMIDT	:	Ministry of Mines, Industry and Technological Development
MINPMEESA	:	Ministry of SMEs, Social Economy and Crafts
WTO	:	World Trade Organisation
ONCFC	:	National Order of Tax Consultants of Cameroon
UNIDO	:	United Nations Industrial Development Organisation
OPEC	:	Organisation of Petroleum Exporting Countries
PAE-JEUNE	:	Youth Entrepreneurship Support Programme
PE	:	Small enterprises
PECAE	:	Pre-Shipment Conformity Evaluation Programme
DC	:	Developing countries
GDP	:	Gross Domestic Product
LDPs	:	Least developed countries
SME	:	Small and Medium-sized Enterprise
PNMAN	:	National Upgrading Programme
CAR	:	Central African Republic
SGC	:	Société Générale du Cameroun
SIARC	:	International Crafts Exhibition of Cameroon
SPS	:	Sanitary and Phytosanitary Measures
SYNDUSTRICAM	:	Cameroon Industrialists Trade Union
TIAO	:	Call for tender interest rates
VSE	:	Very small enterprises
VAT	:	Value-added tax
EU	:	European Union
UEMOA	:	West African Economic and Monetary Union
CFTA	:	Continental Free Trade Area

Editorial: Promoting and Fostering diversification and the transformation of the economy

The mixed results of the 2016 global growth once more reveal the importance of - and even the necessity for - the Least Developed Countries (LDCs) and Developing countries (DCs), especially those dependent on trade in raw materials (including Cameroon), to start diversifying their economies and industrialisation.

After a two-year (2014-2016) drop of raw material (especially crude oil) prices, the year 2016 ended with the onset of a spurt in activity in the third quarter, a consequence of, among other factors, the decision by OPEC member countries to reduce the production of crude oil in order to enable a price increase. Despite the anxiety caused by BREXIT, the election in the US of a President with speeches perceived as protectionist, prior slowdown of the Chinese economy and embargo-attracting hotbeds of tension in the Middle East, the United States, a majority of European countries and China also witnessed higher growth than was predicted.

On the other hand, there was almost no change in the developing countries. Depending on the extent of their dependence on raw material exports, sub-Saharan African countries pretty well witnessed a slow-down[1]. The growth of Central Africa countries, when not outright negative, slowed down from that of the previous year and outlook was hardly any brighter despite the increase in prices of crude oil, a product which 5 of the region's 6 countries depend upon.

This disturbing situation, which occurred against the backdrop of a persistent security turmoil, prompted the holding of an extraordinary summit of the heads of state of the CEMAC on 16th December 2016. Held amid doubts as to the future of the CFA Franc, this summit aimed at seeking solutions to the continuous fall in the prices of raw materials which had brought about a foreign reserve crisis in the area, a security crisis in the sub-region, the entry into force of the Economic Partnership Agreement (EPA) between

[1] From estimates, economic activity in countries highly dependent on petroleum reduced considerably (by 11.5% in Nigeria and 13.75 in South Sudan), whereas in petroleum weak countries like Senegal and Côte d'Ivoire, it remained stable

Cameroon and the European Union, increased synergy between the CEMAC and the UEMOA and negotiations on a Continental Free Trade Zone (CFTZ). Worth noting among its resolution was the one calling for the "**intensification of measures and actions encouraging the diversification of their economies in order to make them less vulnerable to external shocks and more competitive in the face of liberalisation in an increasingly open world.**"

Here, we find a major challenge to be met by both the public and private sectors. Amid falling prices of raw materials, whose negative effects on the economies of countries that depend on them cannot escape our notice, the public sector ought to continue working to sanitise the business environment while the private sector takes advantage of the measures, programmes and actions launched by the government to invest in the processing of our raw materials as desired by the President of the Republic.

In this regard, we note Government's additional efforts which the private sector should capitalize on. We can cite the example, just for 2016, of the consecration by the 2017 Finance Law of a taxation scheme favorable to businesspersons wishing to invest in agriculture, livestock farming and fishing, as well as the disaster-stricken areas of the North, where real opportunities exist with the repositioning of cross-border trade between Cameroon and Nigeria. There is also the finalising of the Industrialisation Master Plan, through which we can fit into the Global Value chains (GVCs), which process can be facilitated by the implementation of the Cameroon-EU EPA, whose first dismantling phase has been effective since 4th August 2016. But for the EPA to be a leverage, businesspersons have to fully avail themselves of its preferences by a prior mastery of the relevant rules of origin.

Each one has to play his role for 2017 that has been envisaged with optimism by business leaders to start bearing the desired fruit.

The President of the CCIMC

EKEN Christophe

EXECUTIVE SUMMARY

2016 unfolded within an international setting marked by moderate global economic growth with an estimated economic activity of 3.1% and a 2017 forecast of 3.4%. Even though the first half-year began amid pessimism, the second showed signs of a rebound in global economic activity.

The changes observed resulted from, among others, the expectations related to BREXIT and the rebalancing of the economy of China, on the one hand, and adjustment by countries exporting basic products following the protracted deterioration of their terms of trade and drop in global demand, on the other.

In the CEMAC, where five of the member countries (except the CAR) export crude oil, the low price of the barrel concomitantly led to a sharp drop in foreign exchange reserves and degradation of external accounts of the zone, plunging some economies into recession.

In Cameroon, economic resilience continued. After moving to 5.8% in 2015, economic growth in 2016 was estimated at 4.7%. The consolidation of national economic activity unfolded within a setting marked particularly by the entry into effect of the EPA, the continued implementation of big infrastructure projects which maintained domestic demand, and government actions stimulating production increase in several business segments.

In public finance, the year 2016 was marked by the aggravation of the commitment-basis budget balance deficit, which moved from 2.4% of the GDP in 2015 to 6.1% as a result of an 18.6% increase in public expenditure, combined with a fall in domestic revenue. Public debt servicing increased, moving from 509.9 billion FCFA in 2015 to 595.6 billion FCFA, representing an increase of 16.6%.

With regard to foreign trade, the deficit in the balance of trade improved by 47 million in 2016 to stand at -1,127 billion FCFA. This improvement can be attributed to a more significant drop in imports (-487 billion FCFA) than in exports (-440 billion FCFA). The reduction in the non-oil trade balance deficit was relatively higher (about 171 billion). The coverage rate receded by 3.7 points to stand at 63.5%.

On its part, the change in the currency situation was characterised at the end of 2016 by a sharp year on year drop (-25.3%) of net foreign assets from that recorded at the end of December 2015 (27%). Among the underlying factors of this trend can be cited imports meant for the realisation of big infrastructure projects. Foreign exchange holdings represented 4.4 months of import activity at the end of 2016. Domestic credit recorded a surge of 38.4%, while the rate of credits to the economy slowed down to 7.3% as against 9.9% a year earlier, reflecting the reduction in credits in the short and long terms.

The situation in the banking sector was characterised by (1) a 3.9% increase in customer deposits standing at 3,661.5 billion FCFA, (ii) a 5.7% increase in outstanding credit standing at 3,161.2 billion FCFA, 71% of which was granted to private firms.

On inflation, the final consumption prices of households increased by only 0.9% in 2016, representing a drop of 1.8 percentage points as compared to the rate in 2015.

In this context and not surprisingly, as held by the opinions of business leaders, the bleak environment combined with the various external shocks (reduction in global prices of raw materials, security turmoil in the Far North and North-West regions) affected their activities, and SMEs were less resilient than large enterprises. About 36% of managers of large enterprises deemed their 2016 activity levels satisfactory, as against on average 15% of their counterparts in SMEs. Activities slowed down in the Far North and North-west regions, where half of the businesspersons affirmed that activities were bad. However, businesspersons anticipated a relatively better 2017 with a positive opinion balance of 11.5%.

INTERNATIONAL ENVIRONMENT IN 2016

I. Mixed signals of the global situation …[2]

1. Global growth

Global economic outlook improved slightly from the third quarter of 2016. The end of 2016 and the first months of 2017 showed signs of a rebound in global growth, especially in developed countries. In addition, growth remained strong in China owing to policies which are still accommodating. But in general terms, global growth remained moderate at 3.1% in 2016[3] and only increased by 2.2%, representing the weakest growth rate since the recession of 2009.

The slow progress of the global economy was marked by a low rate of global investment, a slowdown in the growth of global trade due to the high level of indebtedness. Starting 2014, the fall in the prices of raw materials exacerbated these factors in many countries exporting raw materials. Conflicts and geo-political tensions have continued affecting the economic outlook in several regions.

2. Prices and market of basic products

Alongside the reduction in economic activity, prices of basic products also increased. The IMF price index of basic products increased by 15% between August 2016 and February 2017. Fuels in particular are among the products whose prices increased the most:

- Crude oil prices increased by around 20% between August 2016 and February 2017, owing in part to the agreement between OPEC and other oil-producing countries to reduce petroleum production. The acceleration of activities and expectations of a more robust global demand also contributed to increased petroleum prices from the drop recorded at the beginning of 2016.

- The price of natural gas also increased. In Europe, natural gas prices increased following the rise in petroleum prices. In Asia and the United States, a relatively mild winter led to a moderate demand in the production of electricity and gas, contributing in containing gas prices.

- The price of carbon increased. This rebound followed a reduction in production decided upon by the Chinese government as well as production stoppage and shipments to Australia.

Concerning non-oil basic products, prices of metals increased by 23.6% and those of agricultural basic products went down by 4.3%.

[2] IMF, Regional Economic Outlooks: Sub-Saharan Africa,
[3] IMF, Global Economic Outlook, April 2017

- Prices of metals were sustained by an increase in investment in the real estate sector and capacity reduction in China. This also happened because of the expected slackening of the fiscal policy of the United States;

- Concerning the prices of basic agricultural produce, prices of feed increased by 4.9%, attributable to supply, especially of cereals and vegetable oils. Besides rice and cocoa beans, the prices of agricultural produce increased.

3. Changes in inflation

The rise in the prices of basic products contributed to the fluctuation of inflation, which started in August. The high rate of price increases at production was especially marked and is explained by the higher proportion of basic products in the production price indices as compared to consumption price indices and their significance as intermediate goods in production. China in particular emerged from deflation after four years because of the increase in the prices of raw materials, drop in industrial capacities and reduction in real estate investment.

Global consumption prices also accelerated, for retail prices of fuel and other energy products increased. This increase was particularly sharp in developed countries, where consumption prices for over twelve months were slightly higher than 2%. On the other hand, inflation excluding food and energy remained below objectives set by central banks in almost all developed countries.

In emerging countries, the rebound in global inflation is more recent. The impact of the increase in fuel prices has gotten the upper hand on the pressure put on the drop by the disappearance of the effects of earlier money depreciations.

4. Changes in financial markets

The state of mind of market operators improved as from August because of the generally positive outlook data and expectations of a budgetary rebound, increased infrastructure investment and deregulation in the United States.

As the eventual demand increase gives a glimpse of more inflationary pressures and less progressive normalization of the American monetary policy, nominal real interest rates significantly increased as from August, especially since the American elections of November. By March ending, the real nominal yield of ten-year American Treasury Bond had increased by about 85 base points as compared to August, and by 55 points as compared to the period just prior to the American elections. Long-term interest rates also increased in the United Kingdom owing to the spillover effects of the increase in American interest rates and expectations of a less accommodating monetary policy linked to the resurgence of inflationist pressures.

Long-term output increases in countries in the core of the Euro zone after August were more moderate (about 40 base points in Germany). However, the increase in Italian yield was relatively high (about 120 base points), owing to the high political and banking uncertainty. The US Federal Reserve raised the short-term interest rate in December 2016. In most other developed countries, monetary policy remained somewhat unchanged.

Equity markets in developed countries recorded high gains amid renewed customer confidence and positive macro-economic data. As noted in more detail in the April 2017 issue of the Global Financial Stability Report (GFSR), there were considerable gains in sectors particularly exposed to eventual budget recovery measures as well in financial stocks. The rise in the prices of financial stocks is explained by positive developments such as the impact of steeping yield curves and acceleration of the growth of expected profitability as well as by factors liable to increase downside risks, such as the possibility of a financial deregulation in the United States. Given the broadening of interest rate margins, the US Dollar became stronger in real effective terms by about 3.5% between August 2016 and the end of March 2017, whereas the Euro and particularly the Yen became weaker.

In emerging countries, financial conditions were various. Long-term interest rates on local currency bonds increased following the American elections, this especially in Europe's emerging countries, but have since dropped. Variations in policy rates were also diverse as from August (with rate increases in Mexico and Turkey and drops in Brazil, India and Russia), together with variations in the bond index margins of emerging countries (Emerging Market Bond Index (EMBI).

Equity markets in emerging countries and developing countries rebounded as from August; recovered sharply at the year's beginning after having fallen in the wake of the American elections. However, they have remained below the peaks observed after the 2011 financial crisis.

The currencies of some emerging countries, especially the Turkish Lira and, to a lesser extent, the Malaysian Ringgit, depreciated in the last months. On the other hand, currencies of countries exporting basic products, especially Russia, appreciated. The Mexican Peso which had sharply depreciated in the wake of the American election appreciated in the last weeks, and its level now is almost what it was last August. Preliminary data reveals considerable portfolio outflows of non-residents of emerging countries on the heels of the American elections, after a few months of massive entry. But a reversal of the trend has been noticed in recent weeks.

The Dollar recorded its fourth consecutive year of increase in the face of a consumer basket comprising other major currencies. The Dollar index which measures the evolution of the greenback against other major currencies, increased by 3.8% throughout 2016. The increase of key interest rates of the Federal Reserve contributed to this increase. Compared to each of the major currencies, the American currency throughout 2016 recorded a depreciation of 3% against the Yen and an appreciation of 3.2% against the Euro. The big loser in 2016 remains the Pound sterling, which depreciated by 16.4% against the Dollar, witnessing its lowest performance since 2008 as a result of the uncertainty linked to BREXIT. Other currencies sanctioned in 2016 include the Mexican Peso which depreciated by about 21% against the Dollar and 7% against the Chinese Yuan. The Peso suffered from Donald Trump's proposal to build a wall along the US border with Mexico and his desire to challenge some trade agreements. The Yuan was affected by the slowdown in the Chinese economy and the rise of the Dollar. The Yuan, however, made its entry into the courtyard of reference currencies since it was an integral part of the unit of account of the International Monetary Fund dubbed special draw rights (SDR) alongside the Dollar, the Euro, the British Pound and the Japanese Yen since October 2016, thus sealing an important victory of the Chinese authorities in their quest for recognition in the economic arena. According to the financial company Swift, this change would not overturn the relationship of force in the exchange market, where the American Dollar remains by far the most used with 41% of global trade volume in front of the Euro (30.8%), the Pound (8.7%) and the Yen. But in the long run, the Yuan will overtake the Pound sterling and the Yen as the third trade invoicing and settlement currency.

II. 2016, a difficult year for sub-Saharan Africa

Activity slowed down significantly in 2016 and the growth rate attained just 1.4%. Deceleration was generalised. About two-thirds of countries, representing 83%of the region's GDP, witnessed lower growth than that of 2015.

- The majority of petroleum exporting countries were in recession. According to estimates, economic activity reduced by 1.5% in Nigeria and even 13.75% in South Sudan, while stagnating in Angola.

- The situation in many other natural resource rich countries also remained difficult. Political uncertainty (in South Africa), fundamental economic weaknesses (Ghana) and severe drought (Lesotho, Malawi, Zambia and Zimbabwe) exacerbated the effects of persistent weakness in the low prices of basic products in these countries. Some other countries, however, continued to record robust growth through domestic factors such as investment expenditure and an accommodating monetary policy (Burkina Faso, Mali, Niger) and solid expansion in the mining and services sectors (Tanzania).

- In natural resource poor countries, like Côte d'Ivoire, Ethiopia, Kenya and Senegal, growth was sustained through strong domestic demand and high levels of public investment, even if they slowed down in some cases as compared to 2015.

1. Widening of budget deficits

On the average, budget deficits in sub-Saharan Africa continued widening in 2016, reaching -4.5% of the GDP as against -4% in 2015 and -3.5% in 2014. This is due to constant pressures on revenue, which were generally not fully offset by expenditure cuts. This was particularly evident in petroleum exporting countries: the budget situation worsened further in Angola (despite the adjustment of non-oil primary deficit) and in Cameroon, Gabon and Nigeria, while the budget deficit continued to be above 15% of the GDP in the Republic of Congo, Equatorial Guinea and South Sudan. The picture was a bit different in the rest of the region. Most of the countries hardly hit nevertheless made adjustments in one way or the other, but these were not adequate to make up for the revenue deficit; neither did they give sufficient priority to the new revenue sources (particularly those relying on basic products).

Disturbingly, this adjustment was accompanied by a rather generalised increase in domestic arrears (and external ones in some cases). The growth of domestic arrears was particularly sharp in petroleum exporting countries. According official estimates, their amount outstanding at the close of 2016 exceeded 7.5% of the GDP in Gabon, was at least 4% in the Republic of Congo, close to 3% in Cameroon, 2.2% in Nigeria and at least 2% in Angola.

2. Increase in public debt

The increase in public sector debt became disturbing in sub-Saharan Africa due to belated adjustments in countries hard hit and expansionist budgetary policies applied elsewhere. The public debt-to-GDP ratio increased by nearly 10 percentage points at the regional level as from 2014, averagely exceeding 42% of the GDP in 2016 (at a median point of 51%). That was its highest value since many countries benefited debt forgiveness as heavily indebted and poor country initiatives and multilateral debt relief programmes during the first decade of the millennium. This trend accelerated much after 2014 in all the categories of the region's countries.

3. Pressure increase in the financial sector

The entire economy suffered pressure caused by the postponement in the implementation of adjustments, and the financial sector began feeling the effects:

- Considerable increase in non-performing loans which forced banks to strengthen their loan-loss provisions, encumbered their profits and jeopardised their solvency;

- In the face of the deterioration of asset quality and reduced cash-flow in the banking system (CEMAC, Ghana), the tightening of monetary policy (Ghana, Zambia), low growth (South Africa), the possible reversal of the credit cycle (EAC) and the increase in debts owed by States (CEMAC, UEMOA, and Zambia), commercial bank loans to the public sector at times decreased.

- In the absence of alternatives, many banks concentrated their credits to the State (Uganda, Sierra Leone, Chad) and the BTP sector (Benin, Equatorial Guinea, Malawi, Sao Tome and Principe, Sierra Leone) with huge risks of considerable losses if some of these companies just delayed in servicing their debts.

4. Tightening of external constraints

Owing to the postponement of necessary adjustments, external pressures persisted in the greater part of the region especially in the natural resource rich countries, this despite the recent rebound in petroleum and metal prices. Although estimates suggested that the deficit of the region was brought to 4% of the GDP in 2016 as against 6% the previous year, it remained much higher at about 2% on the pre-shock prices of basic products. In addition, in petroleum exporting countries, funding was not always commensurate with the deficit, and this continued to affect reserves. In addition to the difficulties raised by these increasingly considerable funding needs, there was also the reduction in direct foreign investments and portfolio flows in the whole region – including investment flows from China which, in spite of a light recovery in 2016, remained lower than the levels reached in 2013.

5. Divergent monetary policy reactions

In this heterogeneous setting, monetary policy orientations in the region also taken took various directions. Within the CEMAC, for example, the Bank of Central African States (BEAC) sought to attenuate liquidity constraints through an accommodating monetary policy, especially by granting credits to States (themselves associated with incomplete adjustment in the fiscal front) and, at the same time, increasing the refinancing of banks while reducing the minimum reserve ratio. This policy however reached its limits and all CEMAC countries, with the exception of Cameroon, reached and even exceeded BEAC maximum ceiling for advance payments.

6. Exchange rate under pressure

In the face of important trade-term shocks and the tightening of external funding conditions, many countries rightly allowed their exchange rates to depreciate in order to contribute to the absorption of external pressures. To check the drop in their reserves, however, some of the hardest hit countries also resorted to detrimental exchange restrictions (Angola, Nigeria). In some countries and for more than a year running, these restrictions, these restrictions have contributed to aggravate uncertainty, create serious economic distortion and cause a widening of the margins with the rates charged in parallel markets.

7. Increased inflation

A result of the measures taken to cope with external pressures and the effects of monetary depreciation, inflation continued to rise in 2016 in some of the basic products exporting countries. At the close of the year, it reached 42% in Angola and 18.5% in Nigeria, and has slightly exceeded the highest level of the target range in South Africa. Though to a lesser extent, inflation also rebounded in some natural resource poor countries, such that the region's median inflation rate moved from 4.5% in 2015 to 5.5% in 2016, upsetting the trend observed in the last ten years. Conversely, inflationary pressures eased in Zambia and Ghana owing to the restrictive monetary policy of the preceding year.

III. Focus on the CEMAC

1. Growth in the CEMAC Zone

In 2016, the CEMAC zone remained the seat of trouble spots linked to exactions of the Islamist sect Boko Haram and socio-political insecurity in the CAR. Though the exactions by the Jihadist groups witnessed a slight drop, the state of alert remained, and the financial resources to maintain it did not go down amid the uncertainty as to the rapid recovery of petroleum prices, especially in the five oil producing countries of the zone. Some monetary policy measures implemented by the BEAC to support States enmeshed in crisis caused by these factors reached their limits. In fact, the reduction of the key interest rate of the BEAC, the increase of advance payments to national public treasuries and other measures aimed at increasing bank liquidity were not sufficient to stem the tide. BEAC reports that growth decelerated to 0.2% in 2016, after 1.7% in 2015.

In the face of this disturbing situation, an extraordinary summit of heads of State was organised by the Cameroonian President on 23rd December 2016 in Yaounde. Its aim was mainly to seek solutions to the worsening economic situation in member countries, whose growth rate had gone down to 0.7% in 2016, according to the BEAC.

The situation in individual countries was as follows:

- **In Cameroun**, there was resilience in the face of the various external shocks due to the relative diversification of its economy. The good performance of the non-oil sector in the realisation of big infrastructure projects produced effects which spilled over to other business lines.

- **In the Central African Republic**, we note an increase of 5.1% in GDP in 2016 brought by the combined effects of extractive industry recovery and relative macro-economic stability. The government began the implementation of structural reforms especially in entrepreneurship development, industry, and the private sector in general in a setting still deemed risky and less attractive due to recurrent socio-political crises in the country.

- **In Chad**, we note a reduction of economic growth (-1.1%) attributable to (i) considerable expenditure in the fight against Jihadist movements, combined with a low revenue collection due to the low global prices of crude oil, (ii) the implementation of structural reforms against the backdrop of macro-economic instability, (iii) low diversification in sources of growth and (iv) difficulties associated with supplies through the Douala-N'djamena corridor.

- **In Congo**, growth reduced considerably to -2.4% in 2016 as against 2.6% in 2015, in tandem with the difficult international environment (drop in prices of basic products) and the fragile industrial sector.

- **In Equatorial Guinea**, an 8.2% reduction of the GDP in 2016, associated with decreased production in the petroleum and gas sectors combined with the fall in prices led to low revenue collection. This situation jeopardised great structural changes in infrastructure and human development that the country had been witnessing in the previous 20 years.

- **In Gabon**, Economic growth decelerated, going down from 4% in 2015 to 2.9% in 2016 mainly because of low petroleum prices in a setting where economic diversification had a low impact on youth unemployment (affecting 46% of persons aged below 25) and poverty.

2. Inflation and other indicators

In this bleak environment, a check on inflation in the zone can be noted. Even though there was a slight reduction in current transaction deficits (12.2% in 2015 to 11.7% of the GDP in 2016) and a drop in external currency coverage rate to 56.8% in December (albeit higher than the statutory standard of 20%), the inflation rate is the indicator that saw the biggest decline standing at 1.1%, as against 2.5% in 2015.

The budgetary deficit (based on commitments excluding grants) continued to deepen. It stood at 5.6% of the GDP as against 3.3% of the GDP in 2015.

IV. GLOBAL OUTLOOK IN 2017

1. Growth prospects for 2017

With a slight increase to 3.5% in 2017, global forecasts should be borne by the expected flexibility of the budgetary policy in the United States and sustained solid growth in China.

Transition economies should witness a 1.4% growth in 2017 following two consecutive years of reduction. It is also forecasted that economic growth in the raw material exporting countries will accelerate slightly, benefitting from the stabilisation of the prices of these products and reduction of inflationary pressures earlier caused by the sharp depreciations of exchange rates.

The situation in the CEMAC countries should remain difficult. The strategy to sanitise public finances – centred on a cut-down of import-intensity categories of expenditure, elimination of expenditure which did not contribute to growth in the past and a gradual clearing of past arrears – was designed to limit negative effects on growth. Despite everything, the persistent decline of petroleum production should keep the Equatorial Guinea in deep recession (-5%). A continuation of capital expenditure reduction will slow down growth in Cameroon (3.7%) and Gabon (1%), while the entry of new oil wells into production could increase growth to 0.6% in the Republic of Congo, despite the effects of a deep fiscal adjustment.

2. Prospects on price changes

Inflationary expectations in the short- and long-run also remain moderate. Survey-based expectations of consumption price increases in 2017 just recently ceased dropping for the developed countries, and the inflation expected in the next ten years just recently recorded an increase after falling continuously in 2015 and 2016.

Box 1: 21 good resolutions to take the CEMAC zone out of crisis

At the invitation of His Excellency Paul BIYA, President of the Republic of Cameroon, an Extraordinary Summit of Heads of State of Central Africa held in Yaounde on 23rd December 2016 at the Unity Palace.

This meeting sought to examine the economic and monetary situation of the CEMAC zone and adapt appropriate measures aimed at curbing the effects of the double petroleum and security shock on the economies of the sub-region.

At the end of deliberations, the Heads of State:

1. Noted at the onset that the strengthening of the macro-economic stability does not require any readjustment of the present currency parity but, rather, internal and external adjustment efforts accompanied by adequate structural reforms.

2. Decided to adopt relevant measures meat to sustainably reverse negative trends of the economy of the sub-region, combining an adequate fiscal policy, an appropriate monetary policy and an enhanced international cooperation.

3. Reaffirmed their common vision of making the CEMAC region an emerging zone in the near future through the judicious realisation of the infrastructure necessary for the promotion of sustainable and inclusive development to the benefit of their populations.

4. Reiterated their unwavering commitment to community solidarity in the face of present and future economic and security shocks.

5. Decided, with regard to monetary policy, to freeze limits on the BEAC statutory advance payments to the level fixed on the basis of the 2014 budgetary income.

6. Prescribed the strengthening of the financial stability of the CEMAC zone through increased surveillance of the banking system and optimum use of monetary policy instruments.

7. Committed the BEAC to propose in the short-run and to the benefit of States, measures meant to promote a gradual shift to funding through capital markets in replacement of direct funding by the Central Bank.

8. Renewed their commitment to, in each country, vigorously continue making budget adjustments necessary for a controlled, judicious and gradual rebalancing of their public finances.

9. Agreed on the urgent need to pursue targeted budgetary policies in order to preserve social progress amid extreme economic and financial fragility.

10. Decided to engage in the gradual recovery of the budgetary balance of States and agreed to bring down the budgetary balance to below 3% within a period of 5 years.

11. Underscored the importance of maintaining indebtedness to a sustainable level by prioritising concessional financing and encouraging public-private partnerships in carrying out infrastructure projects.

12. Acknowledged the expert advice and technical assistance of development partners.

13. Decided to open and conclude, in the near future, bilateral negotiations with the IMF in order to better structure the adjustment efforts of their States, accompany them out of the crisis and help them set up conditions for a virtuous and sustainable revival of their economies.

14. Requested in favour of individual countries, measures to strengthen a more subtle and flexible international cooperation.

15. Owing to the exogenous nature of economic shocks suffered, agreed to have ample recourse in all bilateral and multilateral partners with a view to obtaining vast access to concessional and non-concessional financing necessary for the strengthening of the balance of payments and the continuation of priority development projects.

16. Decided to resolutely speed up the finalisation of the free circulation of people and goods, and the rapid realisation of integration projects while preserving security.

17. Renewed their common commitment and determination to substantially improve the business climate in the CEMAC zone in order to vigorously promote wealth-generating economic activity and optimally mobilise internal tax revenues.

18. Committed their countries to strengthen international tax cooperation in order to fight fraud, evasion and tax optimisation which deprive them of important resources.

19. Prescribed the intensification of measures and actions promoting the diversification of their economies so as to make them less vulnerable to exogenous shocks and more competitive in the face of the liberalisation of trade in an increasingly open world.

20. Entrusted the responsibility of monitoring the measures taken and regularly reporting on their implementation to the Economic and Financial Reform Programme of the CEMAC.

21. Prescribed the holding of regular ministerial-level monitoring and evaluation meetings of the recovery measures and their effects on the economic, financial and monetary situation of CEMAC countries.

CAMEROON'S MACRO-ECONOMIC SITUATION IN 2016

Evaluated at 4.5%, the GDP growth recorded in Cameroon in 2016 was below the GESP forecasts.[4]. This situation can mainly be explained by the slowdown in global demand, economic and security problems in the CEMAC zone and considerable fall in the prices of petroleum and cocoa.

I. National supply

1. Primary sector

According to MINEPAT, the growth pace of the primary sector, after an upward trend, witnessed a drop of 0.3% to stand at 5% in 2016 as compared to 2015. This slowdown resulted from the reduction of industrial and export-oriented agricultural activity, forestry and livestock farming (due to bird flu). The sector's performance was dependent on the security crises that interfered with the agricultural calendar and input distribution circuit as well as harvests and market supplies in the affected border areas. In addition, it is worth pointing out that production and support infrastructure are still less developed and production and support techniques remain traditional, with the consequence of low yields per hectare.

According to the government's estimates, a rebound in activity in the primary sector is expected over the period 2017-2019 with a yearly average growth rate forecast of 5.3%, in tandem with government support actions aimed at improvement, especially in farming techniques, increasing acreages and reducing post-harvest losses.

Table 1: Changes in primary sector activity (in %)

	2013	2014	2015	2016	2017*	2018*	2019*
Primary sector	**3.7**	**4.7**	**5.3**	**5.0**	**5.2**	**5.3**	**5.5**
Subsistence farming	3.9	4.2	4.6	5.0	5.6	5.6	5.7
Industrial and export-oriented agriculture	6.9	2.9	9.3	6.0	5.2	5.2	6.0
Livestock farming, hunting	4.8	5.7	5.9	5,0	4,8	5,2	5,5
Fishing	2.8	2.7	2.9	3.0	3.1	3.5	4.5
Forestry and logging	-1.8	9.9	8.2	5.7	3.8	4.1	4.1

Source: MINEPAT/DGEPIP
* Forecasts

2. Secondary Sector

In 2016, activities plummeted, leading to a fall in the growth rate, which went down to 2.8% as against 8.6% in 2015. This poor performance is attributable to the decline of activity in extractive industries, consequence of the ageing of hydrocarbons reserves, and obsolescence of production equipment and installations. In the same vein, electricity, gas and water production witnessed a slowdown in 2016 with a growth rate drop of 1.7% percentage point, moving from 5.0% to 3.3%.

[4] MINEPAT, GESP, Report on implementation as at 31st December 2016 (Draft), May 2017

In perspective, private sector production capacity enhancement, energy supply and telecommunication service increase will enable the non-hydrocarbon secondary sector to record an upturn of slightly above 2 growth points in yearly average over the period 2017-2019.

Table 2: Changes in secondary-sector activity (in percentages)

	2013	2014	2015	2016	2017*	2018*	2019*
Secondary sector	**5.7**	**6.8**	**8.6**	**2.8**	**3.1**	**5.7**	**3.3**
Extractive industries	8.7	13.7	26.3	-3.6	-6.7	5.5	-12.3
Including hydrocarbons	8.5	13.9	27.1	-3.6	-6.7	5.5	-12.3
Food-processing industries	3.7	5.2	3.1	3.0	4.1	4.0	5.2
Other manufacturing industries	3.6	3.6	4.3	4.4	4.6	5.4	5.6
Electricity, gas and water	8.7	10.6	5.0	3.3	7.2	9.2	9.9
Building Construction/Public Works	12.9	10.8	10.4	6.9	9.1	9.2	9.9

Source: MINEPAT/ DGEPIP
**Forecasts*

3. Tertiary sector

The tertiary sector is the only sector to have witnessed revival in 2016 with a growth rate which, though moderate, was much more sustained than had been the case in 2015. The growth rate in this sector moved from 4.9% in 2015 to stand at 5.5% in 2016. It contributed 2.5 points to the real growth. This performance was due to the robust activity in the transport, telecommunications and trade sub-sectors.

This resurgence of activity in the tertiary sector will continue over the period 2017-2019 and record an average annual growth of close to 6.5%. This situation will be brought about by good performances to be recorded in the transport, telecommunications, catering and hospitality, banking and trade sub-sectors.

Table 3: Activity changes in the tertiary sector (in percentages)

	2013	2014	2015	2016	2017	2018	2019
Tertiary sector	**6.1**	**5.6**	**4.9**	**5.5**	**5.7**	**5.5**	**6.1**
Trade, catering, hospitality	5.7	5.2	4.8	5.2	5.3	5.3	6.1
Transport, warehouses, telecommunications	7.9	6.5	3.4	5.9	6.6	6.5	6.9
Banks and financial bodies	13.3	13.7	7.7	7.1	6.7	6.0	6.0
Other market services	5.0	2.6	4.9	4.5	3.9	4.1	4.0
Non-market services	5.0	6.7	6.8	6.3	6.8	6.1	7.2
Other non-market services	5.2	5.8	3.8	4.8	4.3	4.5	4.6

Source: MINEPAT/ DGEPIP.

II. National demand

Economic growth in 2016 was brought in by domestic demand. Net external demand continued to cripple economic growth.

1. Domestic demand

Domestic demand was sustained by private consumption and investment. Private consumption representing 70% of the GDP increased by 2.6%, while the investment rate estimated at 20.8 of the GDP witnessed an increase of 0.3 percentage point as compared to 2015.

2. Foreign demand

The negative contribution of the net foreign demand resulted especially from an increase in the importation of goods and services, particularly food and manufactured products, building materials and capital equipment necessary for the implementation of big projects.

Table 4: Changes in GDP expenditure (in percentages)

	2013	2014	2015	2016*	2017**	2018**	2019**
Domestic Demand	**102.8**	**103.4**	**103.7**	**102.5**	**103.5**	**102.9**	**103.6**
Consumption	**83.3**	**82.6**	**83.2**	**81.5**	**82.4**	**81.8**	**82.3**
Private sector	71.7	70.8	71.4	69.8	71.8	71.1	71.7
Central Administration	11.6	11.8	11.8	11.7	10.7	10.7	10.6
Gross fixed capital formation	**19.4**	**20.5**	**20.8**	**21.1**	**21.1**	**21.1**	**21.3**
Private sector	17.1	18.2	18.6	18.5	18.9	19.0	19.2
Central administration	2.3	2.3	2.2	2.6	2.2	2.1	2.0
Net foreign demand	**-2.8**	**-3.4**	**-3.7**	**-2.5**	**-3.6**	**-3.0**	**-3.7**
Exportation of goods and services	27.1	26.8	23.7	21.7	21.6	21.5	20.0
Importation of goods and services	29.9	30.2	27.4	24.2	25.1	24.4	23.6

Source: MINEPAT/ DGEPIP

*Estimates ** Forecasts

III. Public Finance

The budget outcome was not satisfactory in 2016. The reduction in internal revenue and increase in capital expenditure contributed to the worsening of the budgetary balance.

The cash-basis budget deficit stood at 6.2% of the GDP in 2015.

Considering the increase in the stock of ongoing expenditure by 378.2 billion as compared to that at the end of December 2015, funding need of the public treasury reached 679 billion FCFA. To meet this need, the treasury resorted to internal funding of an amount of 527.6 billion FCFA, given a positive net external flow of 151.4 billion FCFA.

The servicing of the public debt moved from 509.9 billion FCFA in 2015 to 595.6 billion FCFA in 2016.

1. Public revenue

The total revenue collected throughout the year 2016 (2,838.2 billion FCFA) indicated a drop of 3.3% as compared to 2015. This variation resulted from a 23.6% drop in petroleum revenue and an increase of 1.4% in non-oil revenue. The 7% drop in direct taxes was compensated by the effective collection of VAT (+5.9%), tax on international trade (+3.1%) and tax on petroleum products (+1.6%).

The proportion of total non-oil revenue moved from 80.7% in 2015 to 83.4% in 2016, registering a peak of 90.2% in the first half of 2016.

Table 5: Changes in revenue structure (in billions of FCFA)

	2015	2016
Total revenue and donations	2 946,4	2 892,5
1- Total revenue (a+b)	2 935,3	2 838,2
a- Petroleum revenue	556,4	424,9
b- Non-oil revenue	2 378,9	2 413,3
Direct taxes	684,0	635,8
Special tax on petroleum products	103,8	105,5
Tax on international trade	338,1	348,7
VAT revenue	810,2	858,3
Non-tax revenue	154,0	144,0

Source: MINFI

2. Public expenditure

As for public expenditure, considerable efforts were observed in the course of the last years. However, these efforts produced inadequate results as compared to the objectives sought.

In 2016 and as compared to 2015, public expenditure increased by 18.6%. This trend resulted from increases of 39.2% in capital expenditure and 8.2% in current expenditure. Besides transfers and subsidies which reduced by 20.4%, all other types of expenditure increased, resulting in the increase in government expenditure-to-GDP ratio (21.4%, as against 19.3% in 2015), especially that concerning capital expenditure (8.4% against 6.5% in 2015).

A rigorous management of expenditure is the major way to reduce the proportion of debts as compared to GDP, if the objective is to forestall a recourse to tax increases. An important policy to implement to reduce public expenditure growth rate is to improve expenditure planning.

Table 6: Public expenditure structure

	2015	2016
Public expenditure	3,252.2	3,856.1
1- Current expenditure	2,163.9	2,341.3
Salaries	910.7	937.3
Purchase of goods and services	786.6	860.2
Transfers and subsidies	559.7	445.7
2- Capital expenditure	1,088.3	1,514.8
Expenses on foreign funding	488.2	489.4
Expenditure/own expenditure	543.5	992.6

Source: MINFI

IV. The external account

In 2016, the balance of trade reduced slightly, moving from -1,174 billion to -1,136 billion, representing a decline of 3.2% resulting from a more considerable reduction of imports (-478 billion) than exports (-440 billion FCFA). The coverage rate witnessed a decline of 5.4% percentage points from 63.3%, indicating the low capacity of exports to cover import expenditure.

Table 7: Cameroons balance of trade in 2016

	2015 (1)		2016 (2)		Absolute changes (2)-(1)		Relative changes (2)-(1)/(1)	
	Q	V	Q	V	Q	V	Q	V
EXPORTS	**7.539**	**2.400**	**7,394**	**1,960**	**-145**	**-440**	**-1.9%**	**-18.3%**
Including petroleum	4,403	962	4,348	696	-55	-266	-1.2%	-27.7%
Non-oil	3,136	1,437	3,046	1,264	-90	-174	-2.9%	-12.1%
IMPORTS	**8,529**	**3,573**	**8,009**	**3,095**	**-519**	**-478**	**-6.1%**	**-13.4%**
Including petroleum	1,464.6	456.8	1,507.9	314.2	43	-143	3.0%	-31.2%
Non-oil	7,064	3,116	6,501	2,781	-563	-335	-8.0%	-10.8%
BALANCE OF TRADE (BT)		**-1.174**		**-1.136**		**38**		**-3.2%**
Non-oil BT		-1.679		-1.517		**162**		**-9.6%**
COVERAGE RATE (CR)		67.2%		63.3%		**-3.9%**		**-5.7%**
NON-oil CR		46.1%		45.4%		**-0.7%**		**-1.5%**

Source: MINFI

1. Cameroon's exports

Cameroon's 2016 exports to all destinations witnessed a backward move in volume (-1.9%) and value (-18.3%). During this period, Cameroon exported 7,394 thousand tons of goods worth 1,960 billion FCFA against 7,539 thousand tons worth 2,400 billion FCFA in 2015.

Table 8: Changes in Cameroon's Exports: Overall and non-oil

Q (quantities) in thousands of tons and V (values) in billions of FCFA

	2015		2016		Absolute change 2016/2015		Relative change 2016/2015	
	Q	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**
Total exports	**7,539**	**2,400**	**7,394**	**1,960**	**-145**	**-440**	**-1.9%**	**-18.3%**
Including crude oil	4,403	962	4,348	696	-55	-266	-1.2%	-27.7%
Fuels and lubricants	389	103	399	71	10	-32	2.6%	-30.8%
Non-oil exports	3,136	1,437	3,046	1,264	-90	-174	-2.9%	-12.1%
Non-oil/Fuels and lubricants	2,748	1,334	2,647	1,192	-100	-142	-3.7%	-10.6%

Source: MINFI

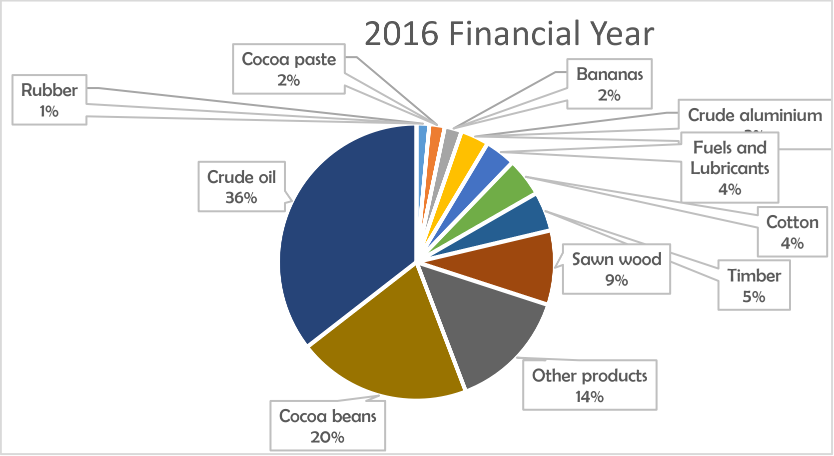
This decrease in Cameroon's exports was exacerbated by petroleum products which, owing to world prices, recorded value declines of 27.7% and 30.8% for crude oil, on the hand, and the for fuels and lubricants, on the other.

Exclusive of petroleum products, this change remains negative and stands at -10.6% in value. This decline resulted from a significant reduction of cocoa exports (-57.1 billion FCFA, -12.6%), timber (-13.4 billion FCFA, -12.9%) and raw aluminum (-11.5 billion FCFA, -15%). The increase in exports of sawn timber (+3.1%), cocoa paste (13.2%), veneer and plywood sheets (+12.9%) and banana (+4.2%) contributed to mitigate this decrease.

The decline in exports observed in 2016 resulted from the drop in exports to certain countries including China, (-165.7 billion FCFA, -55.3%), India (162.2 billion FCFA, -44.3%), Portugal (-123.9 billion, -73.2%), the Netherlands (-98.1 billion, -25.1%) and Great Britain (-43.4 billion, 75.3%). On the other hand, exports increased to Italy (+117.6 billion, +105.9%) Spain (+57.1 billion, +45.4%), South Africa (+46.5 billion, +167.2%) Malaysia (+18.6 billion, 43.2%) and Togo (+15.6 billion, +176.3), which attenuated the drop observed in 2016.

The structure of Cameroon's exports in 2016 indicates that they continue to rely on traditional products like crude oil, cocoa beans, timber, cotton, aluminum, banana, rubber and coffee. The first ten products represent more than 85% of the export value of 2016.

Figure 1: Value shares of export products in 2016



Source: MINFI

In 2016, an overall volume of 4,348 thousand tons of crude oil was sold for 695.8 billion FCFA, falling by 1.2% in volume and 27.7% in value as compared to the preceding year.

The export-import balance of cocoa beans in 2016 shows a volume of 263.7 thousand tons worth 397.2 billion FCFA. There is thus a volume downturn of 0.6% and a value increase of 12.6%.

In 2016, sales of sawn timber witnessed robust performance and positive change in volume (+5.8%) and value (+3.1%). Exports stood at 503.1 thousand tons for a value of 160.7 billion FCFA.

Exports of raw aluminum amounted to a value of 65.2 billion FCFA as against 76.7% billion in 2015, giving a 15% reduction. At the same time, volumes recorded a decline of 10.1%: they reduced from 72.7 thousand tons to 65.3 thousand tons.

In 2016, raw timber exports yielded 71.4 billion FCFA, falling by 12.9% as compared to 2015. There was also a drop (-10.4%) in export volume which stood at 764.8 thousand tons in 2016 as against 854.1 thousand tons in 2015.

In 2016, export of fuels and lubricants, despite the increase in volume ((2.6%), witnessed a significant drop of 30.8% in value, which stood at 71.4 billion FCFA for 398.8 thousand tons.

Table 9: Main products exported in 2016: Q (quantities) in thousands of tons, V (values) in billions of FCFA

	2015		2016		Change (2015/2016)	
LIB_COM	**Q**	**V**	**Q**	**V**	**%Q**	**%V**
Crude oil	4,402.9	962.1	4,348.4	695.8	-1.2%	-27.7%
Cocoa beans	265.3	454.3	263.7	397.2	-0.6%	-12.6%
Sawn timber	475.4	164.6	503.1	169.7	5.8%	3,1%
Raw timber	854.1	103.5	764.8	90.2	-10.4%	-12.9%
Cotton	119.1	98.1	101.4	87.4	-14.8%	-11.0%
Fuels and lubricants	388.5	103.2	398.8	71.4	2.6%	-30.8%
Raw aluminum	72.7	76.7	65.3	65.2	-10.1%	-15.0%
Banana	283.2	37.3	295.2	38.8	4.2%	4.2%
Cocoa paste	15.1	31.3	15.4	35.4	1.7%	13.2%
Natural rubber	48.9	36,1	42.3	29.4	-13.4%	-18.6%
Coffee	33.3	31.4	33.0	28.8	-0.9%	-8.3%
Soaps	43.7	25.7	43.0	24.1	-1.7%	-6.5%
Veneer sheets	23.6	19.0	30.4	21.4	28.4%	12.9%
Cocoa butter, fat and oil	9.7	19.9	9.4	21.2	-3.3%	6.7%
Total for main products	7,035.7	2,163.2	6,914.3	1,776.0	-1.7%	-17.9%
Grand total	**7,539.0**	**2,399.6**	**7,394.4**	**1,959.5**	**-1.9%**	**-18.3%**

Source: MINFI

2. Cameroon's imports

Cameroon's imports in 2016 amounted to 8,009 thousand tons of goods worth 3,095 billion FCFA, as against 8,529 thousand tons worth 3,573 billion FCFA in 2015. This gave a decline -13% in value and -6.1% in volume. This value drop in imports was exacerbated by the value of petroleum products: 31.2% for crude oil and -40.3 for fuels and lubricants.

Table 10: Changes in Cameroon's overall and non-oil imports:

Q (quantities) in thousands of tons and V (values) in billions of FCFA

	2015		2016		Relative changes	
	Q	**V**	**Q**	**V**	**Q**	**V**
Total imports	**8 529**	**3 573**	**8 009**	**3 095**	**-6,1%**	**-13,4%**
With crude oil	1 465	457	1 508	314	3,0%	-31,2%
Fuels and lubricants	*556*	*216*	*369*	*129*	*-33,7%*	*-40,3%*
Non-oil imports	*7 064*	*3 116*	*6 501*	*2 781*	*-8,0%*	*-10,8%*
Non-oil/Fuels and lubricants	*6 508*	*2 901*	*6 133*	*2 653*	*-5,8%*	*-8,6%*

Source: MINFI

Excluding industrial equipment whose imports increased by 11.1%, there was a drop in the importation of other products: raw mineral products or others (-30.5%), energy and lubricants (-36.3%), corporate consumption (15.2%), household consumption (15.1%, foods, beverages and tobacco (-11.6%), transport equipment (-15.8%), semi-finished products (-6.8%), raw animal or plant products (-8.4%) and agricultural equipment (-13.5%).

Table 11: Cameroon's imports by core uses in 2016

Q (quantities) in thousands of tons and V (values) in billions of FCFA

	2015		**2016**		Relative changes	
Category	**Q**	**V**	**Q**	**V**	**Q%**	**V%**
0: Foods, Beverages-Tobacco	1,182.7	533.4	1,124.3	471.4	-4.9%	-11.6%
1: Energy and lubricants	626.7	242.3	442.6	154.4	-29.4%	-36.3%
2: Animal or plant products	710.1	141.1	709.9	129.2	0.0%	-8.4%
3: Mineral products or others	1,823.5	476.4	1,871.2	330.9	2.6%	-30.5%
4: Semi-finished products	2,607.6	553.4	3,016.5	515.9	15.7%	-6.8%
5: Transport equipment	151.4	282.4	148.4	237.7	-2.0%	-15.8%
6: Agricultural equipment	3.1	5.4	2.5	4.6	-18.6%	-13.5%
7: Industrial equipment	97.5	437.7	110.9	486.4	13.8%	11.1%
8: Household consumption	280.7	418.9	274.9	355.8	-2.0%	-15.1%
9: Corporate consumption	1,045.3	482.3	308.0	409.1	-70.5%	-15.2%
Grand total	8,528.6	3,573.3	8,009.2	3,095.5	-6.1%	-13.4%

Source: MINFI

Cameroon imported a wide range of products. But some were dominant in both volume and value. The first fifteen products covered 48% of the year's imports.

In 2016, a total volume of 1,507.9 thousand tons of crude oil was purchased to the value of 314.2 billion FCFA, giving an increase of 3.0% in quantity and a drop of 31.2% in value as compared to 2015.

A quantity of 237 thousand tons worth 166.8 billion FCFA of frozen fish was imported as against 220.4 thousand tons at 166.4 billion FCFA in 2015.

The importation of electrical appliances for telephony or telegraphy stood at 157.3 billion FCFA, a net increase of 93.6% as compared to 2015.

Rise maintained its place among the main import products despite the volume (-13.1%) and value (-20.7%) drops recorded. 2016 imports amounted to 143.6 billion FCFA for 614.4 thousand tons.

In 2016 Cameroon spent 128.7 billion FCFA to import fuels and lubricants, representing a drop of 40.3% as compared to 2015. Import quantities declined by 33.7% in the same period to stand at 368.7 thousand tons.

The importation of medicines packaged for retail stood at 97.4 billion FCFA, decreasing by 20.7% as compared to 2015.

Despite a decline of 11% in value, wheat remained one of the products most imported in Cameroon. Imports stood at 90.8 billion FCFA for 616.7 thousand tons.

A total number of 43,174 vehicles passenger vehicles was imported for a total value of 86.1 million FCFA, increasing by 6.8% in quantity as compared to 2015.

The diversification of cement production sources continued in Cameroon, this reflected by the 40.8% quantity increase and 29.4% value increase in the importation of clinker, which stood at 1,888.3 million tons for 81.4 billion FCFA.

Table 12: Main imports in 2016

Q (quantities) in thousands of tons (except (*), which is in numbers), V (value) in billions of FCFA

	2015		**2016**		**Change**	
PRODUCTS	**Q**	**V**	**Q**	**V**	**Q%**	**V%**
Crude oil	1,464.6	456.8	1 507.9	314.2	3.0%	-31.2%
Frozen fish	220.4	166.4	237.2	166.8	7.6%	0.2%
Electric appliances for telephony	2.4	81.2	3.2	157.3	32.0%	93.6%
Rice	707.2	181.1	614.4	143.6	-13.1%	-20.7%
Fuels and lubricants	555.7	215.5	368.7	128.7	-33.7%	-40.3%
Medicines packaged for retail	12.6	122.8	10.5	97.4	-16.7%	-20.7%
Wheat	610.4	102.0	616.7	90.8	1.0%	-11.0%
Passenger vehicles(*)	40,416	85.5	43,174	86.1	6.8%	0.6%
Clinker	1,341.0	62.9	1,888.3	81.4	40.8%	29.4%
Vehicles for hauling goods(*)	8,891	58.5	9,239	54.7	3.9%	-6.5%
Worn textile articles	87.9	43.9	85.7	42.1	-2.5%	-4.1%
Pesticides	16.4	46.8	13.4	35.4	-18.4%	-24.2%
Odoriferous mixtures for beverages and foods industries	5.9	36.3	5.9	34.0	0.1%	-6.3%
Malt	81.0	28.6	88.0	30.5	8.6%	6.7%
Semi-finished products in iron or non-alloyed steel	48.5	22.0	58.2	29.1	20.2%	32.3%
Total for main products	**5,154.0**	**1,710.4**	**5,498.1**	**1,492.2**	**6.7%**	**-12.8%**
Grand total	**8,528.6**	**3,573.3**	**8,009.2**	**3,095.5**	**-6.1%**	**-13.4%**

Source: MINFI

V. Money and banking

The modernisation of the banking and financial system continued through the diversification of funding sources for the economy. For these resources to be directed towards productive investment to further stimulate growth, the government is gradually setting up new financial instruments and products.

1. Monetary policy

BEAC defines and implements the monetary policy common to all member States of CEMAC. To succeed in its missions, it has two instruments: refinancing policy and minimum reserve policy.

a. Refinancing policy

To implement this policy, BEAC employs two instruments: interest rates policy and refinancing objectives.

Since 10th July 2015, the main intervention rates on the money market have remained constant. The interest rates for call for tenders (IRCT) and the rates on advances made to treasuries were maintained at 2.45%. Interest rates on bank placements to BEAC and the remuneration rate paid for government deposits did not change. The minimum credit rate for customer deposits remained unchanged at 2.45%.

In addition, the National Credit Council reviewed the wear rate applicable during the first half of 2016 by referring the rate applicable in the second half of 2015. Even though for most of the various types of credit granted to customers cost less, loans to individuals remained the cheapest on the market.

For credit to individuals, the wear rates of consumption credits and leasing were reduced while those of overdrafts and medium-term credits were increased.

As for credits to SMEs, the wear rates, excluding those for overdrafts, were reduced.

Concerning loans to large enterprises, the wear rates of working capital loans, medium-term credits and leasing were reduced, whereas those of overdrafts and long-term credits were increased.

Wear rates applicable to public administrative agencies of decentralised local collectivities were globally increased with the exception of the rate applicable to medium-term loans.

Table 13: Wear rates of loans granted by banks (in percentages)

	Loans to individuals		Loans to SMEs		Loans to large enterprises		Administrative agencies of decentralised collectivities	
	2nd Semester 2015	1st Semester 2016	2nd Semester 2015	1st Semester 2016	2nd Semester 2015	1st Semester 2016	2nd Semester 2015	1st Semester 2016
Consumption credit or treasury credit	21,71	21,02	16,33	14,79	7,35	7,26	10,97	9,12
Overdraft	20,25	20,7e4	17,11	17,97	8,7	11,20	14,29	15,55
Medium-term credit	16,74	17,12	13,29	13,10	11,76	8,1	17,34	9,34
Long-term credit	8,49	8,49	11,29	11,29	7,99	8,17	6,44	6,44
Lease	15,85	15,02	13,07	12,06	11,32	10,37	16,85	16,88

Source: National Credit Council

Concerning refinancing objectives, the refinancing ceiling for the State of Cameroon stood at 576.9 billion in 2016, as against 377 billion in 2015.

The refinancing objective of banks moved from 80 billion in 2015 to 200 billion in 2016. The average stock of bank system draw was 171.6 billion at 31st December 2016, as against 35 billion at the close of 2015. This measure, which makes public securities a refinancing guarantee, gave banks sufficient margins of manoeuver to resort to this type of refinancing.

In 2016, activity in the interbank market remained weak (there was no operation in this section during the first half of 2016).

The external coverage rate of money, which relates official currency reserve to demand liabilities of the Central Bank, fell from 89.8% at the end of December 2015 to 73.6% as at 31st December 2016. That of the CEMAC sub-region as a whole stood at 56.8%. It remained higher than the standard 20%.

b. Minimum reserve policy

On 6th April 2016, the Monetary Policy Committee of BEAC decreased half of the coefficients of minimum reserves. Thus the coefficient of reserves on demand deposits dropped from 11.75% to 5.875% and that on term deposits was reduced to 4.625% as against the previous 9.25%/. As a result of this measure, the amount of reserve requirements was reduced to 182.6 billion, remunerated at a rate of 0.05%. The amount already constituted amounted to 366.3 billion, producing a surplus of 183.7 with reference to the new minimum reserves assessment formula.

2. Banking and financial sector

The banking and financial sector was characterised by increasing deposits and credits, stabilisation of outstanding gross-petition receivables and improvement of the influence of microfinance. The rate of the use of the banking system grew from 15.5% in 2015 to 19.5%. The number of accounts opened and assets in banking and microfinance institutions stood at 4,880,730 as against 3,805,445 in 2015. The growth of “mobile money” and e-money eased access to financial services by vulnerable strata of the population.

2.1 The banking system

As at 31st December 2016, 14 banks were operating in the banking sector and the banking network witnessed the extension of 19 new branches, taking the number of branches to 278. The banking system was stable and the activity following an upward trend.

The consolidated balance of banks in activity amounts to 4,570.1 billion as at 31 December 2016. Five banks (Afriland First Bank, SG-C, Ecobank and SCB) bear about 72% of outstanding credits and 75% of deposits.

The degree of intermediation which is measures by relating outstanding credits to deposits improved from 84.8% as at 31st December 2015 to 86.3%. It stood at 79.5% as at 30th June 2016. The bank credit-to-GDP ratio slightly increased from 16.4% in 2015 to 16.5%.

Outstanding gross-petition receivables represented 14.2% of outstanding credits, giving an amount of 448.9 billion. At the regulatory level, the structural weakness of own-funds (246.6 billion for the 14 active banks) persisted and weakened four main ratios.

It is worth noting that eleven banks respect the risk coverage ratio, ten respect the liquidity ration and two are in a state of excess liquidity, nine banks respect the coverage ratios of fixed assets and long-term transformation, and no bank respects the portfolio-credit ratio.

a. Customer deposits

At the close of December 2016 and as compared to 31st December 2015, deposits increased by 3.9% (as against 5.9% a year earlier) and amounted to 3,661.1 billion. This change is mainly accounted for by the deposits of individual customers (contributing 1.8 point to growth) and public agencies (contributing 1.5 point). The slowdown in the growth of deposits is attributable to the central government agency (contributing -0.6% as against +2.5% at the close of December 2015). I

Going by client types, individuals own the greater part of deposits (40.2%), followed by private businesses (22.7%), public corporations (7.7%), central government (7.3%), public agencies (6.1%), insurance and capital companies (3.4%) and private institutions (3.9%)

Table 14: Deposits according to client types

Description	December 2015 (a)	June 2016	December 2016 (b)	Changes b/a (in %)
Central public administration	287.6	275.0	266.4	-7.4
Local public administration	26.8	28.3	22.6	-15.7
Public institutions	171.1	207.7	223.7	30.7
Private institutions	130.4	128.4	141.1	8.2
Public companies	287.7	320.9	280.8	-2.4
Private businesses	801.2	840.6	834.0	4.1
Insurance and capital companies	131.0	132.3	124.5	-5.0
Sole proprietorships	100.7	95.4	106.2	5.5
Individuals	1,408.2	1,467.6	1,473.3	4.6
Miscellaneous	180.1	160.7	192.0	6.6
TOTAL	**3,524.8**	**3,656.9**	**3,661.1**	**3.9**

Source: BEAC

Compared to the situation as at 31st December 2015, term deposits increased by 12.7% to stand at 500.6 billion at the close of December 2016. Special regime deposits increased from 251.6 billion in 2015 to 276.9 billion in 2016, representing an increase percentage of 10.1.

Table 15 : Customer deposits according to types (in billions)

	Dec.-15	June-16	Dec.-16	Changes	Proportion in Dec. 2016
	a	b	c	c/a	(in %)
Special regime deposits	251.6	280.0	276.9	**10.1**	**7.56**
Including savings bonds	249.2	276.5	274.3	**10.1**	**7.49**
Term deposits	444.1	488.3	500.6	**12.7**	**13.67**
Demand deposits	2829.1	2886.6	2883.6	**1.9**	**78.76**
TOTAL	3,524.8	3,654.9	3,661.1	**3.9**	**100.0**

Source: BEAC

b. Credit granted to customers

As at 31st December 2016, outstanding credits stood at 3,161.1 billion, representing a year-on-year increase of 5.7%. This change is mainly due to credits granted to private businesses (contributing 6.2% to growth).

Going by client types, 71.6% of credits are granted to private businesses, 15.1% to individuals, 6.6% to public companies, 3.8% to sole proprietorships and 1.1% to the central public administration.

These credits fund mainly the following business lines: building construction and public works (20%), wholesale and retail trading (16.5%), transport, ancillary transport activities and telecommunications (15%), extractive industries (12.5%), electricity, gas, steam and water production and distribution (12%), extractive industries (11.9%), production of services for collectivities and staff (7.9%), activities of financial institutions, real estate and services meant for businesses (2.5%), manufacturing industries (0.5%).

Table 16: Distribution of credits according to client types (in billions)

Description	**December 2015 a**	**June 2016**	**December 2016 b**	**Changes (%) b/a**	**Proportion in Dec. 2016 (%)**
Central public administration	60.8	42.6	36.0	**-40.8**	**1.14**
Local public administration	6.8	5.0	1.5	**-77.9**	**0.05**
Public agencies	28.6	10.1	17.7	**-38.1**	**0.56**
Private institutions	23.5	19.8	24.8	**5.5**	**0.78**
Public companies	214.3	209.0	208.7	**-2.6**	**6.60**
Private businesses	2,077.1	2,067.4	2,263.8	**9.0**	**71.61**
Insurance and capital companies	7.8	3.4	4.1	**-47.4**	**0.13**
Sole proprietorships	97.9	102.8	119.8	**22.4**	**3.79**
Individuals	426.4	433.1	477.7	**12.0**	**15.11**
Miscellaneous	46.8	13.6	7.0	**-85.0**	**0.22**
TOTAL	**2,990.0**	**2,906.8**	**3,161.1**	**5.7**	

Source: BEAC

c. SME banking activities

SME deposits as at 30th September 2015 amounted to 325 billion FCFA and increased to 324.1 billion FCFA as at 30th September 2016, representing a decline of 0.3%. On the other hand, between September 2015 and September 2016, credits granted by banks to SMEs increased by 7.1%, moving from 490.1 to 525 billion FCFA. By September ending, they were made up of 46.4% of short-term credits, 22.9% of medium-term credits and 30.7% of outstanding loans.

Table 17: Situation of deposits and credits to SMEs as at 30th September 2016 (in billions of FCFA)

	September 2015	**September 2016**	**Quantity changes**	**% Change**
Total deposits	325.0	324.1	-0.9	-0.3%
Demand deposits	278.4	282.0	3.6	1.29%
Term deposits	46.5	42.1	-4.4	-9.46%
Total credits	490.1	525.0	35.0	7.1%
Short-term credits	240.2	243.8	3.6	1.5%
Medium- and long-term credits	97.1	120.2	23.1	23.8%
Outstanding loans	152.8	161.0	8.2	5.4%

Source: CERBER/NCC

2.2. Microfinance institutions (MFIs)

The microfinance sector is growing, particularly in terms of financial inclusion. As at 31st December 2016, the microfinance sector had 412 authorised institutions, of which 248 were operating within six networks (Camccul, Mucadec, ABC, UCGN, Binum Tontine, Nowefoch), 120 category one independent MFIs, 41 category 2 and 3 category 3 MFIs. These MCIs are unequally distributed in the country.

At the close of December 2016 and on year-on-year basis, activity in the microfinance sector was characterised by an increase in customer deposits (+4.6%), an increase in credits granted (+6.4%), an increase in the number of customer accounts (13.8%) and the opening of 188 sales points.

At the close of 2016, 270 institutions registered at the National Credit Council, as against 269 in 2015.

With regard to geographical location, the network of agencies of the microfinance sector moved up from 1,407 in 2015 to 1,595. These sales points were for the most part (54%) in the urban areas. This presence varied according to categories and regions. Thus, 55% of the category 1 MFI sales points are based in rural areas, while category 2 MFI (60%) operate more in urban areas. The Centre (418), Littoral (399) and West (236) regions are the much more covered in sales points than the Far North (79) South (61), North (56) Adamaoua (49) and East (48).

At the close of December 2016, the total cumulative balance of MFIs stood at 768.2 billion, increasing by 3.8% as compared to 31st December 2015.

Table 18 : Changes in the total of cumulative balance of MFIs

	2015	**2016**	% Change
Category 1 MFIs	345.2	320.2	-7.2
Category 2 MFIs	391.3	447.0	14.2
Category 3 MFIs	3.3	1.0	-69.7
TOTAL	739.9	768.2	3.8

Source: NCC/BEAC.

a. Changes in deposits

At the close of December 2016, deposits collected by MFIs increased by 4.6% to stand at 611.2 billion. Category 2 MFIs occupied the first position with 58.5% of market shares, followed by those of Category 1 (41.5%). It is worth noting that Category 3 MFIs are not authorised to collect deposits. The *Credit Communautaire d'Afrique* (CCA) collected 150.6 billion in deposits and was followed by the Camccul network, which made off with 139.6 billion.

When distributed according to duration, 66.2 of these deposits collected by MFIs were short-term, 31.4% long-term and 2.2% medium-term.

Table 19: Changes in the deposits of MFIs (in billions)

	2015	2016	% Change	Proportion (in %)
Category 1 MFIs	251.3	253.7	0.9	41.5
Category 2 MFIs	332.8	357.5	7.4	58.5
TOTAL	584.1	611.2	4.6	

Source: NCC/BEAC

b. Changes in credits

Credits granted by MFIs increased from 423.8 billion in 2015 to 451.3 billion in 2016. Short-term credits represented more than half of them, giving 54.4%. They were followed by long-term credits (38.6%) and medium-term credits (7%). Category 1 MFIs essentially granted long-term credits (70.4%)

Table 20: Changes in the credits of MFIs (in billions)

	2015	2016	% Change	Proportion (n %)
Category 1 MFIs	225.4	229.0	1.6	50.7
Category 2 MFIs	196.2	221.6	12.9	49.1
Category 3 MFIs	2.2	0.7	-68.2	0.2
TOTAL	423.8	451.3	6.5	

Source: NCC/BEAC

In 2016, the portfolio quality deteriorated as compared to that of 2015. The volume of outstanding loans increased, moving up from 91.8 billion in 2015 to 97.2 billion. However, outstanding loans made up 21.5% of the credit portfolio of MFIs, as against 21.7% in 2015.

Table 21: Changes in outstanding loans (in billions)

	2015	2016	% Change	Proportions (in %)
Category 1 MFIs	53.5	54.7	2.2	56.3
Category 2 MFIs	37.6	42.4	12.8	43.6
Category 3 MFIs	0.7	0.1	-85.7	0.1
TOTAL	**91.8**	**97.2**	**5.9**	

Source: NCC/BEAC

Category 2 MFIs are the most viable (with returns on equity of 6.3%). This is not the case with the other categories, whose net returns on equity are negative: -7.6 for Category 1 and 3.3% for Category 3 MFIs. The return on assets is 0.5% for Category 2 MFIs as against -0.6% for those of Category 1 and -5.3% for Category 3 MFIs.

Category 3 MFIs have the highest credit portfolio performance (12.9%)

Proceeds from financial operations cover 85.7% of all the management costs of Category 2 MFIs and 81.5% of those of the Category 1 MFIs. They cover only 50.9% of the costs of Category 3 MFIs. The structurally higher profitability of Category 2 MFIs could be explained by its peculiarity and income from services to third parties (money transfer commissions, account management fees various commissions, etc.).

Table 22 : Changes in profitability (in percentages)

MFI type	Category 1		Category 2		Category 3	
Assessment criteria	2015	2016	2015	2016	2015	2016
Returns on equity	2.7	-7.6	7.8	6.3	53.4	33.0
Returns on assets	0.2	0.6	0.8	0.5	10.0	-5.3
Credit portfolio performance	11.1	8.1	11.8	11.5	13.1	12.9
Operational self-sufficiency	71.6	81.5	32.6	85.7	34.5	50.7

Source: CIP-FIBANE-CASEMF / CNC/BEAC Platform.

c. Weight of microfinance sector in the financial system

In spite of their large number, MFIs represent an activity volume considerably lower than that of the banking sector. As at 31/12/2015, the total of the balance of the microfinance sector stood at 15.74% from that of commercial banks and deposits and credits of MFIs represented 16.51% and 12.50% of bank credits and deposits.

Table 23: Comparison of activities of banks and MFIs (in billions FCFA)

	31/12/2012	**31/12/2013**	**31/12/2014**	**31/12/2015**	**% Total**
MFI Balance Sheet Total	455, 72	506,43	622,82	737,70	13,60%
Bank Balance Sheet Total	3 411,78	3 928,89	4 335,62	4 687,29	86,40%
Balance Sheet Total	3 867,50	4 435,32	4 958,44	5 424,99	100,00%
Bank/MFI Balance Sheet Total	**13,40%**	**12,90%**	**14,40%**	**15,74%**	
MFI Deposits	370,17	429,56	493,85	584,12	14,17%
Bank Deposits	2 660,93	3 069,63	3 339,08	3 537,22	85,83%
Total Deposits	3 031,10	3 499,19	3 832,93	4 121,34	100,00%
MFI/Bank Deposits	**13,90%**	**14,00%**	**14,80%**	**16,51%**	
MFI Credits	241,81	252,67	288,01	331,96	11,18%
Bank Credits	1 694,95	2 137,82	2 370,26	2 636,96	88,82%
Total Credits	1 936,76	2 390,49	2 658,27	2 968,92	100,00%
MFI/Bank Credits	**14,30%**	**11,80%**	**12,20%**	**12,59%**	

Source: MFI declaration, CERBER

Though the amounts are low, the weight of the microfinance sector is more significant than that of the banking sector in terms of financial inclusion. At the close of 2016, 2,863,694 accounts were open with MFIs as against 2,017,044 for commercial banks.

Table 24 : Comparison of number of MFI and bank accounts

Number of accounts opened	**31/12/2012**	**31/12/3013**	**31/12/2014**	**31/12/2015**
Number of MFI accounts	1,577,784	1,867,421	2,177,759	2,514,969
Number of Bank accounts	752,374	988,276	1,341,789	1,290,476
Number of MFI/Bank accounts	209.71%	188.96%	162.30%	194.89%

Source: MFI declaration, CERBER

To reduce credit risk and improve portfolio quality, the NCC elaborated FIBANE-CIP-CASEMF Platform, an automatic integrated computer tool for the collection, analysis, synthesis and dissemination of data.

Box 2: The FIBANE-CIP-CASEMF Platform

Embedded within the National Credit Council, the FIBANE-CIP-CASEMF comprises three components which communicate with one another and interact. These are the CIP (Payment Incidents Centre), FIBANE (National Banking Database of Enterprises), and the CASEMF (Framework for the Monitoring of Activities of Microfinance Institutions).

The platform shall be powered through a data extractor, an interface running on the basis of a data exchange protocol between the NCC and tax filers or payers (credit and microfinance institutions), the ministry of justice, the Directorate-General of Taxes, mobile telephone operators, etc. Data shall be collected through downloads.

At the close of July, this platform was configured and deployed at 18 credit and 47 MFIs. Data shall be archived by each component as follows:

"C.I.P" DATA: bank accounts, payment incidents, payment incidents on cheques or credit card, irregularities on these payment methods, bank and judicial prohibitions.

"FIBANE" DATA: Shall make it possible to consult information on firms and their leaders, particularly: corporate purpose, share capital, share ownership, turnover, managers, corporate banking risks, banking facilities, bad loans, outstanding debts, etc.

"CASEMF" DATA: enable the viewing of financial statements of MFIs, operational and financial performances of MFIs, portfolio quality, profitability, analysis of social performance, benchmarking, productivity, etc.

VI. Prices[5]

In 2016, consumer prices increased by 0.9%, a rate which stood at 2.7% in 2015. At the spatial level, consumption prices increased in all towns except Maroua (-1.0%), Garoua (-0.1%). Consumption price increases were relatively high in Buea (+1.7%), Bafoussam (+1.6%), Ngaoundere (+1.4%) and Yaounde (+1.3%). The price decrease in Maroua can be accounted for to better market supplies of various foodstuff and also the devaluation of the Naira. In the other towns, price increase was lower than 1%.

The prices of restaurant and hotel services (+3.5%), alcoholic beverages and tobacco (+3%) and food products and soft drinks (1.1%) were relatively high. The increase in the prices of restaurant and hotel services can be attributed to the increase in the prices of industrial beers.

The increase in the prices of beers varied ranged between 50 and 100 FCFA, with brewing companies thus passing on the excise tax levied on drinks in 2015.

1. Changes in the prices of food products

Prices of food products increased by 1.1% in 2016. This change can be attributed to, on the one hand, increasing costs in general and the price of fruit products (13.1%) and vegetable (7.2%) owing to the dry season and, on the other hand, to the prices of oils and fats (3.1%). The prices

[5]NIS, Changes in inflation in 2016

of milk, dairy products and eggs increased by 1.5%. Conversely, the prices of meats (-3.0%), cereals (-1.9%) and fish and sea food (-1.9%) dropped.

2. Changes in prices of other products

As for transport fares, the pressures observed a year earlier as from 1st July 2014 with the 15% increase in oil prices diminished. On 1st January 2016, the prices of petroleum products dropped (a litre of "Super" dropped from 650 to 630 FCFA and that of gas, from 600 to 575 FCFA).

Primary sector goods and services (1.6%) present the highest price variation. This is explained by the 2.4% increase in the prices of fresh products. The process of tertiary sector goods shifted slightly by 0.9%, drawn by the prices of restaurant and hotel services. As for the secondary sector, prices increased by 0.1%.

It should, however, be noted that the 2017 Finance Law introduced taxes on accommodation, which is likely to prolong inflationary pressures on restaurant and hotel services.

3. Origin of inflation

In 2016, inflation originated internally. The prices of local goods increased by 1.3%, whereas those of imported goods decreased by 0.6%. This situation is explained by the insufficient supply of fresh products. The climatic conditions observed in the first half of 2016 did not favour the growth of crops. The dry season was long and produced negative impacts on harvests of off-seasonal crops. We also cite the drop in foreign (especially Nigeria's) demand with insecurity and the spectre of Boko Haram. It is worth noting that the devaluation of the Naira also contributed to reduce prices of some manufactured products like canned soft drinks.

OPINIONS OF BUSINESS LEADERS ON ECONOMIC ACTIVITIES IN 2016

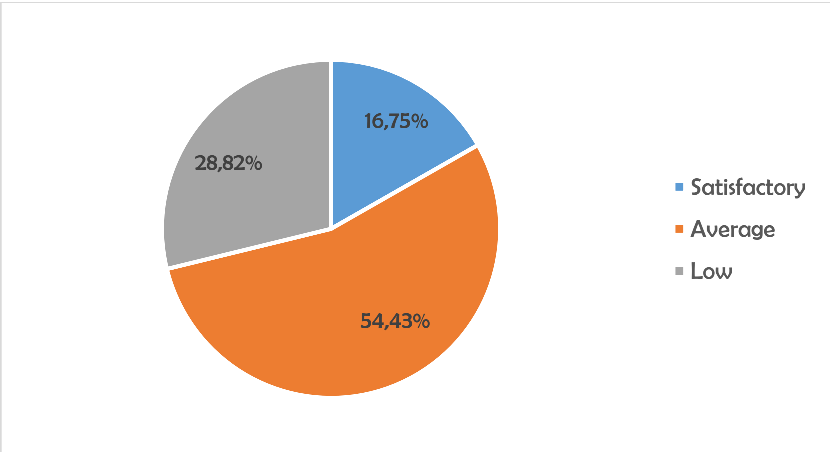
Sector trends in 2016 are described thanks to the opinions expressed by business leaders interviewed in a survey carried out by the CCIMC in 425 firms in the first half of 2017.

Generally, it emerges from it that the activity level deemed to have been attained by business leaders in 2016 followed the national economic activity, which continued it its resilience against the backdrop of the fall in the prices of raw materials and, above all, insecurity in the northern part of the country. Hence the poor assessment of the activity level given by businesses in the Far North and of the crafts sector of the economy, which sector is characteristic of the region. Much more, supply conditions are said to be most difficult in this region, as are those of the West. On the other hand, encouraging revelations from leaders of large companies, particularly on business turnovers and employment, rendered the opinions of businesses surveyed positive.

I. Activity level: an average satisfaction which masks sectorial and regional disparities…

Generally, 2016 was not marked by a high level of activity. Among the business leaders who were asked to assess their activity level, more than half (54.43%) declared that it was average. In addition, it was noted that very few firms, making up 16.75%, were satisfied with their activity level.

Figure 2: Assessment of the activity level

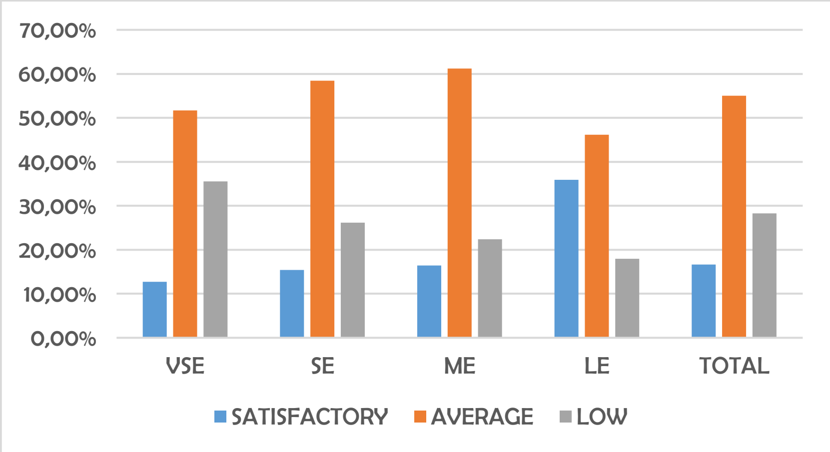


Source: CCIMC business survey

1. More satisfied large enterprises…

It is however striking to note that with the exception of large enterprises (LEs), the various groups of enterprises follow this general trend. The proportion of businesses which deemed their activity level to be sluggish is greater than that of enterprises that declared themselves satisfied. In the LE group, more businesses deemed there activity level satisfactory though the general appraisal remained average.

Figure 3 : Assessment of activity level according to business size

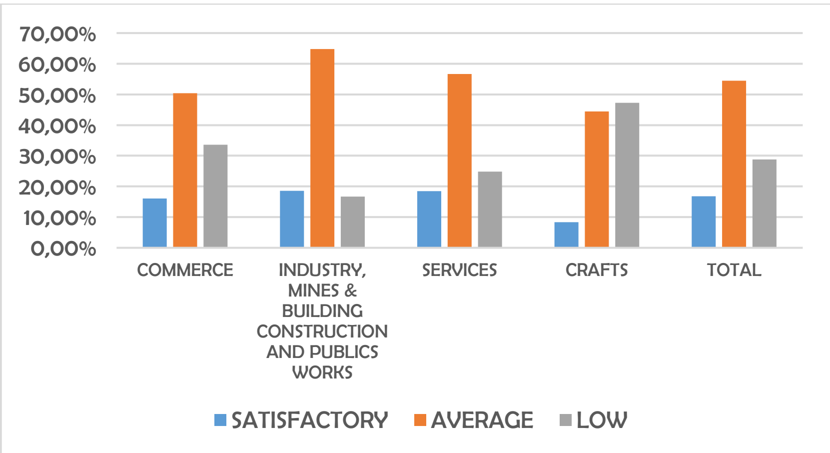


Source: CCIMC business survey

2. ...While the Very Small Enterprises, especially those of the handicraft sector, are the least satisfied...

From a sectorial point of view, the crafts sector departed from the general trend. Firms dissatisfied with their activity level were even more than those that deem their activity level to be average (44.44%). The proportion of firms satisfied was only 8.33%. In addition, the sector where a positive balance of opinions (1.85) was the industry sector.

Figure 4 : Assessment of activity level according to activity sectors

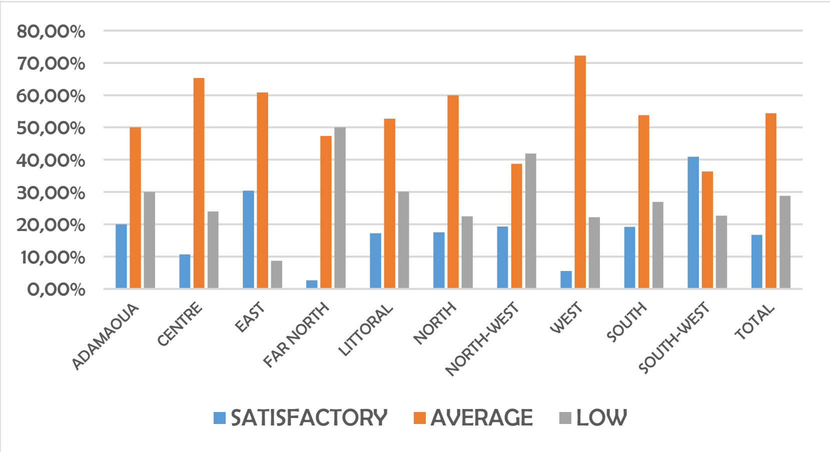


Source: CCIMC business survey

3. ...Despite an activity slowdown in the Far North and North-West

The Far North and North-West were regions whose businesses were least satisfied with their activity level. Half of the business leaders interviewed in the Far North, battle ground against the exactions of the sect Boko Haram, think that their activity level in 2016 was low, as against 47.37% who think it was average and only 2.63% give is a satisfactory mark. Similarly, in the North-West region which is suffering from what has been referred to as “Anglophone crisis”, business leaders’ assessments of their activity level tend to be worse: 41.94% of respondents described their activity level as low, much more than the 38.71% who described it as average and the 19.35% who described it as satisfactory. Only businesses in the South-West, where close to half of the respondents (40.91%) hold this opinion, were the most satisfied of their activity level.

Figure 5: Assessment of activity level according to regions

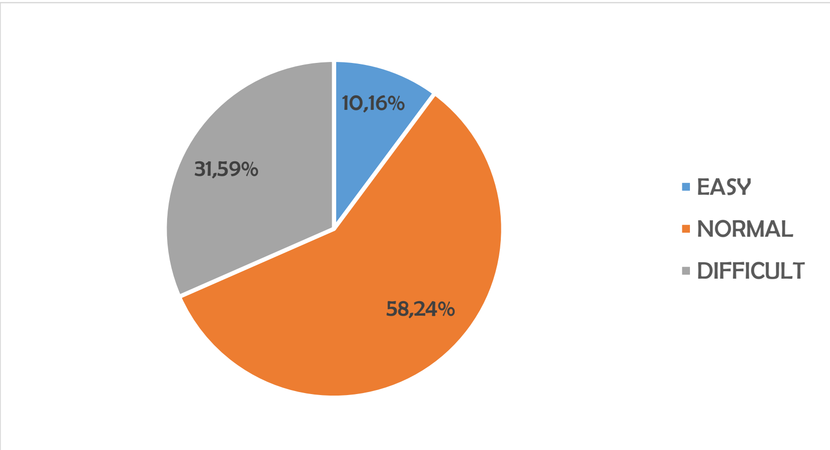


Source: CCIMC business survey

II. Obtaining supplies was quite a difficult operation in 2016

If enterprise leaders deem their supply conditions normal, not many of them (10.16% of respondents) say they had easy supply conditions in 2016.

Figure 6: Assessment of supply conditions

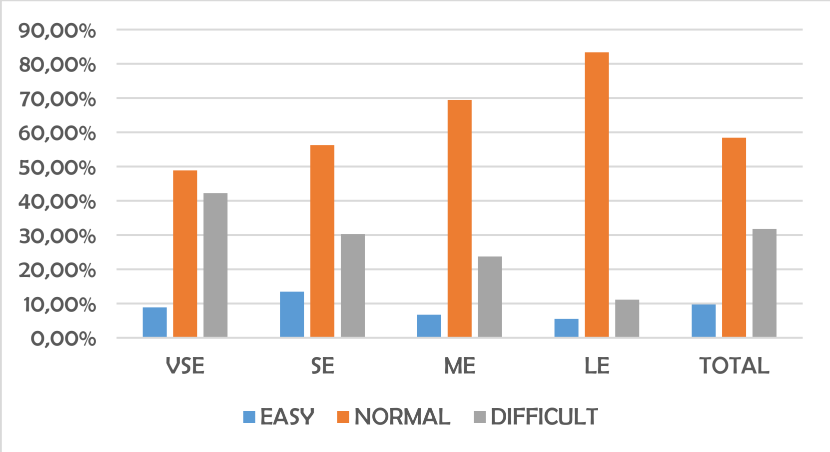


Source: CCIMC business survey

1. Supply conditions that get more difficult with decreasing business size…

The business leaders of the VSEs are more numerous (42.22%) to have declared their supply conditions to be difficult. There were 30.25% of SEs leaders, 30.25% among those of MEs and 11.11% of LEs who found their supply conditions as difficult. Supply conditions were thought to become more difficult as the size of the business was becoming smaller. There is a plausible explanation for this: large enterprises are generally more organized and do not hesitate to resort to formal supply contracts. This enables this to better safeguard against eventual chocks on the supply of the goods they demand. With the means at their disposal, they organize their supplies much better than the small businesses with limited means.

Figure 7 : Assessment of supply conditions according to business size

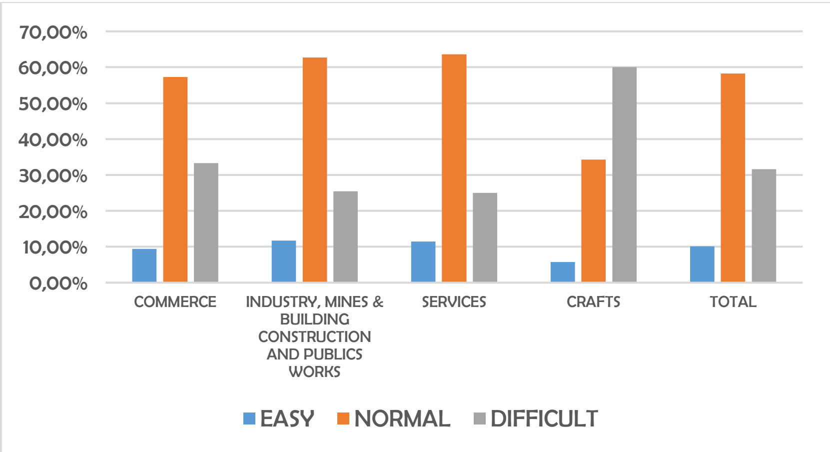


Source: CCIMC business survey

2. ... And generally difficult for handicrafts enterprises

Owing to their small sizes, crafts businesses seem to have had the most difficulty getting supplies (60% of craftspersons interviewed). Only 5.71% of them found supply conditions easy.

Figure 8 : Assessment of supply conditions according to activity sector



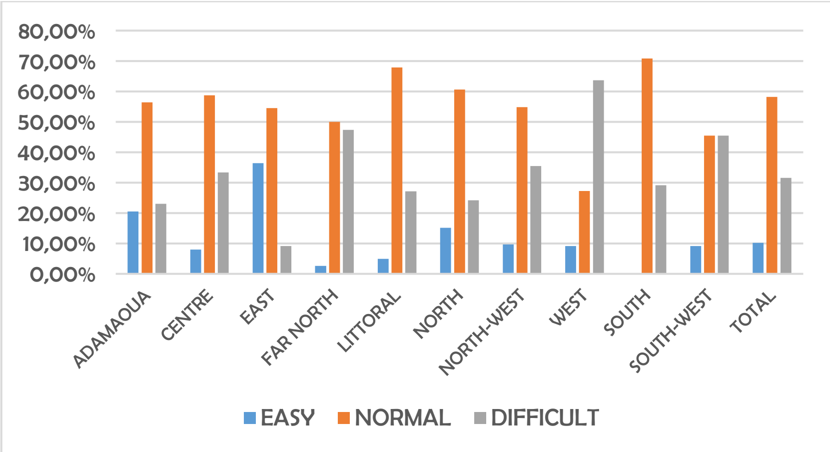
Source: CCIMC business survey

3. ...And enterprises of the West and South-West regions

Supply conditions seem to have been especially difficult in the West and South-West regions and, to a lesser extent, the Far North. In the West region, 63.64% of business leaders found their supply conditions difficult whereas no cause for this could not be discerned at first sight.

In the South-West, business leaders the proportion of business leaders who found their supply conditions difficult (45.45%) was the same as that of those who found it normal. In the Far North, only 2.62% of business leaders interviewed declared having got supplies easily.

Figure 9: Assessment of supply conditions in the regions

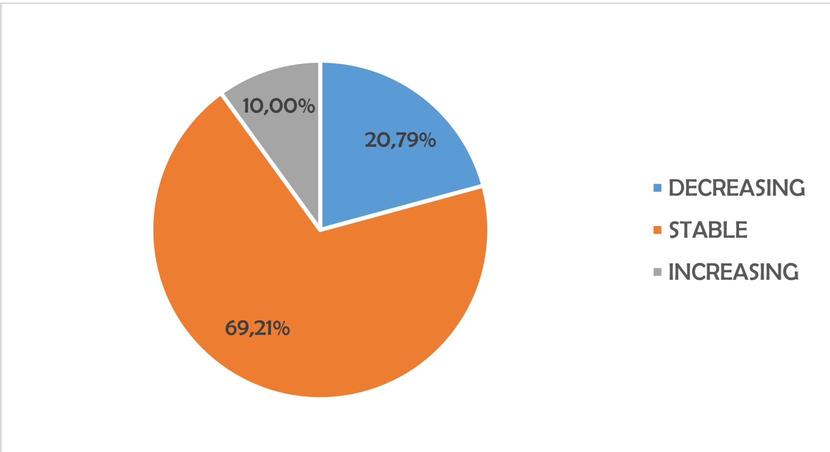


Source: CCIMC business survey

III. Virtual stability in the changes in the sales price of goods and services:

Against the backdrop of an activity level deemed average by businesses, prices did not change much. According to 69.21% of businesses interviewed, the prices of their products remained stable. The proportion of business leaders who declared prices of their products had increased was only 10%.

Figure 10: Opinions of business leaders on the changes of the prices of goods/services

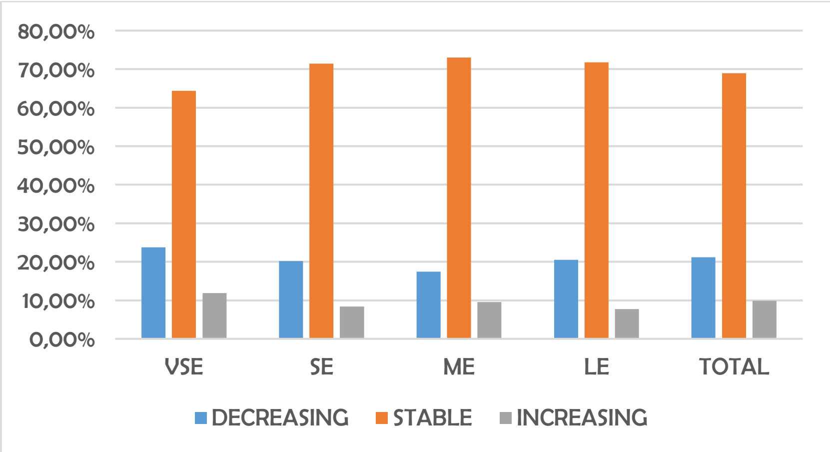


Source: CCIMC business survey

1. ME leaders further increased the prices of their products/services…

Leaders of medium-sized enterprises are deemed to have been more inclined to increasing the prices of their products in 2016. For the remaining enterprises, the tendency was to reduce prices. Opinion balance in LEs, VSEs and SEs were clearly negative. This may be explained by the scarcity of raw materials used or the conditions to obtain the latter, declared as difficult. In the same vein, data reveals that this proportion holds the same belief concerning the size of the enterprises surveyed. But generally, the trend was the maintenance of prices.

Figure 11: Opinions on changes in the prices of goods and services according to business size

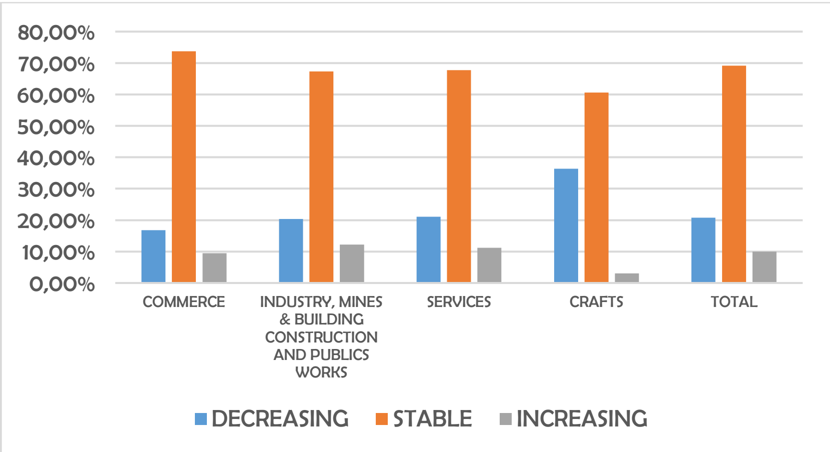


Source: CCIMC business survey

2. ... Whereas craftsmen reduced prices...

From a sectorial point of view, prices reduced the most in the crafts sector. Nearly 36.36% of craftsmen interviewed stated they had reduced the prices of their products and services. This decision may have been caused by sluggish activity in the sub-sector.

Figure 12: Opinions on price changes according to sectors

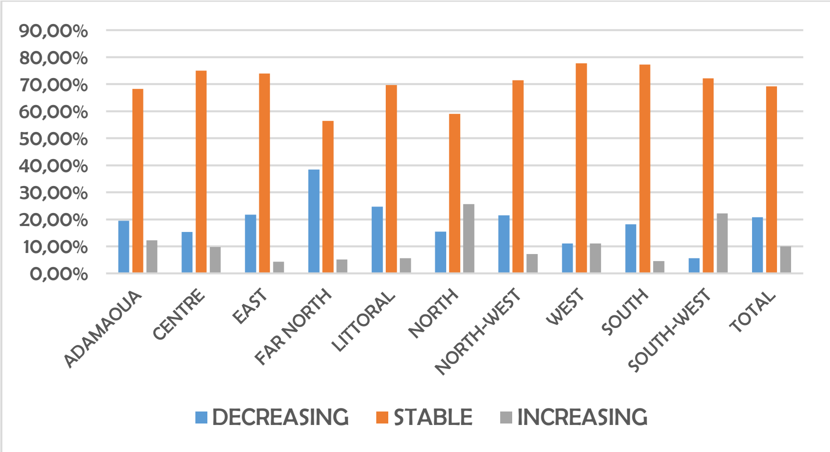


Source: CCIMC business survey

3. Only the North and South-West regions witnessed price increases

In the regions, businesses in the South-West and North regions tended the most to increase the prices of goods and services. While the opinion balances in the other regions favoured price decreases, those of these two regions (+16.66 and +10.26 respectively) reveal the tendency to rather increase prices.

Figure 13: Opinions of business leaders on price changes according to location

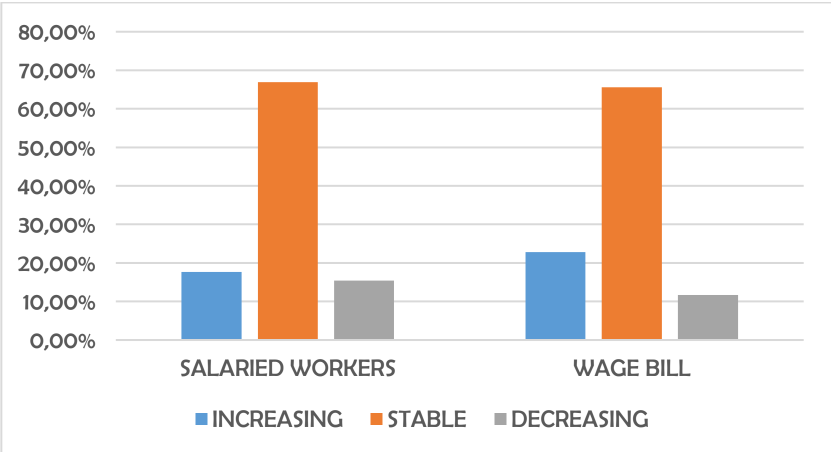


Source: CCIMC business survey

IV. Employment and wage bill changes which match with business leaders' views on activity level

Job creation was low owing to the pessimism of business leaders. The workforce was maintained or reduced and the wage bill remained unchanged, according to business leaders' the assessment of their activity level.

Figure 14: Opinions of business leaders on changes in workforce and wage bills



Source: CCIMC business survey

1. MEs and LEs recruited the more in 2016...

Businesses satisfied with their activity levels (MEs and LEs) tended to increase their workforce insofar as they could withstand heavier wage bills. Thus, 38.46% LE businesses declared their workforce had increased, while 23.08% stated theirs had reduced. Similarly, more than half of the respondents (53.85%) averred bearing considerable wage bills, ahead of those who maintained the same level of salaries.

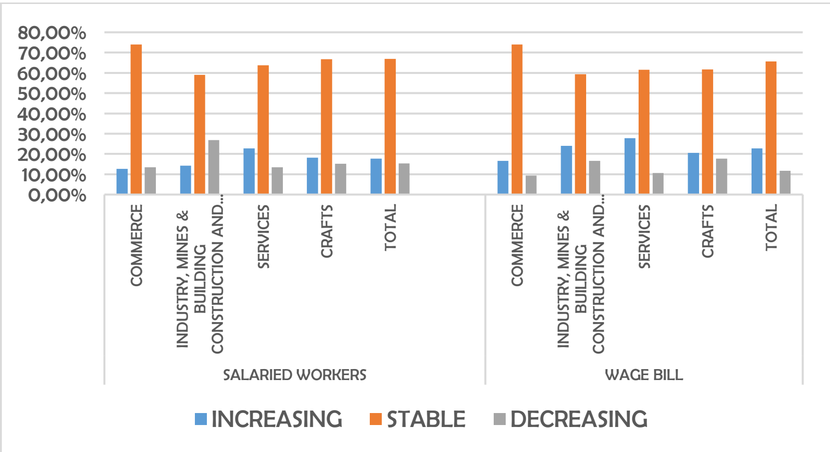
Figure 15 : Opinions on workforce and wage bill changes according to business sizes

Source: CCIMC business survey

2. Businesses of the Industry, Mines and Building/Public Work sector laid off workers

Firms in the trade sector were least involved in the job market in 2016. Workforce and wage bills were most stable in this sector. Conversely, the industry, mines and building construction/public works sector seems to have carried out more lay-offs during the period being considered. It is estimated that there was the tendency to recruit in the services sector.

Figure 16: Opinions on workforce and wage bill changes according to activity sectors



Source: CCIMC business survey

3. MEs and LEs had less difficulty recruiting but found it hard getting qualified top managers

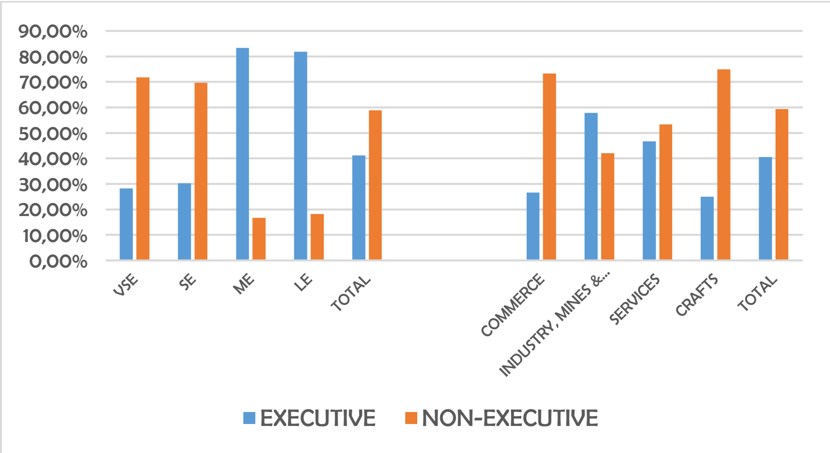
Overall, businesses that had recruited workers had very fewer difficulties than those which carried out investment, irrespective of the size or activity sector. Not surprisingly, MEs and LEs which averred having recruited had the least difficulty in their activity sectors.

On the job market, medium-sized and large enterprises that had wanted to recruit workers in 2016 said they had difficulties getting top managers. VSEs and SEs found it difficult to recruit non-managerial staff.

4. Especially in the industry, mines and building construction sector

From a sectorial perspective, it is in the industry sector that managerial positions were difficult to fill, an a bit less in the services sector. In the handicrafts and VSE sector where the employment of managers is rare, the socio-professional category most sought for was non-management.

Figure 17: Socio-professional categories difficult to employ



Source: CCIMC business survey

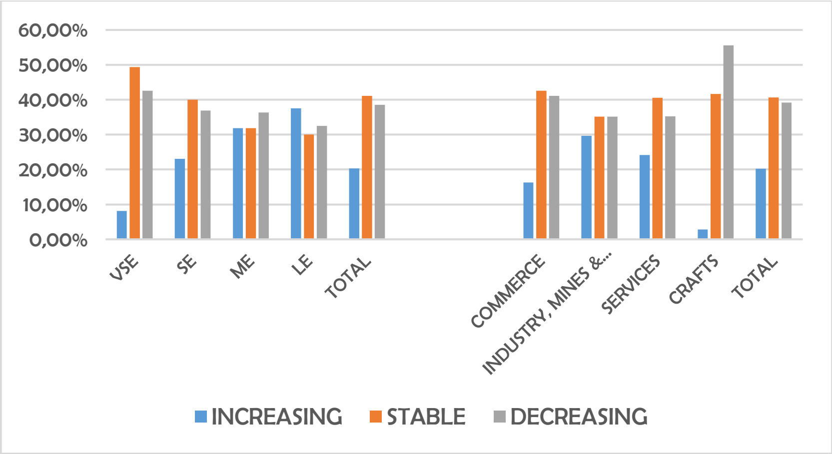
V. Turnovers: Far-North, North-West and Littoral regions pay the price of crises

With regard to turnovers, only LEs declared witnessing an increase in 2016, whereas the general trend was that of a drop. In the large enterprise category, 37.5% of respondents declared an increase in turnover, while 32.5% declared a drop and 30% stated theirs remained stable.

1. Handicraft businesses were the most affected...

Among the various activity sectors, turnover decrease was heaviest in the handicrafts sector. Close to 55.56 respondents in this sector concluded that their turnovers had dropped in 2016. In the other sectors, the proportion of business leaders who declared turnover drops were almost the same as those that said theirs remained stable.

Figure 18: Opinions of business leaders on turnover changes according to business sizes and activity sectors

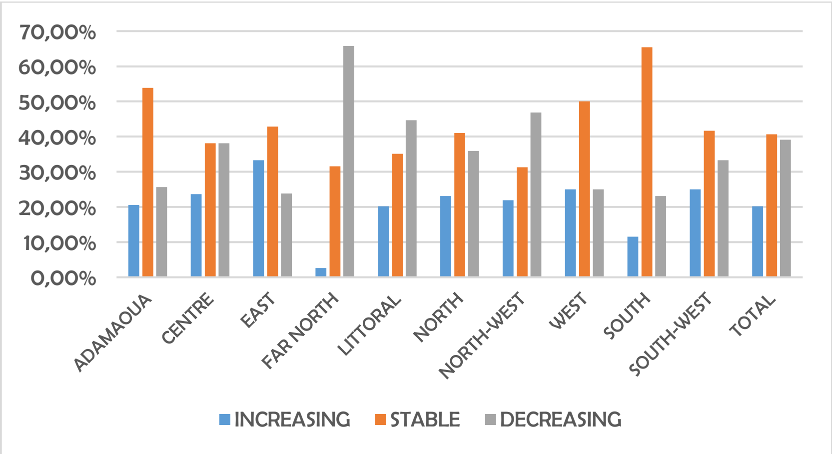


Source: CCIMC business survey

2. The East and West regions were better off

In the regions, businesses in the Far North, North-West, Littoral and, to a lesser extent, Centre regions were the most affected by crises and their effects and witnessed a drop in their turnovers. Among the firms interviewed in the Far North, for instance, barely 3% saw their turnovers increase in 2016, whereas 76.59% saw theirs decrease. In the North-West also, nearly half of the businesses interviewed declared a turnover drop.

Figure 19: Opinions of business leaders on turnover changes according to regions



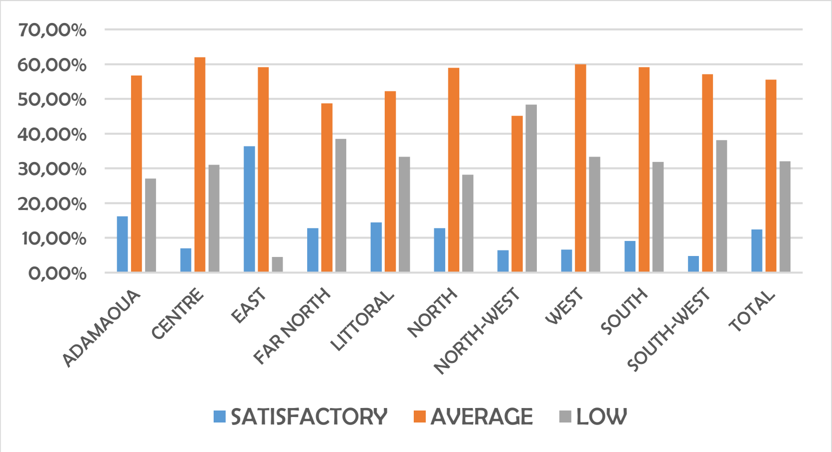
Source: CCIMC business survey

VI. Cash-flow in 2016: significant pressures reported

1. Especially by businesses in the North-West

Subsequent to the foregoing and especially with regard to turnover changes narrated by the firms interviewed, cash flow was deemed to be bad, especially in the North-West, where 48.39% of respondents described their cash flow as "bad" as opposed to 6.45 of them which described theirs as good.

Figure 20: Assessment of cash-flow according to regions

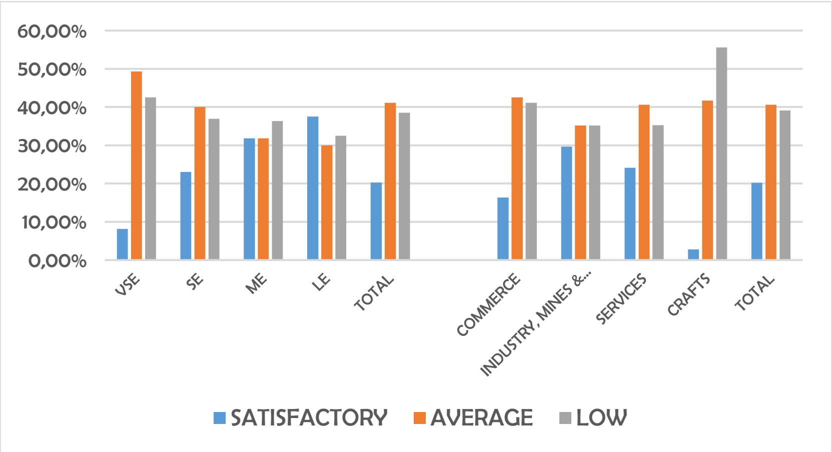


Source: CCIMC business survey

2. And industrial and handicrafts businesses

Craftspersons had the most cash-flow difficulty in 2016. 55.56% of respondents of this sector deemed that their cash-flow was bad. In the industry sector where there was the greatest satisfaction on this variable, 35.19% described their cash-flow as average and an equal proportion deemed theirs as bad.

Figure 21 : Assessment of cash-flow according to business sizes and activity sectors



Source: CCIMC business survey

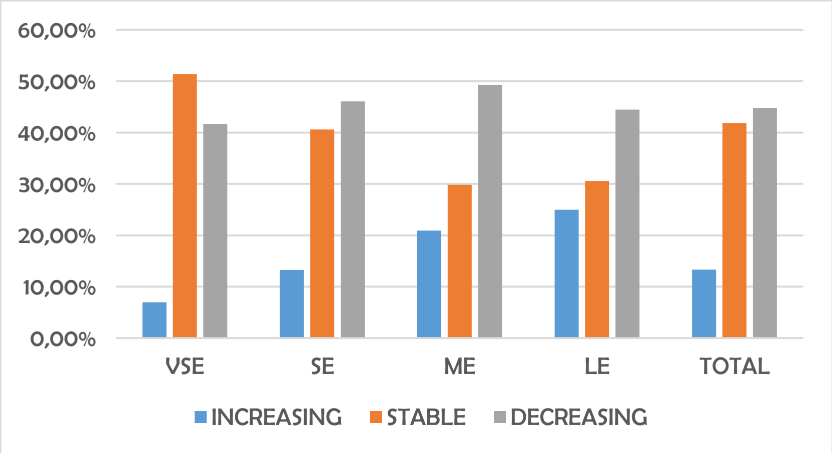
VII. Overall profit decrease in 2016

Despite the globally stable activity level, profits diminished on the whole. About 45% of firms declared that their profits reduced in 2016, while only 13% enjoyed an increase of theirs.

1. Profits reduced with size reduction

Despite the fact that the general profit trends in large enterprises were « stable », the other groups, made up especially of very small, small and medium-sized, saw their profits drop.

Figure 22 : Assessment of changes in profits according to business sizes

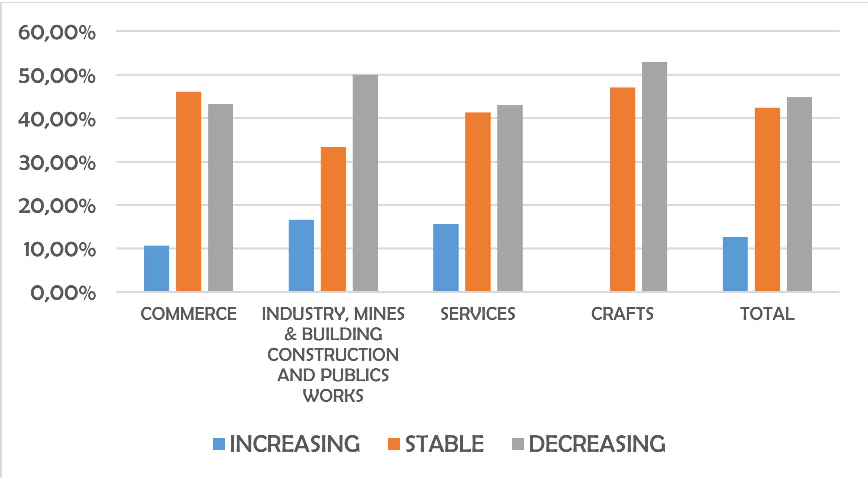


Source: CCIMC business survey

2. In the crafts sector, no business deemed it made profits

From a sectorial perspective, profits seemed to have reduced the most in the industry and crafts sectors. Nearly have of the respondents in the industry sector stated they had registered a drop in their profits, as did slightly more than half (53%) of the respondents in the crafts sector.

Figure 23 : Assessment of changes in profits according to activity sector



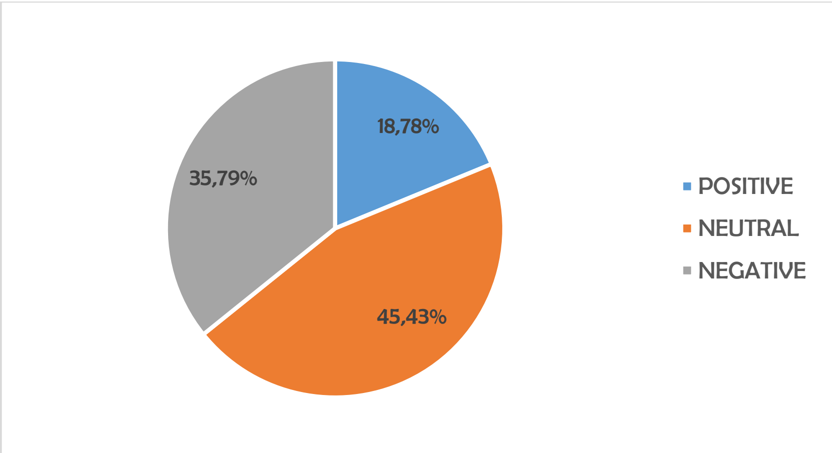
Source: CCIMC business survey

VIII. Business climate in 2016: an assessment which puts quality and pace of reforms to question

1. Generally, entrepreneur morale is not high

The percentage of firms which deemed the business climate conducive was just 18.78, far from those which deemed it had not sufficiently changed (45.43%) and those that thought it had deteriorated (35.79%). This puts the quality and pace of reforms to question, in a setting where Cameroon continues to lose its position in the *Doing Business* ratings.

Figure 24 : Assessment of business climate

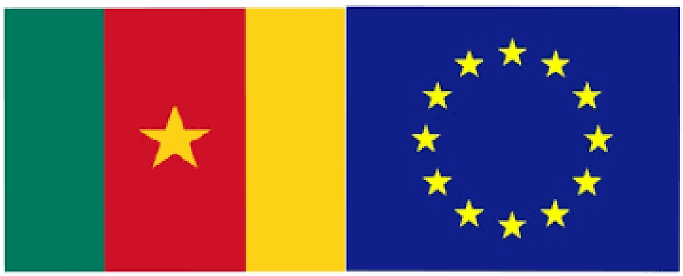


Source: CCIMC business survey

2. Many businesses foresee a brighter future

Despite the low spirits of business leaders, many of the respondents (21% against 18.78%) thought the business climate would be more conducive, while only 22.47% thought the situation in 2017 would be worse than that of 2016.

Point for reflection: Status of the implementation of the Economic Partnership Agreement (EPA) in 2016



2016 was, in the trade cooperation domain, marked by Cameroon's ratification of the agreement on trade facilitation, the continuation of negotiations in view of the setting up of the continental free trade zone of the African Union and, above all, the start of the dismantling of tariffs within the framework of the EPA with the European Union (EU). This was made possible with the signing of Decree N° 2016/367 of 3rd August 2016 laying down rules of origin and methods of administrative cooperation applicable to EU goods within the framework of the interim agreement prior to Economic Partnership.

I. Brief reminder of the stakes of the EPA for the national economy

As a reminder, Cameroon at the close of 2007, engaged discussions with the EU on the EPA aimed at setting up a free trade zone between the two parties. This agreement provides for duty- and quota-free to all of Cameroon's exports to the EU and a gradual opening up of Cameroon's market to 80% of goods of EU origin.

The EPA presents opportunities to the economy but also poses important challenges. In terms of opportunities, the elimination of customs duties on raw materials and industrial equipment imported from the EU will directly reduce production costs and improve the competitiveness of the economy's firms, hence impacting production and growth in exports. The EPA could therefore be a catalyst of business upgrading on condition that gains derived from this liberalisation should not be harvested by business intermediaries.

In addition, access to vast markets (particularly those of the EU) under the EPA provides opportunities of economy of scale and impacts on the growth in exports of goods and services. However, this growth in exports depends closely on the capacity of firms to improve their exportable supply of processed products and overcome technical obstacles with regard to trade and sanitary and phytosanitary measures in European countries.

The real challenge to Cameroonian businesses lies in durably maintaining themselves in a very competitive market. Local producers who will face competition from better-quality products from Europe have to adopt a quality and standards approach in order to improve their competitiveness to take full advantage of the opportunities and limit the negative effects of this agreement. To achieve this, they have to be innovative, reduce their production costs and move towards the production of value-added goods and services. If this approach is not quickly adopted, there is enough reason to fear a foreclosure of local products by products imported from the EU, with the consequence of activity recession, foreclosure of some businesses and loss of jobs.

Other challenges call for regional and sub-regional integration. The difficulty of conciliating the position of the European party and that of other Central African countries to arrive at a complete regional agreement through adhering to the interim agreement signed by Cameroon can, in the long run, deal a severe blow to the consolidation of sub-regional integration, but this threat can be mitigated if the Continental Free Trade Zone (CFTZ) sees the light of day.it is worth recalling that the EU has suspended negotiations with Central Africa within the EPA framework and recommended wishing for an EPA to adhere - *almost unconditionally* – to that signed by Cameroon, whereas countries of the sub-region all want to join through substantial changes of the EPA signed by Cameroon, particularly that incorporating binding provisions on the development and funding of the partnership.

II. Status of Cameroon's implementation of the agreement as at December 2016 ending

As a reminder, the first year of the dismantling of tariffs begun on 4th August 2016 consisted in a 25% drop of customs duties on products of the first group. About 1,700 products were involved in this 1st phase and represent about 25% of trade with the EU. This first phase aimed at reducing the average consolidated rate of duties on imports of European origin from 14% to 13.5% to the extent that 94% of the goods of the first group have low rates of customs duties (10% maximum).

According to information given by the Customs Department as at December 2016, cumulative EPA-related losses (August – December) in customs revenue amounted to 284 million FCFA, 21.5% of the forecast loss amount. The cumulative number of import declarations which benefited EPA preference over this period stood at 623. Products that benefited this drop are machines and equipment outlined in Parts 84 and 85 of the harmonized system. The major benefiting businesses were large enterprises. Among the latter can be found the following companies: LOUIS DREYFUS COMMODITIES. CAM SA; GLOBAL LEARNING AND TECH.; CAMRAIL SA; STE SUCRIERE DU CAMEROUN; LES BRASSERIES DU CAMEROUN; HORIZON PHYTO PLUS SARL; STE YARA CAMEROUN; TOTAL CAMEROUN S.A; STE CFAO TECHNOLOGIES; ENERGY OF CAMEROON.

From these figures, it can be established that the EPA preference was not used by a good number of importers. If some analyses sensitive to customs duty losses can “talk of mastering” the process and be proud of this drop in customs duties, those that saw the EPA as real opportunity to firms in search of competitiveness to renew their production equipment and create more wealth can wonder on the chances of attaining these main objectives of the EPA, namely the enhancement of the competitiveness of businesses. This objective can only be attained if businesses make abundant use of this preference to import quality equipment at low cost. If the present trend continues, it may be feared that we can pass off the mark. However, it is still too early to draw hasty conclusions.

In fact, the low rate of recourse to the EPA preference at the end of 2016 may have at least two reasons:

- The first has to do with the provision of proof of origin by importers. The benefits of the EPA trade regime is subjected to the provision of proof of (by the importer or his agent) that the goods are from Europe. At this stage, it has to be acknowledged that the various actors in the customs clearance chain have not sufficiently mastered the procedures for proof of origin, especially the documents to present to prove the origin of goods, the forms for applying for the movement certificate and the issuing authorities. By 2016 ending, barely 20% eligible declarations benefiting from the preference were recorded. Another difficulty that businesses face providing proof of origin lies in the supply chain of goods used in the EU. It appeared that supplies gotten from some purchase centres could render the accessibility of documents proving the

European origin of the goods difficult. The choice of suppliers (capable of providing all documents) is decisive in the obtention of documents proving the origin of goods.

- The second reason has to do with non-cumulation of regimes. Many importers use other customs regimes which, for the time being, are more enticing than the EPA regime in clearing goods from the EU (infrastructure project regime, law on enticing private investment in Cameroon, etc.).

III. What should be done when a production sector suffers an EPA-related loss?

Many business leaders mentioned the risk of the invasion of the national economic area by goods imported from the EU, and pointed an accusing finger at the agreement as a future cause of great difficulties for local firms. If it is true that such a risk exists, it is also true that the agreement provided for mechanisms to be activated to cope with massive importation of European goods under the EPA framework leading to or potentially leading to severe loss to national production. These mechanisms are known as safeguard measures. They can be bilateral or multilateral, and constitute temporary solutions when the risk of serious disturbance in a production sector is real and proven. In this case, solutions may take the shape of (i) the suspension of any new reduction of the customs duty rate for the product concerned or (ii) the increase in the customs duty rate for the product concerned or the imposition of tariff quota on the product concerned.

To activate these bilateral safeguard measures in Cameroon, there is need for prior examination of other alternative solutions to the problem. In addition, two conditions have to be met:

Condition 1: Presence of a sharp increase in the importation of a product (in increased such quantities) from the EU into Cameroon.

Condition 2 (Effects): This importation has to cause or threaten to cause (one of the conditions should be verified).

a) **Serious damage** to home industry producing similar goods competing directly on the Cameroonian territory, or

b) **Disturbances in a sector of the economy**, particularly if these disturbances cause significant social problems or difficulties which could cause serious deterioration of the economic situation in Cameroon, or

c) **Disturbances in similar agricultural markets** or mechanisms regulating these markets.

Conclusion:

The implementation of the EPA presented a mixed balance sheet for 2016 ending. The first five months of the dismantling of tariffs may be considered as a period of learning, process implementation and the gradual mastery of procedures. We can look forward to an increased use of the EPA preference which will become more enticing as long as the implementation of the tariff dismantling schedule unfolds. At any rate, the successful attainment of the objectives of the agreement necessitates a continued enhancement of the capacities of the various players (businessmen, clearing agents and customs staff) strengthening over a sufficient period.

APPENDIX: THE CCIMC IN ACTION IN 2016

Some key actions taken by the Chamber in 2016 in this part will be explored. These result from the implementation of its 2016-2018 triennial performance plan in the 2016 financial year.

1. Renewal of the statutory organs of the CCIMC

The renewal of the statutory organs of an organisation is always a token of its vitality. The CCIMC, in its respect of regulatory requirements, organised the election of its members to choose those who will define its policies for a period of four (4) years.

Following these elections and the appointment of the President of the CCIMC by presidential decree and in accordance with regulatory provisions on 27th April 2016, the Constituent Plenary Assembly of the CCIMC held at the Sawa Hotel under the chairmanship of Mr. Ernest GBWABOUBOU, Minister of Mines, Industry and Technological Development.

During this meeting, the elected members of the CCIMC elected the Executive Bureau members and Regional Delegates. In addition, they were trained on the missions of trade Chambers, the definition of mandate programme (methodologies to follow) and strategic vision in the framework of the activities of the mentorship programme between the CCIMC and the Chamber of trades and Crafts of Vendée in France. This programme was initiated by the Permanent Conference of African French-speaking Trade Chambers (CPCCAF) with the support of the French Development Agency (FDA).

2. Plenary Assembly

The Plenary Assembly of the Cameroon Chamber of Commerce, Industry Mines and Crafts met in its 1st ordinary session for the 2016-2019 Mandate on 15th December 2016 at the Sawa Hotel under the main theme "The Administration of Proof of Origin by Importers under the EPA". It was dedicated to the voting of the budget and performance plan.

3. The sections of the CCIMC

The Section meetings of the CCIMC were held on 14th December 2016 at the Sawa Hotel, with the main themes being « The Problem of Funding the Very Small Enterprises", The Development of Value Chains in the Crafts Sector" for the Crafts Section, "Stakes and Challenges of the Pre=shipment Conformity Evaluation Programme:" for the Commerce

Section, “The Industrialisation Master Plan: Stakes and Challenges” and “Processing Industries in the face of Present Changes” for the Industry Section and “The Opening of the Kribi Port Authority: Stakes and Challenges” for the Services Section.

4. Study on the production of milk and derives products in the North-West, South-West, West and Littoral regions

In order to provide its modest contribution to the development of the milk sector, a study on this milk and its derivatives was carried out in the North-West, West, Littoral and South=West regions by the consultancy firm CIBLE at the request of the CCIMC. The restitution of this study to the main players of the sector took place on 28th January 2016 at the Azam Hotel in Bamenda. This study revealed the existence of a strong potential for the development of the dairy sector and an enormous demand presently being met through the massive importation of dairy products.

5. Project for the construction of public warehouses at the Douala port

Through the technical assistance of CARPA, the CCIMC obtained the sustainability notice for the project for the construction of public warehouses and life centre at the Douala port. A decision setting up the Special Commission for Partnership Contracts for the project was signed. The said commission is made up of representatives of the Prime Minister’s office, MINMIDT, MINEPAT, MINFI, MINMAP, CARPA and CCIMC.

6. Chamber Mentorship

2016 was marked by the immersion training of four (4) officials of the CCIMC at the Vendée Chamber of Trades and Crafts (CMA) from 10th March to 13th April 2016. This training was carried out under the mentorship programme funded by the French Development Agency (FDA) through the CPCCAF.

7. Staff capacity building

Several officials of the CCIMC took part in high-standing training sessions on the requirements of ISO Standard 14001-2015 (National Upgrading Programme), International Trade Negotiations at the United Nations Economic Development and Planning Institute (UNEDPI) in Dakar (Senegal), Advanced Course on Sanitary and Phytosanitary Measures (SPM) at the WTO office in Geneva(Switzerland), immersion training at the AGCI in France, the Methodology of Corporate Diagnostic and Production of an Upgrading Programme according the approach of the United Nations Industrial Development Organisation (UNIDO).

8. Training of businesspersons

Four hundred and twenty-seven (427) businesspersons and leaders were trained in the framework capacity enhancement seminars and workshops on several topics, including "Innovations of the 2016 Finance Law", "Project Development", "Drawing Statistical an Tax Returns" and "How to respond to a Call for Tenders", to name just these.

9. Business climate: Tax dispute

The Cameroon Chamber of Commerce, Industry, Mines and Crafts (CCIMC) and the Directorate-General of Taxes on Thursday 30th June 2016 co-chaired a meeting between the taxation department and businesspersons on ***"tax disputes"*** in the conference hall of the CCIMC.

The meeting was effectively attended by one hundred and twenty (120) businesspersons of several activity sectors, representatives of socio-professional organisations like GICAM, SYNDUSTRICAM, MECAM, FENAP, le GFAC, ONCFC, to the Government:

- The setting up of a perennial discussion platform between the Directorate-General of Taxation and the private sector.
- The consideration of the transitional clause for importers by the tax law.

- The possibility to transform obligation to pay a deposit into state coffers through bank guarantees so as to facilitate its reimbursement if necessary.
- The reactivation of the Dispute Committee of the Ministry of Finance, with the inclusion of several stakeholders apart from dedicated staff so as to guarantee the impartiality of judgements of hierarchical recourse.
- The elimination of payment in the event of hierarchical recourse so as to preserve free access to the judge.

10. Activities of the CMC

On account of the authorisation to open Certified Management Centres (CMCs) in the 10 regional delegations of the CCIMC, one hundred and thirteen (113) firms joined the centre in 2016.

11. Project for the creation of a professional resource centre for leather trades

Under the project for the redynamisation and professionalisation of players in the hides and skins sector, the auditorium of the Higher Institute of the Sahel of the University of Maroua on 25th August 2016 hosted the restitution of the feasibility study and business plan of the project for the creation of a Professional Resource Centre for Leather Trades in Maroua.

12. Promotion of small-scale processing of food products

Along the sidelines of the organisation on 31st March to 9th April 2016 of the International Exhibition of Crafts at the Tsinga exhibition centre by MINPMEESA, the CCIMC engaged itself in the promotion of transformation of local food products. This dynamism was part of the continuation of the implementation of Government's policy in the domain of the development and guidance of the Very Small Enterprises (crafts) in order to meet the economic challenge which consists in transforming the informal sector into a structured sector through significantly developing entrepreneurship.

13. EPA between Central Africa and the European Union

As a member of the Committee charged with the implementation of the Economic Partnership Agreement between Cameroon and the European Union and of several working groups at the national and regional levels, the CCIMC took part in preparing the regional EPA negotiations, particularly the 37th, 38th, and 39th sessions of the Regional Committee for EPA Negotiations (CRCN) and 13th session of the Ministerial Committee for EPA Negotiations (COMINA). Nationally, the CCIMC actively participated in the elaboration of Decree N° 2016/367 of 3rd August 2016 laying down rules of origin and the administrative cooperation methods applicable to goods from the EU under the Interim Agreement, stepping stone to the Economic Partnership Agreement. In order to inform the Cameroonian business community on the EPA, a publication entitled *A Ten-point Guide to Understanding the Economic Partnership Agreement (EPA) Put into force on 4th August 2016* was released in 10,000 copies in English and French and distributed to entrepreneurs in the 10 regions.

14. Production of the CCIMC's magazine

In 2016, the production and distribution of *La Chambre* continued with the production of two (2) editions (Nos. 20 and 21) and a special edition on CCIMC elections. Each of these editions had a print run of two thousand (2,000), and was distributed both nationally and internationally.

15. AFRICA-EUROPA Business Agreement

The Normandie Chamber of Commerce and Industry, alongside the CCI of Paris Ile-de-France, organised the third French edition of the AFRICA-EUROPA Business Agreement from 4th to 6th July 2016. This edition saw the participation of twenty-five Cameroonian businesspersons led by the CCIMC.

16. Economic and trade missions

The CCIMC took part in several economic and trade missions abroad. These include (but are not limited to) the 20th Americas Food and Beverage Show and Conference, which held on 26th August to 7th September at Miami Beach Convention Centre in Florida (USA), the 31st TradExpo Indonesia held on 12th to 16th October 2016 at the International Exhibition Centre in Kemavoran in Jakarta, Indonesia, the industrial products exhibition for businesswomen organised by the Arab Union for Industrial Export Development (AUIED) held from 2^{nd} to 5^{th} November 2016 at the Intercontinental Hotel Citystars in Cairo in Egypt and the Turkey-AfricaBusiness Forum in Istanbul (Turkey) from 2^{nd} to 3^{rd} November 2016.

17. Sensitisation of businesspersons

The CCIMC was very solicited in 2016 by the Government and partners to provide technical support in sensitizing and mobilization of businesspersons to participate in several economic promotion events. A total of about three thousand (3,000) businesspersons were sensitized by the CCIMC's regional delegations and head office.

18. Centre of Arbitration and Mediation of the CCIMC

The project for the creation of a Centre of Arbitration and Mediation (CAM) of the CCIMC which aims at improving the business climate through low-cost conflict settlement witnessed the approval of the Ministry of Justice, Keeper of the Seals of texts on Arbitration, Mediation and Conciliation Rules as well as arbitrator application documents. The Executive Bureau of the CCIMC was authorised by the Plenary Assembly of the CCIMC during the December 2016 ordinary session to make the centre operational in 2017. This centre originated from the recommendations of the Cameroon Business Forum.

19. Dematerialisation of foreign trade procedures

In a bid to accompany the Cameroon Government in the process to dematerialise the procedures of foreign trade, the CCIMC actively participated in the dematerialisation of the procedures for the issuance of Certificates of Origin (Cos)the E-Guce platform and the Business Directory and Technical Administration Information Systems.

20. The AGOA Resource Centre

The enhancement of the capacities of businesspersons to export to the USA under AGOA was marked by the organisation of several capacity-building activities, notably the organisation of a training session of the craftsmen of the food-processing sector in the ten regions on packaging and labelling of products in Yaounde on 31^{st} April 2016 along the sidelines of the International Exhibition of Crafts (SIARC), the organisation of seminars on AGOA and export opportunities in Bertoua on 14^{th} June 2016, Bafoussam on 15^{th} September 2016 and Ebolowa on 22^{nd} November 2016. This seminars fell in line with the implementation of the activities of the CCIMC-USAID Trade Hub on a funding subsidy.

21. Mentorship of young entrepreneurs

The Business Residency Programme Bordeaux-Afrique-France carried out in partnership with the Bordeaux Council and the Cameroon Chamber of Commerce, Industry, Mines and Crafts enabled the training of four (4) young Cameroonian entrepreneurs. The latter were selected out of twenty-eight applications with the expertise of the consultancy Mazars. They were in Bordeaux for four weeks, from 29th April to 21st May 2016. Their stay enabled the laureates to improve their skills, share experiences and contract business partnerships with young French entrepreneurs.

22. The Pilot Incubation Centre

Originally designed as a factory-school specialised in adding value to agricultural produce in general and tubers in the form of food products and products for industrial use, the Pilot Incubation Centre in Douala in 2016 got new orientations from the Cameroon Government and its partner ICRISAT aimed at relocating it to a one-hectare site in Bwadibo (Bonaberi). Construction work to provide it with user-friendly infrastructure to host and train hundreds of youths is 70% compete.

Through a partnership concluded with the entrepreneurship support programme *PAE Jeune* and funded by IFAD, it will, in 2017, support one hundred and twenty (120) youths in intra- and extra-mural development of agro-pastoral VSMEs.

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