

# WORLD TRADE ORGANIZATION

RESTRICTED

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TRADE POLICY REVIEW BODY

## TRADE POLICY REVIEW MECHANISM

### Trade Policy Review of Cameroon

#### Communication from the Discussants

In pursuance of Annex 3, paragraph C (iv) of the WTO Agreement, the following are outlines of the main points to be raised by Mr. Patrice Curé (Mauritius) and Ms. Anne-Marie Plate (Netherlands) at the review of Cameroon to be held on 13-14 February 1995.

It is recalled that discussants act in their personal capacity.

(a) Mr. Patrice Curé

1. The Secretariat report notes the concern of the Government of Cameroon in achieving significant gains in productivity and attracting a large amount of investments to fully benefit from the Uruguay Round.

It observes that the initial brunt of public expenditure cuts between 1986 and 1990 already fell on investments and that persistent revenue shortfalls for the years 1992 to 1994 have kept the budget deficit in the order of 7 to 8 per cent of GDP contributing further to a significant decline in national savings.

Foreign Domestic Investment continues to be negatively affected by economic uncertainties and considerable scepticism from investors over an ailing banking system.

Considering such adverse circumstances, what measures does the Government of Cameroon envisage as part of its broader market-orientated economic reform programme, to raise the levels of investment which remain a serious constraint to a sustained economic recovery and encourage the development of a competitive business sector?

2. Despite fiscal and monetary stringency, inflation has risen to an annualized rate of 30 per cent. How do the authorities plan to control inflation in line with international levels, in order to benefit from the devaluation and the recent liberalization of its trade régime?

3. The Secretariat's report notes that a major outstanding question now relates to the predictability and stability of Cameroon's trade régime. There appear to be few institutional constraints to prevent protectionist measures creeping back in the system. Cameroon has forgone making use of GATT commitments to reassure national and foreign investors of the performance of its tariff reform

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programme. Do the Cameroon authorities feel they can retain competitiveness in the mid-term and resist the introduction of protectionist measures?

4. The productive capacity has been substantially depleted through persistent decline in imports particularly of equipment. It has resulted in a contraction of the economy and undermined growth potential. How do the authorities address this problem?

5. The main current objective of the Government is to complete the transition from a state to a market economy. It has progressively reduced its level of involvement in the economy, even if privatization has not been totally successful owing to management problems. How can past mistakes that resulted in ill-advised and inefficient projects be avoided in the new fiscal and economic environment?

Does the Government, in this regard, see a rôle for the active informal sector in creating small businesses?

6. Cameroon is a major partner of CACEU and its geographical location opens Central Africa to its products. With a common external tariff and a common central bank currency, CACEU has set up the basis for relatively advanced institutional structures for regional integration. Unfortunately, performance has fallen short of expectations and original objectives, because the region's economies are not complementary as is pointed out by the authorities of Cameroon. Indeed, the share of Africa in Cameroon exports is only 4.6 per cent and Cameroon's imports from the continent amount to 2 per cent.

Against the background of the persistent economic crisis affecting the region, do the Cameroon authorities foresee a new future for CACEU and regional integration in the light of the CFA devaluation, the new fiscal and customs régime introduced in 1994, and the broad structural economic charges envisaged?

7. Export of wood logs increased considerably since the early 1980s and has contributed to the improvement of the economy. In 1999, the export of wood logs will be prohibited. Why? Is the decision related to environmental measures?

(b) Ms. Anne-Marie Plate

1. Recent liberalization of the trade régime
  - level of bindings
  - tariff escalation.
2. Import tariffs versus other border measures
  - ad valorem taxes
  - temporary surcharges.
3. Standards and other technical requirements.
4. Government procurement/privatization.
5. Foreign investment.