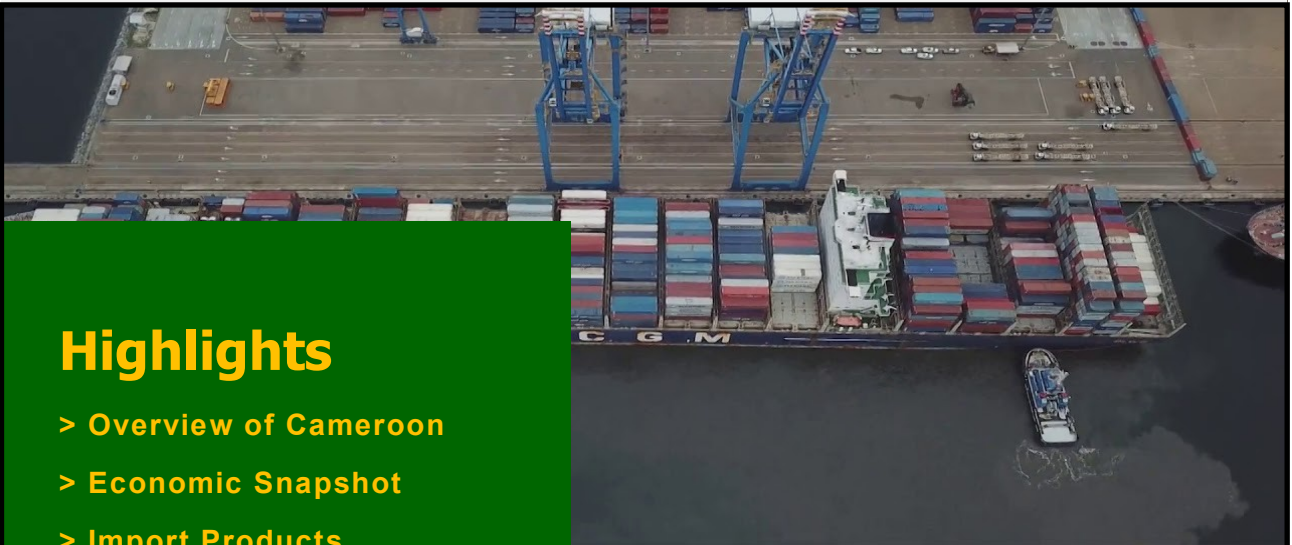




MASTERING YOUR MARKET UNDER AFCFTA - CAMEROON



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OVERVIEW OF CAMEROON

Cameroon has a population of about 27.75 million people and it is the 24th (475,442km²) largest country in Africa in terms of land mass. It is the 95th largest economy in the world, 14th in Africa and it is classified as a lower-middle income country. It is located in the Central African region, surrounded by countries like Nigeria, Equatorial guinea, Gabon, Republic of Congo, Chad and the Bight of Biafra with a coastline of 402km. The sales of Crude gold (39.6%), Cocoa bean (16%) and Sawn wood (10.8%) accounts for about 60% of its export revenues. Cameroon is among the Central African Economic and Monetary Community (CEMAC) countries which includes countries like Gabon, Chad, Republic of Congo, and Equatorial Guinea. Cameroon has a coastline, hence, goods will be shipped into the country through the port, the market opportunities and the demographics of the country has made this African market to become a place to explore by African exporters under AfCFTA.



ECONOMIC SNAPSHOTS

Cameroon has a coastline of 402km and its major port is located in the city of Douala. It is a predominantly Christians (70.7%) nation, 24.3% practice the Islamic Faith and 5% practice the Traditional Faith. French (80%) and English (20%) are the official language. It is a low-middle income country with a per capita income of about \$1,373 (2020 est.). The GDP was about \$39.8 billion in the year 2020 an 80% increase from the previous year. 15.38% was attributed to Agriculture, Services contributed 47.25% of the GDP while Industries contributed 25.08% (2020 est.). The inflation rate is 2.37% (2020 est.), the literacy rate is 77.07% (UNESCO), while 60.38% of the country's population is between 1-24years of age. Foreign company should be looking at producing or exporting to Cameroon. The major products pro-



ECONOMIC SNAPSHOTS

duced are Coffee, Cocoa, Cotton, Rubber, Banana, Oil Seeds, Cassava, Petroleum production and refining, Aluminum production.

The major agricultural products produced in Angola include Banana, Sugarcane, Coffee, corn, cotton, Cassava, tobacco and Livestock while the industries in the country produce petroleum, cement, metal Products, brewing, Tobacco products, sugar, and textiles.



MARKET CHALLENGES

Cameroon is a low-middle income country, this suggests that there would be less disposable income, which is a recurrent decimal for most African countries.

The world bank's "Ease of doing business" index ranks Cameroon at 166 out of about 190 countries and 152 out of 175 countries in the Transparency international's corruption perception index. This therefore means that Cameroon is a difficult place to do business.

Language barrier is another challenge that a company from an English speaking country would have

to contend with, as an interpreter would be needed for communication. The civil service where permits/certificates can be obtained are ineffective and this can cause stagnation and disruption of business process. Poor infrastructure and changing tax regime is a norm, electricity is poor, internet speed is 2292 Kbps. The port is bedeviled with rampant corrupt practices. Politicians also have a tendency for advancing their personal interest leading to economic stagnation.



IMPORT PRODUCTS

In 2020, the total import volume of Cameroon amounts to about \$6.73 billion. Some of the items imported and the amount include the following:

1. Transportation— \$1.64B
2. Machine - \$1.01B
3. Chemical - \$636M
4. Metal - \$559M
5. Veg. product— \$528M
6. Textile— \$477M
7. Foodstuff— \$402M
8. Plastic & Rubber \$335M
9. Mineral Products \$217M
10. Animal— \$212M
11. Footwear & Head \$155M
12. Paper Goods— \$151M
13. Stone & Glass- \$134M
14. Miscellaneous— \$130M
15. Instruments— \$77M
16. Animal Bi Product \$47M
17. Animal Hides \$35M
18. Wood Products \$6.3M
19. Weapons \$2.1M
20. Precious Metals \$1.8M
21. Arts & Antiques \$73K



MARKET OPPORTUNITIES

Foreign businesses that can provide solution to transportation infrastructure needs (road, railway, seaport and airports) have a huge opportunity that awaits them in Cameroon. There are opportunities in other areas such as water and waste management power generation, transmission and distribution. The extractive industry is another viable business to consider, as there are also opportunities in the Oil and Gas, rare earth minerals and timber. The population in Douala and Yaoundé are very fond of western products with products of French origin circulating the market, though products from other European and American countries exist. Chinese products dominate the basic goods imported into the country, therefore, to get a

pinch of the market share, a foreign business must be ready to execute a price competitive strategy to outwit the Chinese products, or better still, have a unique selling point that would out-class the products from Chinese importers. Cameroon is the country in Central and Western Africa where more alcohol is consumed. Durable products such as fridges and microwave ovens are becoming more common in urban areas. The basic Cameroonian diet consists of starchy foods and cereals and deficit of meat and fish production in the country.

MARKET ENTRY

Just like most African markets, entering the Cameroonian market would require establishing a physical presence or engaging a local partner or agent. This is due to the fact that an absence of a representative in the market may stall proceedings due to the long bureaucratic bottleneck involved in obtaining permits/certificates from government agencies and parastatals. Most times, a face to face interaction is required and this often leads to corrupt practices. Due diligence is a must for any foreign

company that wants a piece of the Cameroonian market as there are widespread and diverse scams in the country. Though not compulsory, it is important to partner with a local agent or distributor that is very conversant with the business culture and familiar with the Cameroonian market. Finding a reliable partner in a foreign country is a very tough task, hence it is important for embassies to render services like international partner search, international company profile report etc.

This gives a soft landing and entry point to the companies.



IMPORT DOCUMENTATIONS

All the import procedures are gathered at the Guichet unique des opérations du commerce extérieur (GUCE). This one-stop-shop gathers all the services involved in the import process. Intending importer/exporters must be registered with the Trade and Personal Property Credit Register, obtaining the trader card and professional exporter/importer card. All importers are required to submit a demand for an Attestation of verification to import to SGS on or before the time of verifica-

tion of the manifest. This demand is to be accompanied with the following documents, they include copies of the Interpretative documents, Transport documents (Bill of Lading or Airway bill), final invoice, packing list, freight invoice, local marine insurance certificate, customs clearance, number of cargo manifest, a voucher or evidence of an eventual exemption accompanied by a provincial customs certificate, phytosanitary certificate and other technical service documents. In 8hrs, SGS would issue a final AVI,

an original and two copies to the importer. The import process involves five steps: prior export request, securing the certificate of origin, Inspection before shipment, technical procedures, import domiciliation. The procedure for import customs clearance involves six main steps: goods bonding, filing of the goods accounting, declaration recording, inspection, duty settlement, goods collection.



SELLING FACTORS

As of May 2019, Cameroon has a VAT of 19.25%, which is paid upstream and is recoverable. Customs duties also play a significant impact on pricing. There are few price controls for consumer goods in this market, although the government strictly controls the price of petrol. Price and accessibility are the main drivers for the majority of Cameroonian consumers, though a smaller segment of wealthier consumers

also takes into account brand recognition and quality. Foreign companies are well advised to come up with a market penetration strategy and take advantage of the availability of the increasing popularity of the mobile technology for advert purposes and marketing. Television, radio and newspaper advertising are readily available in Yaoundé, Douala and other cities. Non-traditional channels of marketing such as SMS messaging are

growing very fast in Cameroon. Ecommerce is not well developed and is faced with logistics and payment issues. Popular ones include jumia.cm, kaymu.cm, lamudi.cm. The distribution market in Cameroon is mainly dominated by the local chain stores Dovv and Santa Lucia.

PAYMENT & EXCHANGE

Importers and exporters use internationally accepted methods of settlement. Due to pervasive credit risks even in the banking and public sectors businesses exporting to Cameroon insist on irrevocable confirmed letters of credit. Cameroon's payments system is part of the CEMAC system. The system consists of two parts: clearing centers at the level of the Bank of Central African States (BEAC) branches for high-volume, small-value payments and settlement

through regional BEAC current accounts for large value payments. BEAC requires banks to surrender all foreign currency remittances to the Central Bank and to consolidate their customers' forex requests into one application, in hard copy, to the national BEAC office. The BEAC office then clears and forwards the request to the regional office, based in Yaoundé, for final approval.

BUSINESS CULTURE

Most people favour an indirect style of communicating. It is generally not acceptable to say what you think, especially if it could be taken the wrong way or be deemed offensive. There is a common saying that the Swiss invented the clock but Africans invented "time". Being on time is somewhat of a joke and it has become completely normal and expected to be late to everything. It is important to use a person's honorific and surname when conversing. Government officials may be addressed as "Excellency" without using their surname. Business cards are given without formal rituals, you can present and receive cards with the bright hand only or with both

hands. Make a point to of studying any business card given to you and try as much as possible to comment of some of its details or design.





IN CONCLUSION

Cameroon like most African countries, is plagued by high level corruption which has hampered the economic growth of the landlocked country. This market offers huge opportunities for Foreign (African businesses) under AfCFTA.

Any business looking to enter this market must be ready to put structure in place for a successful venture. Cameroon's Ease of doing business index ranks is very low hence, Cameroon is a difficult place to do business.

To successfully establish in Cameroon, the business must first cater of the language difference, which poses a great obstacle.

Despite their numerous challenges in transportation infrastructure needs (road, railway, seaport and airports) have a huge opportunity that awaits them in Cameroon. There are opportunities in other areas such as water and waste management power generation, transmission and distribution. The extractive industry is another viable business to consider, as there

are also opportunities in the Oil and Gas, rare earth minerals and timber.

Finally, businesses entering into Cameroon should be ready to establish a physical presence or engage a local partner or agent because of the long bureaucratic bottleneck involved in obtaining permits/certificates from government agencies and parastatals.

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