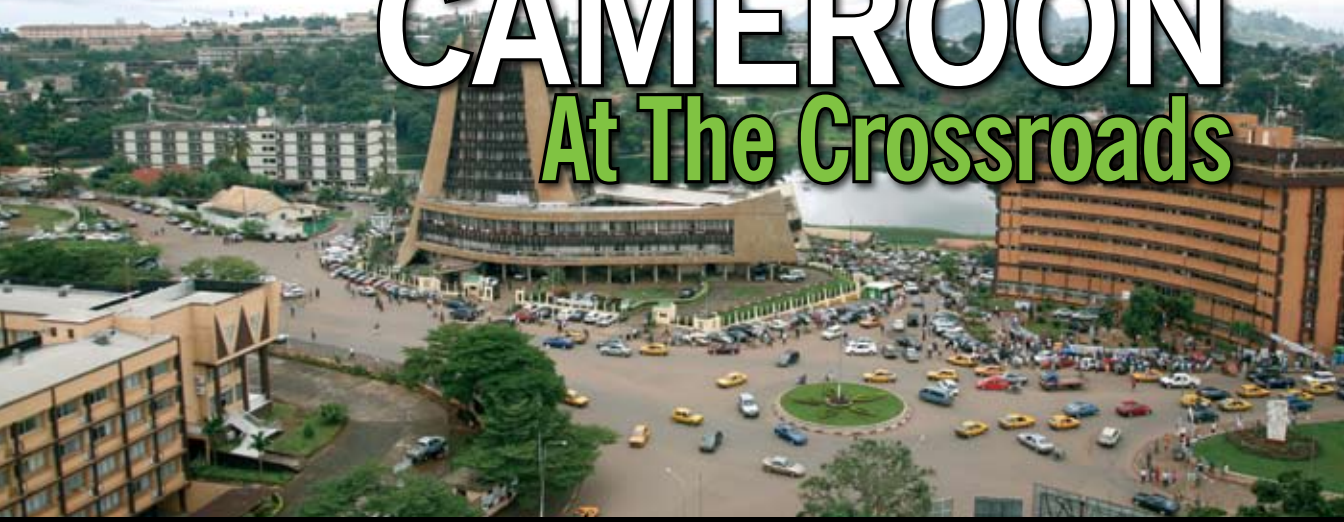


# CAMEROON

## At The Crossroads



In two years, Cameroon will celebrate the 50<sup>th</sup> anniversary of its independence. Those with long memories will recall that Cameroon became an independent nation in January 1960 amid a great deal of uncertainty—new leadership in the capital Yaoundé, and a civil conflict rumbling in the south of the country. Therefore, the journey of the country from such a difficult beginning to its present condition as a united entity with considerable positive prospects, has been remarkable.

Although it cannot be denied that the country still faces some political challenges, there is general consensus that its economy is on a sound and solid base. Therefore, as the anniversary approaches, many Cameroonians both inside and outside the country have high hopes that this vibrant West African country will not only realize its immense potential, but also celebrate its 50<sup>th</sup> birthday at its apex—both economically and politically. ■

### Geographical Situation

The Republic of Cameroon is a middle-sized country that lies just north of the equator on the West African coast.



Cameroon's diverse population of over 18.5m people represents a mix of Christian, Muslim and indigenous religious groups. The country occupies an area of just under 190,000 square miles, which ranges from a dense tropical forest in the south to a dry savannah in the north.

Cameroon is one of Africa's great opportunities for massive economic development. The country has substantial wealth, derived from a balance of agricultural, human, and mineral riches. ■

## Cameroon's Role in Africa and the World

In its African policy, Cameroon has been mindful of its unusual colonial heritage. Under the name Kamerun the country became a German colony in 1884. Following the First World War, France and Britain signed the Covenant of the League of Nations, dividing Cameroon between them. Independence was sought by the Union des Populations du Cameroun political party until it was outlawed in the 1950s. However, French Cameroun finally gained independence as a republic under President Ahmadou Ahidjo in 1960, merging with the southern part of British Cameroons in 1961.

The German imprint is still apparent and Cameroon's triple heritage makes its relationship with Europe unique. The fact that the European Economic Community's (EEC) first agreement with a group of African states was signed in Yaoundé is indicative of the unique relationship with Europe.

Cameroon became a member of La Francophonie, an international organization of French-speaking countries and governments in 1986 and of the Commonwealth of Nations ten years later. The country is strongly attached to African unity and hosted the Organization of African Unity (OAU) Summit in Yaoundé in 1996. Two OAU Secretary Generals were from Cameroon.

The country enjoys relative political, economic, and social stability. In terms of gross domestic product (GDP) it is the richest in the six-nation Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC), a putative customs union with a single currency (the Central African CFA). The regional grouping comprises Cameroon, the Central African Republic (CAR), Chad, the Republic of the Congo, Equatorial Guinea, and Gabon.

Access to CEMAC's market of 35 million people has been a selling point in Cameroon's efforts to attract investors. Cameroon, a driving force in CEMAC, wants to achieve full and free movement of goods and peoples by 2009, but the proximity to conflict zones contributes to difficulty in meeting this goal. Cameroon has had to offer hospitality to some 100,000 refugees due to sporadic conflicts in neighboring CAR and Chad.

Indeed, in its international relationships Cameroon has, with great pragmatism, always given priority to economic relations, which are now dominant. This applies, for example, to its membership of the African, Caribbean, and Pacific Group of States as a major beneficiary of the European Development Fund since 1960. At the end of last year, Cameroon was the only CEMAC country to initial an interim Economic Partnership Agreement with the EU. As a middle-ranking economy, it could not afford to lose access to the EU market for its agricultural exports, such as cotton, bananas, coffee, and cocoa.

Cameroon has also always valued its links with the World Bank and International Monetary Fund (IMF), which have helped it secure important debt relief under the Heavily Indebted Poor Countries (HIPC) process. Relations with the Middle East countries have also developed considerably, and significant strides have been made in Asia. The Chinese government, in need of new sources of raw materials and markets, is rapidly consolidating its growing trade with Cameroon. ■

### Cameroon at a Glance

President	Paul Biya
Prime Minister	Ephraim Inoni
Area	183,568 square miles
Population	18.5 million (UN, 2007)
Capital	Yaoundé
Religions	Christianity, Islam, indigenous
Life expectancy	50 years
GNI per capita	\$1,010 (World Bank 2006)
Languages	French & English
Currency	CFA franc
Exchange rate	1 US dollar= 424 CFA francs

## The Present Political Situation

Since independence, Cameroon faced a serious problem of governmental authority that tended to put democracy on the back burner. Even though more democratic practices were permitted in the English-speaking part



■ President Paul Biya

of the country, the regime of the country's first President Ahmadou Ahidjo (1960-82) was better known for its authoritarianism. His sudden decision to resign and hand over power to his Prime Minister Paul Biya was surprising, especially as this involved a "power shift" from the north to the southeast.

The northerners reacted with an attempted coup and failure in 1984. But the coup attempt did not deter President Biya. He moved very quickly from a slow and calculated transition to a more open society, introducing a multi-party system. The ruling party, the Cameroon Democratic People's Movement (CDPM) previously the only party, has managed to retain control through all subsequent multi-party elections. The main opposition leader John Fru Ndi, head of the Social Democratic

Front, who was a serious challenger in the 1992 elections, has become an increasingly isolated figure. Thus, with less influence being exerted by the opposition, President Paul Biya is said to represent the best advocate of stability in Cameroon.

President Biya has been in power for 26 years, and recently secured from the National Assembly, where the ruling party has an extremely comfortable majority, a constitutional amendment to permit him to stand again when his current 7-year term expires in 2011. The President's aloofness from the political scene has sometimes been criticized, but there have been moments when it has been seen to be an advantage.

Opposition to constitutional change is said to have been behind the unprecedented rioting in Douala and Yaoundé as well as other towns in the southwest in February. But it is generally agreed that what really lay behind the riots was the sharp increase in fuel prices. The fuel increase came at the same time as food price hikes arising from dramatic jumps in cost of wheat and rice on the world market. The riots are also seen as a symptom of the dangerous problem of rising youth unemployment. The situation was calmed after the fuel price increase was halved and salary increases for government workers were promised. The government has also announced a new program to increase food production, although Cameroon has traditionally been self-sufficient in food.

As part of its policy to promote good governance, Cameroon is committed to the war on corruption, which has seen some major casualties from the highly competitive political elite. Although the anti-corruption moves come partly from donor pressure, it responds to a popular mood, often expressed in Cameroon's quasi-independent media. ■

## An Economy on the Brink of Take-off?

In Cameroon, oil production began in 1977 thus the country was too late to benefit from the first oil boom in the early 1970s. Cameroon's economy suffered from the slump in oil prices in the 1980s, which led to a heavy debt burden and years of securing and paying back loans with the World Bank, the IMF and other western donor institutions. When oil production peaked in 1995, the economy began to recover. But despite a period of decline in production, oil revenues have continued to rise because of the unusually buoyant oil prices that have prevailed in recent years. Production rose from 87,000 barrels a day in 2006 to 92,000 barrels a day in 2007. It is estimated that production will increase further this year, stimulated by the current high world oil price.

Studying the correlation between oil revenues and growth rates, it is possible to determine that, after years of recession in the 1980s and early 1990s, GDP growth became regular at around 4 percent between 1995-2003. Although since then growth has been slightly uneven, it is back to over 4 percent in the current year.

Apart from oil, Cameroon is rich with a number of other solid minerals, including gold, diamonds and 50 lesser-known minerals that are being developed through small and large-scale mining. There are also new investments in cobalt, iron, nickel, and bauxite. Bauxite mining is partly aimed at feeding the aluminum smelter at Edea.

As part of the necessary reform to modernize the country, a privatization program is slowly taking shape. Attention is also focused on improving Cameroon's infrastructure, especially in transport and energy sectors, in order to create a favorable business climate that will



■ *Progressive economic framework:*  
Constructing Cameroon's new National Sports Stadium.

attract the kind of investment needed to help the economic take-off.

In terms of its energy supply, the country is fortunate in having massive hydroelectric potential, such as the dam on the Sanaga River which mostly furnishes power to the Edea aluminium smelter. But only 2 percent of this huge potential is currently being exploited. Thus, apart from plans for further hydro expansion, oil and natural gas-fired plants have been developed to meet a rapidly expanding energy market.

Increased dynamism in the economy is further evidenced in the success of the country's banking sector. In addition, Cameroon's famous "tontines" investment vehicle of the 1960s is a testament to the thriving informal economy. Although the informal sector is only calculated at 32 percent of GDP (against 57 percent in Nigeria and reportedly more in Ghana), this sector is growing and it plays an important role in Cameroon's economic well-being. ■