CAMEROON
2017

Cameroon aspires to become an emerging country by 2035, aiming to increase the secondary sector's contribution to GDP substantially, from 27.6% (in 2009) to 40.0%, with manufacturing output increasing its share from 14.9% to 24.0% of GDP. For Cameroon to achieve this goal, manufactured goods, rather than raw materials, will need to account for a larger share of exports.

Cameroon has the most diversified industrial base in the entire CEMAC region. The sector has been restructured in a series of reforms linked to: structural adjustment, the 1994 currency devaluation, and supply chain liberalisation. The sector's main components are the extractive industries, agri-business, leather and textile processing, chemicals, metals and construction materials processing. These industries are part of the secondary sector, which contributed 26.2% to GDP, with the extractive industries and agri-business contributing 12.6%. The rise of the tertiary sector is likely to reduce these figures. Oil and gas still account for 96.0% of the extractive industries' contribution to GDP.

The 2009 enterprise census found that micro-enterprises accounted for almost 85% of industry, while large firms accounted for only 2%. Most micro-enterprises (54.7%) operate in the textiles, clothing, leather and footwear sub-sector; large firms operate mainly in three sub-sectors: food, drinks and tobacco (25%), wood, paper, printing and publishing (18%) and chemicals, oil refining, rubber and plastics (17%).

Cameroon has strengths and opportunities to kick-start industrialisation and to place it on a firm footing for the long-term. Vast water, forestry, mineral and energy resources place the country in a strong position to move up the value chain. Oil and gas reserves are substantial, as are mineral resources (iron, bauxite, cobalt-nickel, limestone, clay, gold, manganese, uranium, rutile, copper and diamonds), which could be upgraded. The two sectors that drive agri-business – fisheries, and agriculture, forestry and livestock – could stem the flow of imports of certain industrial consumer goods. Business start-ups are booming in a wide range of sectors, showing that the country has a suitable industrial base for substantial growth, especially by developing certain commodities currently exported unprocessed.

Although Cameroon's industrial sector is dynamic and diversified, its various elements face challenges, some of which are structural. The diagnosis conducted in 2009 for the 2010-20 growth and employment strategy paper (DSCE) highlighted some of those challenges, which the sector still faces today: the energy shortage; the high cost and poor quality of telecommunications; an insecure social and legal environment; constraints related to regulations, standardisation and quality; poor access to finance; and inadequate training in human resources. Smuggling, and competition from cheap Asian and Nigerian imports, are fuelling a fast-growing informal sector. As a result, import and retail businesses are growing, to the detriment of industrial development.

The lack of good-quality infrastructure is a major obstacle to industrialisation. According to an African Development Bank review of public spending, in 2013, only 10% of paved roads were in good condition, 32% were in fair condition and 58% were in poor condition. The poor quality of the roads isolates regions that produce goods, which raises production costs. Industries do not have a regular power supply because energy is in short supply, the three networks (North, East and South) are not interconnected and power lines are ageing. The shortfall in skilled labour also affects investment choices. Moreover, reforms to improve the business environment are at a standstill, which is holding back business. Finally, because the population's purchasing power is low, with a poverty rate of 37.5% in 2014, household final consumption is not significantly stimulated. The gradual dismantling of tariffs following the signature of an Economic Partnership Agreement with the European Union in 2016 will open up the Cameroonian market, so industry needs to become more competitive or it risks disappearing gradually.

Faced with these challenges, the industrial development strategy aims to make the country attractive by creating a business-friendly environment, by introducing pro-investment policies, by providing industries with sufficient raw materials on a regular basis, by improving the quality of infrastructure and support services (communications, telecommunications, energy and finance) and by improving human capital. The future of Cameroon's industrial policy will be outlined in a master plan for industrialisation currently being drafted. The plan will aim to raise the industrial sector's GDP contribution to 24% by 2035 by prioritising agri-business, energy and digital technologies so that they drive the economy and create opportunities for entrepreneurship.

Infrastructure improvements include hydroelectric power stations currently under construction, which will increase the national energy supply, and the country is strengthening its national telecommunications backbone. Cameroon is a country of transit, so it is developing several transport projects to expand and consolidate parts of the network that link the country to neighbours in the region: Chad, Equatorial Guinea, Gabon, Nigeria and Republic of the Congo. It is also expanding and consolidating domestic desert roads to improve connections with isolated production regions. Additional gantry cranes and dedicated quays at the port in Douala have reduced the time needed to unload ships and to supply inputs nationally and to the hinterland.

Efforts to improve the business environment have centred around the Cameroon Business Forum (CBF). Launched in 2009, the forum is attached to the Prime Minister's office and serves as a platform for dialogue and consultation between the government and the private sector. The CBF brings together organisations representing the private sector and the main government bodies, as well as civil society and development partners.

Government incentive policies still focus mainly on the 18 April 2013 law that defines the tax exemption schemes available to domestic and foreign investors and the special benefits that apply to certain sectors. Incentives are also governed by Law 2013/011 (16 December 2013) on economic zones and on mining, oil and gas regulations.

A policy is being implemented to revitalise productive sectors through various structural programmes designed to give agri-business and small and medium-sized enterprises better access to medium- and long-term financing and to develop value chains for fisheries and for agriculture, forestry and livestock.