

Cameroon Investment law

The investment code was revised in 1990 to encourage productive investment in Cameroon. Thus it offers alluring conditions to investors in the form of incentives and guarantees. It is a liberal law in which the legislator calls on all natural persons or corporate bodies of Cameroonian or foreign nationality, irrespective of their place of residence, to undertake economic activity in Cameroon. The code goes further to operationalize this charter of rights in the following investor-friendly terms.

- Foreign nationals have the right to enjoy the same liberties and protection of the law as those granted Cameroonian natural persons or corporate bodies.
- Foreign nationals have the right to enjoy the manifold rights governing property ownership, concessions and administrative authorisations.
- Foreign nationals have a right to compensation in the case of expropriation after evaluation by an independent third party.
- Foreign nationals have the right to enter into and execute any contract that they deem to be in their interest.
- Foreign nationals have the freedom to enter, reside in, travel around and leave the national territory. This includes corporate bodies duly established in Cameroon, their partners and managers and foreign staff with approved contracts of employment as well as members of their legitimate families.
- Foreign nationals have the right to hire and fire labour in compliance with the labour and social insurance legislation in force.
- Finally and most importantly, foreign investors resident in Cameroon are guaranteed the right to freely transfer proceeds of all kind from invested capital and in case they cease to operate, the residue of the liquidation. They are also free to transfer funds representing normal and current payments for supplies and services effectively performed, particularly in the form of royalties and sundry remuneration.

Needless to say that all these attractive conditions can only fall into shape when the foreign national (if resident in Cameroon) has a residence permit.

This code also encourages export trade by granting considerable exemptions on export charges.

The code has widened the scope of production in the sense that there is no longer any particular protection amongst national business sectors. The wood sector has been liberalised such that it is now easier to obtain the licence to exploit timber. The petroleum sector has also been liberalised and oil research, meaning exploration, production and distribution, is open to all who can venture. Moreover, a

1998 law instituted special fiscal measures to promote hydrocarbons exploration activities in Cameroon. This law is a charter of rights and benefits to be enjoyed by holders of hydrocarbons exploration permits and concessions.

There is the fiscalo-customs reforms which put every business, whether industrial or commercial, on the same plane.

2. SETTLEMENT OF COMMERCIAL DISPUTES.

In consonance with the spirit of the new investment code, the OHADA Treaty was ratified by the Cameroon government in 1996. This is a harmonized law which enhances the avoidance of legislative anarchy in the business sector. It encourages the jury system as against the single judge system in the settlement of business disputes. In this way the proclivity for impartiality is much reduced. In a bid to avoid the long, onerous and costly nature of legal proceedings in economic litigation, the treaty encourages arbitration

3. LIBERAL ENVIRONMENT

The soil on which the seeds of the revised investment code and the OHADA Uniform Acts can grow could only be fertilized by economic and political liberties. This is how the government released multiparty politics (which had been arrested in 1966 with the birth of the umbrella party, CNU) in Cameroon. This is also how politico-economic liberties came to be enhanced in Cameroon with the 1990 liberty laws. Thus on the political plane 16 laws and 3 decrees were passed covering various facets of political life. On the economic plane 25 laws and 23 decrees were passed across the board.

a) Political liberties.

On political liberties these laws and decrees include, among others, laws n°90/043 to n°90/061 on the conditions of entry into, residence in and exit from the Cameroonian territory; the simplification of criminal procedure for certain offences; the repression of subversion; the state of emergency; the freedom of social communication; the freedom of association; the maintenance of law and order; the regime of political meetings and manifestations, political parties; judicial organisation and; decrees n°90/1245 to n°90/1459 on the conditions of establishing passports and foreign trips by nationals; the conditions of entry into, residence in and exit of foreigners and; the creation of a national commission for human rights.

b) Economic liberties

On economic liberties these laws and decrees include, laws n° 90/019 to n°90/071 on the exercise of the activities of credit institutions; the creation of the Free Trade (Industrial) Zone; the practice of insurance activities; the metric system and the control of weight and measures; the conditions of practice of the profession of road transporters; the regulation of commercial practice in Cameroon; the practice and organisation of the veterinary profession; the practice and organisation of the profession of technical experts; the practice and organisation of the profession of chartered accountants; authorising the President of the Republic to organise a restructuring of the cocoa and coffee sector; the privatisation of public and para-public enterprises; the investment code and; decrees n° 90/1357 n°90/1483 on the facilitation of the entry of tourists into, stay in and exit from Cameroon, the conditions for the granting of the licence to practice cinematographic activities; the conditions for the granting of transporters licence; the conditions for the construction and running of touristic establishments; the conditions for the creation of touristic agencies; the condition for the granting of licence to run credit institutions; the homologation of prices; the modalities for exploiting queries; inter alia.

4. SECURE POLITICO-ECONOMIC ENVIRONMENT.

These political liberties have gone a long way to set a safe and sane political environment for business to thrive. There are more than 150 authorised and fully operative political parties in Cameroon today. In the last nineteen years, eleven multiparty elections have been organised: four presidential, four legislative and three municipal. An elections observatory now exists in Cameroon. Foreign investors show a weakness for countries with institutions having plural opinions such as the present national assembly and municipal councils in Cameroon. There is freedom of conscience and the press is approaching western standards.

The 1996 revised constitution of Cameroon is a great leap toward the ideal of democracy.

On their part the economic liberties have affected trade and industry in a most positive way.

5. THE FREE TRADE ZONE

In 1990 the government of Cameroon enacted the Free Trade Zone legislation to further encourage industry. This law is to the effect that industrial concerns exporting at least 80% of their products qualify for an extensive package of fiscal, regulatory and customs incentives. There are also administrative incentives such as the one-stop shop facility. Industrial estate developers and operators in Cameroon are equally eligible for this same package of benefits.

The Free Trade programme is a concept applicable to locations throughout the country, although with headquarters in Douala. It provides the opportunity for the setting up of "industrial park" free trade zones and "single factory" or "special" free trade zones. The opportunity for the latter is granted to agro-industrial firms to enable them locate near their sources of raw materials.

The scope of activities in the free trade zone ranges from pure manufacturing, through assembly operations to financial and information processing services.

6. SOCIAL

In August 1992 the Cameroon Labour Code was revised to meet the exigencies of an ambitious economic plan as elaborated in the investment charter. In this new code, the liberalisation of the economy is further sanctified by the freedom of contract between the employer and the employee. Here the balance of favour is tilted to the greater advantage of the employer. At the same time, foreign business operators and foreign employees are greatly protected.

In 1998 the President of the Republic ratified a 1973 ILO convention concerning minimum age for admission to employment. Thus the minimum age for admission to employment throughout the national territory is now fixed at 14 years; this in accordance with the revised labour code. It will result in increase in the supply of labour and its attendant benefits to the employer.

7. BANKING AND INSURANCE

It is the banking sector which fuels the economic machine. This is why the banking sector in Cameroon was restructured to favour the growth of business. This was achieved through legislation designed to ensure the stability of the sector. Since the enactment of the 1995 ordinance, there is no restriction as to ownership. Hence we find the existence of 100% privately owned banks and other sorts of financial institutions in Cameroon today. There is also the possibility of operating offshore banking in this country.

The government adopted the crossed cheque system in 1996 with restricted endorsement. This limits the drawing and issuing of cheques and breaks the circulation of money. It directly coerces otherwise non-challant business persons to operate bank accounts. On the whole this system guarantees security in monetary transactions.

Moreover, Cameroon is a member of the Multilateral Investment Guarantee Agency for the promotion of the flow of private foreign direct investment to developing countries. This agency provides political risk insurance coverage against the major non-commercial risks of war and civil upheavals, currency transfer and expropriation. It also provides technical assistance to member countries to enable them attract foreign investment.

With respect to the insurance sector, the Cameroon government ratified the CIMA code in 1995. This code standardizes insurance claims, and encourages out-of-court settlement by allowing a threshold of impatience of up to one calendar year. Above all, since the code puts a limitation on colossal claims against insurance companies, it in this way favours the growth of the insurance industry.

8. TRANSPORT

The purpose of investment is production. And production is not complete until the goods reach the final consumer. Cameroon has the natural advantage of having a coastline. For the foreign investor in Cameroon, the bulk of transportation of goods is by sea, so it is trite to mention here that the Hamburg Rules of 1978 (a UN convention on the carriage of goods by sea) ratified by the Cameroon government in 1993 and entering into force in 1994 shall apply.

This convention put back the whole issue of Maritime transportation on a scale which tilts heavily in favour of the shipper as against the transporter. In the case of dispute the presumption of responsibility is on the transporter on whom the onus of proof lies.

A 1998 law instituted minimum service in the public transport sector. Thus, public or private undertakings providing public transport by air, sea, road or rail or otherwise managing transport facilities shall be bound to provide minimum services in the event of strikes, riots, mutinies, and other similar contingencies. The competent local administrative authority may, if need be, resort to collective or individual requisitions to ensure the provision of the minimum service, which service shall be renewable as and when necessary until negotiations are done with.

Another law of 1998 set up a road fund to finance programmes for the protection of the national road network, for road safety and for road maintenance. Given that, in economic terms, transportation is a process in production, this law will go a long way to speedup economic activity.

More and more roads are presently being tarred. Existing ones are under permanent maintenance. With several airlines companies operating in Cameroon, air link is sure and certain. The Limbe deep sea port is being extended by Chantier Naval et Industriel du Cameroon.

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As Co-Founder of a prestigious law firm, Barrister Feh Henry Baaboh (LLM Business Law) has earned international distinction as one of Cameroon's most up-to-the-minute barristers.

A skilled solicitor, Barrister Baaboh advises with expertise and experience as he engages in litigation proceedings before the courts of Common Law (courts with ordinary jurisdiction and courts with special jurisdiction) and the specialized courts of Cameroon.

Being well versed with the legislations regulating business activities in the CEMAC sub-region and beyond to the countries where the OHADA Uniform Acts and the CIMA Code are applicable, Barrister Baaboh and the firm represent clients in several countries on five continents. His expert skills in English and French enable him to communicate complex concepts to the firm's clientele and to interpret French or English statutes with relative ease.