

Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

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Speaking of Cameroon, at the joint FIFA Japan-Korea World Cup in 2002, the delay in the arrival of the Cameroon team to their camp in the village of Nakatsue in Oita Prefecture was a real hot topic in Japan and Japanese people may also recall that at the 2010 FIFA World Cup held in South Africa the Japanese team met Cameroon in their first match (group) of the tournament. So, it is the country of Cameroon that I am introducing this time, which most Japanese people know the name of because of their soccer team (note 1).

Table 1: Cameroon Country Information

| Basic Data (2015) | |
|-------------------------|-------------------------------|
| Population | 23.1 million |
| Land Area | 475 thousand km ² |
| Nominal GDP | \$28.5 billion |
| Per Capital GDP | \$1,235 |
| Official Languages | French, English, Fang, Fulani |
| Cell Phone Penetration | 71% (2015) |
| Electrification | 55% (2012) |
| Electric Power Capacity | 1,009MW (2012) |

Source: IMF, World Bank, CIA

Cameroon is located in Central Africa bordered by Nigeria in the northwest, Chad in the northeast, the Central African Republic in the east, Equatorial Guinea, Gabon and the Republic of the Congo in the south and opens to the Atlantic Ocean (Gulf of Guinea) in the west.

The country is just a little north of the equator and encompasses most of Africa's climates from a dry zone in the north to its rainforests in the south. Cameroon's capital of Yaounde is located about 300 kilometers east and inland from the coast and is 700 meters above sea level with a comfortable climate that has an average annual temperature of around 24 degrees centigrade and low humidity. On the other hand, the city of Douala, the economic center of Cameroon located near the coast, has a somewhat hot and humid climate with an average annual temperature of around 27 degrees centigrade and large amounts of precipitation. Connecting the government center of Yaounde with the country's economic center of Douala, although in relative good condition, is but one main road. So, as you can imagine, the road is filled with heavy trucks carrying wood and other materials and goods, and with parts of the road limited to two lanes (one lane in each direction) traffic can become painfully slow with travel times of up to 4 to 5 hours between the two cities (pictures 1 and 2) (note 2).



Mr. Kenshi Tsunemine
Johannesburg Branch
Marubeni Corporation

In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company's strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.



Picture 1: View of the city center of the capital Yaounde



Picture 2: On the way to Yaounde from Douala many trucks carrying large logs can be seen

Similar to Nigeria, Cameroon’s official languages are English and French, with the two former British regions in the west speaking English and the remaining eight former French regions using French. About 30% of the population speaks English and 70% French, so compared to the other mostly French-speaking countries in Central and West Africa, I had the impression English is more widely understood in Cameroon.

In terms of Cameroon’s ethnic make-up, there are 240 different ethnicities including such major ethnic groups as the Douala and the Bamileke, however, as no one ethnic group makes up a significant portion of the population there has been little ethnic conflict in the country. Including the climate mentioned above, Cameroon is a very diverse country with a wide variety of different tribal lifestyles and customs.

Regarding Cameroon cuisine, one famous dish is Ndole. It is a combination of spinach and other bitter green vegetables, peanut paste and spices stir-fried and stewed with beef, fish or shrimp, etc. Although there is a bit of a bitter taste underlying the dish on first bite, contrary to expectations, a smooth flavor emerges from behind the bitterness as you continue.

As for garnishments, fried plantain (banana), and baton manioc (cassava sticks or rods - cassava is kneaded into a dough using hot water and formed into a rod or baton-like shape (I wonder why this is done in Cameroon?)) may accompany main dishes. I have eaten many kinds of fried bananas in various African countries and Cameroon’s are quite sweet, good as either staples or snacks (pictures 3 and 4).



Picture 3: Shrimp and beef Ndole



Picture 4: Baton manioc and fried plantain (with chicken on skewers)

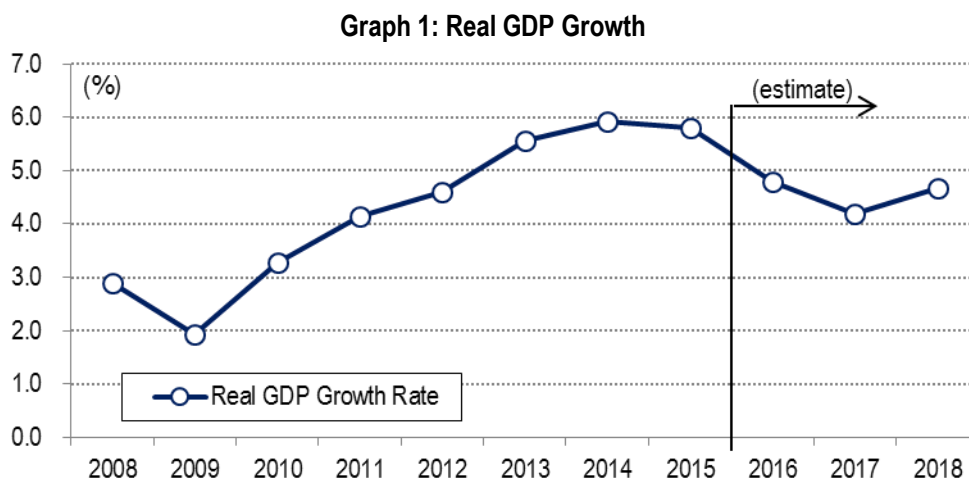
Did you know that Cameroon's name comes from the Portuguese word "camarao", which means shrimp? Looking at the history of Cameroon its connection to Europe began in 1470 with the arrival of the Portuguese. Following the Portuguese, Germany established itself in Cameroon and colonized it in 1884. And, based on the Versailles Treaty following WWI the northwest part of Cameroon was mandated to the British while the southeastern part of Cameroon fell under French rule.

In 1960, the French-administered part of Cameroon became independent as the Republic of Cameroon (Cameroun) under President Ahmadou Ahidjo. In 1961, British Cameroon became divided into north and south with the southern part merging with the Republic of Cameroon to become the Federal Republic of Cameroon. (In 1972 the country was renamed the United Republic of Cameroon before reverting back to the Republic of Cameroon in 1984. The northern part of British Cameroon became part of Nigeria.)

President Ahidjo was re-elected in 1965, 1970, 1975 and 1980 before resigning in 1982 over criticism of his long-term hold of power and his health. Mr. Paul Biya, who was prime minister at the time, succeeded him as president. In the ensuing elections of 1984 Mr. Biya was re-elected president, and as mentioned, the country's name was changed to the current Republic of Cameroon (note 3).

President Biya was re-elected in 1988, 1992, 1997, 2004 and 2011, with the government having remained relatively stable during this time and up until today. However, in his 34 years in power, President Biya has been a strong leader and has consolidated his power. As such, there is no conspicuous successor. Furthermore, given he is 83 years old there is no guarantee that he will participate in the next presidential election scheduled for 2018, which is drawing both interest and concern.

Regarding the economy, over the last 3 years Cameroon has had comparatively high growth with the annual economic growth averaging more than 5.5%. Although the growth rate should slightly decline in 2016 and 2017 due to low crude oil prices, the inflation rate is low and with a stable political environment the economy will likely remain steady. Also, as a result of continued infrastructure investment economic growth should pick up again from 2018 (graph 1).



Source: IMF

Cameroon's main industries are agriculture and those related to petroleum. Due to abundant rain and a temperate climate agriculture in Cameroon has thrived. In addition to such commercial crops as cocoa, cotton, coffee and spices (including pepper), such staple foods as cassava, plantain and a variety of vegetables are widely produced in Cameroon. Cameroon is also the 9th largest oil producer in sub-Saharan Africa, so petroleum-related industry is Cameroon's other major industry (table 2).

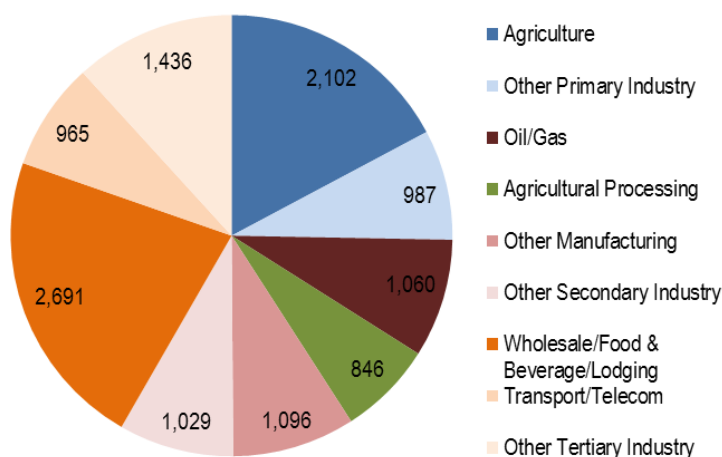
Table 2: Sub-Saharan Countries' Crude Oil Production (2015)

| | Country | Thousand Barrels/Day | World Ranking |
|----|-----------------------------|----------------------|---------------|
| 1 | Nigeria | 2,371 | 12 |
| 2 | Angola | 1,842 | 14 |
| 3 | Congo (Brazzaville) | 269 | 32 |
| 4 | Sudan and South Sudan | 259 | 33 |
| 5 | Equatorial Guinea | 250 | 34 |
| 6 | Gabon | 213 | 37 |
| 7 | Chad | 120 | 39 |
| 8 | Ghana | 102 | 411 |
| 9 | Cameroon | 96 | 43 |
| 10 | Cote d'Ivoire (Ivory Coast) | 33 | 60 |
| 11 | Congo (Kinshasa) | 20 | 68 |
| 12 | Nigeria | 20 | 68 |
| 13 | Mauritania | 5 | 79 |
| 14 | South Africa | 3 | 83 |
| 15 | Morocco | 0 | 96 |

Source: IEA

However, frankly speaking, the production levels of such major crops as cocoa and cotton are not that different than in neighboring countries and as such are not necessarily that highly competitive. Oil production also is not in a superior position vis-à-vis neighboring countries. So, in this respect Cameroon lacks an essential element in its economic structure, while its economic structure has balance there are neither very bad industries or on the other hand very good industries to really drive the economy (graph 2).

Graph 2: Nominal GDP by Industry (2015, Central African Francs)



Source: Cameroon National Statistical Office

In this way, without any prominent industries like agriculture or mining, backed by political stability and continued investment from Europe led by France, Cameroon is developing such import substitution industries as detergents, as well as the wood and metal processing industries. In fact, with an EPA with the EU having taken effect in August of this year there has been an influx of European companies, led by the French, into Cameroon. At the same time the market access for Cameroon products to the EU has been liberalized and tariffs on EU products coming into Cameroon will be gradually phased out, so economic exchanges between the two should prosper (note 4).

Furthermore, looking at regional particulars, as the bank of Central African States, used by 6 Central African countries, is headquartered in Yaounde, Cameroon could be said to be a regional leader. It is also acts as an inland gateway to such landlocked Central African countries as Chad and the Central African Republic and this foothold should grow as these countries' economic development progresses (note 5).

It is under these circumstances that Marubeni concluded a memorandum of understanding with the Health Ministry of Cameroon at TICAD VI, held this past August in Kenya, to move forward on the construction of a hospital which had been under discussion until then. Many African countries are in great need of modern medical facilities and the Cameroon government expects this project to help fill that need, while for Marubeni it will be a first step in an advance into Central Africa.

Certainly, Cameroon is facing challenges. An end to the long-term Biya administration and finding a potential successor to him is one such challenge, as well as Boko Harem's activities (Islam terrorism) close-by in Nigeria. Also, deteriorating security along the borders of politically unstable neighboring countries is a cause for concern (note 6).

However, Cameroon in its current state, is politically stable, it has vitality in the private sector and a relative good balance of industry. As such, it is one country that we should focus on from this point. So, I recommend you visit Cameroon, which will likely become a bridgehead for excavating business in Central Africa in the mid to long-term as the region's economic development advances. And, while you are here, in light of the origins of the country's name, take in some of the dishes using shrimp and try out some of Cameroon's tasty fried bananas (pictures 5 and 6).



Picture 5: Processed lumber



Picture 6: A typically vibrant African market in Douala

- Note 1:** Although currently somewhat weak in the FIFA rankings at number 10 in Africa, Cameroon has produced such star soccer players as Patrick Eto'o who has played for many famous teams including FC Barcelona and Patrick M'Boma, also an international star who played for Gamba Osaka at one time and was called the "Black Panther of Naniwa" while there.
- Note 2:** It takes about 3 hours by train, while flight schedules are often disrupted due to aircraft breakdowns (mechanical difficulties), etc. The national flag carrier Cameroon Airlines Corporation (Camair-Co) handles domestic flights, but is not favored by foreigners due to the many postponements.
- Note 3:** Mr. Ahidjo and Mr. Biya became political adversaries with Mr. Ahidjo going into exile to Senegal in 1983 where he died in Dakar 1989.
- Note 4:** Japanese companies, including Marubeni, have had a history of entering the country in the past only to withdraw during periods of African economic downturns. Toyota Tsusho acquired CFAO (originally a French trading company) a few years ago, which is involved in auto sales, the wholesale of machinery and intermediary materials and goods in a number of West African countries.
- Note 5:** The Central African franc (CAF) is used in 6 countries, Cameroon, the Central African Republic, Chad, Equatorial Guinea, Gabon and the Republic of the Congo. These same 6 countries also form the Central African Economic and Monetary Community (CEMAC, headquartered in Bangui in the Central African Republic). In addition, these 6 countries plus Angola, the Democratic Republic of the Congo, Sao Tome and Principe, and Burundi make up the 10 member Economic Community of Central African States.
- Note 6:** There has been no terrorist activity in Yaounde or Douala as of yet. However, the Ministry of Affairs has issued evacuation advisories in areas along its northern borders with Nigeria and Chad.

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| | Marubeni Research Institute | Telephone: 3282-7687 E-mail: ryan-p@marubeni.com |
| Address | 2-7-1 Nihonbashi, Chuo-ku, Tokyo 103-6060, Nihombashi Tower 24 th Floor | |
| WEB | http://www.marubeni.co.jp/research/index.html | |

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