



**EXECUTIVE FORUM ON
NATIONAL EXPORT STRATEGIES**

**EXPORT OF SERVICES: HYPE OF HIGH POTENTIAL?
IMPLICATIONS FOR STRATEGY- MAKERS**

**5-8 October 2005
Montreux, Switzerland**

Trade in Services in Cameroon

**A paper contributed by
Zephyrinus Fru Chi
Research Officer
Department of Trade
Ministry of Industrial and Commercial Development
Cameroon**

TRADE IN SERVICES IN CAMEROON

The following paper presents in the form of a SWOT analysis, today's picture of Trade in Services in the Republic of Cameroon.¹

1. Strong Points

- There are many and diverse products in the market, which means that there is a potential for, steady and sustained growth. The main services products include banking and financial transfers, transportation, telecommunication, consultancies, translation and interpretation, hawking, etc.
- Except for some public utilities like the provision of electricity, many providers of the same service exist: competition is intense and gives rise to continuous strife for improving quality. There are, for instance, three mobile phone companies, seven private commercial banks, ten bus services between Yaoundé and Douala cities, four specialized international money transfer companies, and so on.
- Trade in Services is the fastest growing sector of the national economy: it grew from below 15% of GDP in the mid-1990s to more than 20% in 2000.
- Whereas the sales of manufactured goods continues to drop in the zone of the Economic and Monetary Community of Central African States (CEMAC) according to Trade Balance Data of Cameroon of end-2003, services exports to the same zone have increased sharply. Some commercial banks and insurance companies (Afriland First Bank and CBC) have become sub-regional organizations.
- The sector continuously creates jobs for the young: Cyber Cafes, mobile (ambulant) Telephone Booths or Call Boxes, Beauty Saloons, Urban and Inter-Urban Transport;
- The existence of specialized watchdogs or institutions to control and safeguard the quality of banking and insurance services within the CEMAC. CEMAC created COBAC for banks and CIMA for insurance companies.

2. Weak Points

- Many services are supplied by very small production units or by individual service providers. Supply response to increase in public demand, and quality of the products are low given the small size of the investments. Urban and Inter-Urban Transport, Foodstuff Retail, Restoration, Translation and Interpretation, are good examples.
- Very few service providers are export-oriented, and many do not even know that they can export their products. Translators for instance, could go on the internet to look for on-line jobs with organizers of on-going conferences and seminars abroad.
- Service Corporations especially government owned public utility companies, usually lack adequately trained staff at their Reception Bench. It is very common to see a disgruntled customer leaving a Bank or the Post Office.

3. Opportunities

Many opportunities exist for the development of Trade in Services in Cameroon due to her geographical location, biodiversity and bilingualism.

¹ All data provided is based on approximations.

- Because of geographical location:
 - Cameroon has a 410 km stretch of coastline along the Atlantic Ocean and has borders with two land-locked countries: Chad and the Central African Republic. These countries depend on Cameroon for the transit of their goods to and from the Seaport. Although companies like United Transporters and SAGA already exist, there are still many investment opportunities in warehousing, transportation, mediation, etc.
 - In addition, Trade in Services can easily be expanded freely from Cameroon to all the member countries of the CEMAC zone.
- Because of biodiversity:
 - Cameroon, also referred to as Africa in miniature, is blessed with 5 large Natural Reserves that harbour very diverse and attractive fauna and flora favourable for the development of a huge tourism industry.
- Because of Bilingualism:
 - Cameroon is a bilingual country in which two internationally very important languages English and French are spoken. There exists therefore, opportunities for investments in International Conferences, Seminars and Training Infrastructures for sub regional and regional purposes.

4. Threats

- Proliferation of sole proprietorship, which results in, limited investments, low quality products, poor product competitiveness, and low exportability (Lawyers, Consultants, Translators, etc.).
- Non-respect of certain CEMAC decisions that favour free trade by leaders of some member countries.
- Constant hikes in petroleum prices, which result in high transport costs.

5. Conclusion

The analysis above shows that if the base is well developed, trade in services can expand very fast to become the leader sector of the Cameroonian economy. To develop this base, we need to:

- Incite service providers to export;
- Give technical assistance to service providers through workshops, seminars, etc, in order for them to improve on the quality of their services;
- Create financial support institutions that can fund investments in the sector;
- Organize service providers into professional groupings and partnerships.