WORKING PAPER 24

INDUSTRIALIZATION IN SUB-SAHARAN AFRICA: Phase One

COUNTRY CASE STUDY -- CAMEROON

by

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Preface

Since early 1987, the Overseas Development Institute has been engaged on a major piece of research under the general title: 'Industrialisation in sub-Saharan Africa', involving in-depth case studies of seven African countries: Botswana, Cameroon, Cote d'Ivoire, Kenya, Nigeria, Zambia and Zimbabwe. The case study work falls into two distinct parts. First an analysis of the industrialisation process from the early 1960s to the mid-1990s, followed by discussion of the options for and possibilities of accelerated industrialisation in the late 1980s and 1990s.

This Working Paper presents the first phase of the research for Cameroon. Working Papers 25 and 26 present the first phase of the research for Zambia and Zimbabwe. It is also anticipated that the research work on Nigeria will be produced as an ODI Working Paper. The first phase analysis for Kenya and Botswana are being reproduced as Discussion Papers of the Institute of Development Studies at the University of Sussex from where they can be obtained.

It is anticipated that the completed country studies incorporating both phases of the research work will be published together as a book towards the end of 1989.

Any further information on these Working Papers or the overall research project should be addressed to Mr Roger Riddell at the ODI.

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1. INTRODUCTION

Situated along the Gulf of Guinea, between 2° and 12° north of the Equator, the country of just under half a million km² and a population of just under 10 million in 1984, enjoys a variety of climates and of vegetation because of its diversified topography. It also has one of the highest demographic growth rates in Africa. Rainfall is abundant in all but the North, bordering Chad, which provides Cameroon with a large hydroelectric potential and the possibility not only of staying virtually self-sufficient in basic foodstuffs, but also to have large exportable surpluses of tropical timber and of several industrial crops. (Cameroon's main economic characteristics are listed in Annex table 1.)

For more than a decade after independence in 1960, the country's socio-economic climate was perturbed by problems of political reunification between the two federal states -- one English-speaking, bordering Nigeria in the West and the other, French-speaking, in the South and East.

Because of high rates of economic growth and urbanization, the proportion of townspeople shot up from 14% at independence, to 37% in 1984, bringing in its wake serious problems of imbalance between the rural and urban areas--principally located in the South-- urban unemployment, overcrowding and inadequate social infrastructure.

Cameroon's mineral wealth includes hydrocarbons, bauxite and as-yet-unexploited reserves of iron ore. Oil began to be marketed in 1978, but the known deposits have a time horizon of only ten more years at current rates of extraction.

In broad terms, the country's development strategy until 1985 aimed at enhancing economic self-reliance, under the slogan of "communitarian liberalism". Industrialization rested on the twin pillars of consolidating food self-sufficiency, first stage import substitution and more processing of domestic raw materials for export. The on-going sixth five-year plan (1986-91) adds the aims of developing national norms and standards for improving the quality of domestic production, and of making more use of available patents and manufacturing licenses. Drawing lessons from the past, the physical and financial infrastructure is to be strengthened and judicious use made of policy instruments that involve subsidies and affect factor prices.

Cameroon's currency -- the CFA Franc --is pegged to the French franc at the fixed rate of CFAF 1 = Ff 0.02 so that foreign exchange transactions are based on the Paris exchange rates. (The FCFA-dollar market exchange rates 1960 - 1986 are set out in Annex 1.) Purchases/sales of foreign currencies are not subject to any tax or subsidy. All payments to France and to countries linked to the French Treasury by an Operations Account above CFAF 500,000 are free of control.

Exports to all countries require that documents be domiciled with authorized banks and proceeds repatriated expeditiously. Non-franc export earnings have to be surrendered.

Prior authorization is necessary for foreign credit operations.

Under the 1984 Investment Code, four types of fiscal benefits are available for new projects in areas listed as strategic in the development plan and which generate employment, foreign exchange and help to decentralize economic activities. The nature and duration of the benefits vary according to size of investment, location, structure, technology and factor mix. They are comparable to those found in most franco-phone African countries.[1]

Cameroon's customs tariff is CCCN based, 6-digit, 5-column and includes the customs duty, plus complementary and fiscal taxes as well as some other levies. The rates of customs duty are generally low (< 30%) and mostly ad valorem.[2] But when the cascading additional taxes and charges are taken into full account, the resulting levels of nominal tariff protection becomes substantial. Since African transport costs and commercial margins are relatively high, the wholesale price of imported goods in Cameroon averages out at 155% of their CIF value (200% FOB).

Imports from and exports to South Africa are prohibited. A special authorization is required for the import of some "controlled goods, in addition to an import license. All other imports, irrespective of origin, are subject to licensing when over specified levels, but licenses are issued freely.[3]

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[1] The average 1979-83 ratio of collected customs revenue to the total value of imports came to less than 30%, whereas the country's nominal import tariff levels yielded at that time a potential average of collectable trade revenue of 54% ad valorem; whence the importance for the Budget of the incentives contained in the country's Investment Code.

[2] Duties for basic foods range from 7.5 - 20%, while those for consumer goods and "luxuries" extend to 30%. On raw materials, intermediate products and capital goods rates vary between 2.5 and 20%, with a few carrying a 30% duty.

The complementary import tax adds on between 5 and 25% more on competing mass consumption imports from non-UDEAC sources. But for a series of "infant" activities' output the complementary tax protection goes up to 90%.

A variable "unloading tax" is charged per unit weight as well as veterinary, phyto-sanitary, chemical and mineral "inspection" fees.

Specifically listed imports carry an additional 10% turnover tax.

[3] Other controlled import categories are:

- listed "sensitive" products and those requiring prior authorization;
- other products, directly competing with local manufactures, covered by import quotas established as a percentage of domestic purchases of such manufactures -the "twinning" regime;
- the importation of used clothing, colza oil, hurricane lamps and large vehicles is prohibited.

Industrialisation in Cameroon has been the subject of numerous investigations in recent years.[4] These have focused variously on:

- Cameroon's singularly robust growth;
- after the coming on stream of oil, and its rising importance for the balance of payments, on the "Dutch syndrome"[5];
- the procrastination of the authorities in utilising the windfall gains from favourable oil prices and volumes for domestic investment;
- and, more recently, with the depletion of Cameroon's monetary reserves,-- the liquidity shortage, stagnating investment and inflationary pressures.

Cameroon's overall economic performance stands up well to a comparison with the average for African countries and, in respect of per capita income, imports and investment, surpasses that of developing countries in general. The notable exception is its relatively low ratio of exports to GDP (see table 1)

Field work for the present study coincided with an intensive effort under the aegis of the Ministry of Planning (using considerable external expertise) to fashion a long-term frame for the country's further industrial development. Its political backdrop was the rather sudden awakening of the leadership to the harshness of the external environment and to the economy's vulnerability to the consequences of slow growth in the North accompanied by exchange rate instability and the high cost of borrowing.

Uncontrolled goods are subject to licensing when valued at over CFAF 500,000, but the document is issued freely.

[4] These studies are listed in the Annex and were carried out by the World Bank, UNIDO, SEDES EDIAFRIQUE TIERS MONDE and the EIU, to name the ones that are most widely available.

[5] The Dutch syndrome is the term used to denote the coexistence, within the traded goods sector, of booming and lagging sub-sectors, resulting in the relative decline of manufacturing i.e. de-industrialization. The earnings from petroleum exports have not been publicized on a regular basis and have been kept in an non-budgetary account. According to African news magazines, oil revenue made up about 60% of Cameroon's total foreign exchange earnings in 1986/7.

Table 1

International Comparison of Cameroon's Economic Performance, 1970 - 1984 at 1980 prices

Indicator	Year	Cameroon	All Africa	All Developing Ctrs.
GDP p.c. (US$)	1970:	737	654	722
	1975:	786	719	860
	1980:	1007	762	971
	1984:	1172	692	947
MVA p.c. (US$)	1970:	84	46	112
	1975:	80	51	139
	1980:	97	59	165
	1984:	116	59	163
Recorded Exports p.c.(US$)	1970:	149	289	221
	1975:	169	217	241
	1980:	218	251	262
	1984:	204	185	243
Total Imports p.c. (US$)	1970:	174	166	129
	1975:	182	211	182
	1980:	259	237	240
	1984:	293	193	226
Exports/GDP (per cent)	1970:	20.2	44.2	30.7
	1975:	21.5	30.2	28.0
	1980:	21.6	32.9	26.9
	1984:	17.4	26.7	25.6
Imports/GDP (per cent)	1970:	23.6	25.4	17.9
	1975:	23.2	29.4	21.2
	1980:	25.7	31.1	24.7
	1984:	25.0	27.8	23.8
GFCF p.c. (US$)	1970:	162	101	127
	1975:	165	150	183
	1980:	247	175	221
	1984:	267	151	200
GFCF/GDP (%)	1970:	22.0	15.5	17.7
	1975:	21.0	20.9	21.3
	1980:	24.6	23.0	22.8
	1984:	22.8	21.8	21.1

Source: UNIDO, based on data from the UN Statistical Office.

The study is divided into five sections. Section 2 presents an overview of the economy's development since the early sixties. That is followed by an examination of the part played by the manufacturing sector, stressing the reasons behind relative successes and failures of manufacturing branches and enterprises. The food industry is the object of a close look in section four. The fifth section discusses inter-sectoral linkages -- with particular attention to the agro-industrial ones -- as well as the efficiency of resource use in manufacturing. The last section draws together the various arguments developed in the study to form the basis for some concluding observations.

2. MANUFACTURING PERFORMANCE: Subsector Structure and Growth

Overall industrial output, defined in Cameroon to include primary processing of agricultural and forestry products, as well as public utilities, expanded over the long period 1960/1-1984/5 by a very healthy 9% p.a. on average and much higher than GDP growth. Within the industrial aggregate, it was manufacturing which was the star performer. That sector's average annual growth during the first 15 years (10.7%) was double that of GDP. But in the following nine years its expansion slowed down considerably and just kept pace with the then oil-propelled domestic gross output (7.5% p.a.).[6]

The principal sources of industrial output growth during the 1965-75 decade were estimated by World Bank economists to have been the following:

	1965/6-1970/1	1970/1-1975/6
Domestic demand	58%	51%
Import substitution	25%	41%
Exporting	17%	8%

Source: W.B., Industrial Development and Policy in Cameroon vol.I p.26.

Calculations of the sources of growth of manufacturing value added (MVA) during the 1975-80 and 1980-82 periods by UNIDO concluded that:

- for the sector as a whole, during the first period the main impetus was provided by the growth of domestic demand, followed by exports in a proportion of 4:1, with little contribution by import-substitution.

- In contrast, during the subsequent period, the propulsive role of the latter rose considerably, with exports constituting a drag on growth as their volume shrank in relative terms.

The shares of manufactured and semi-processed goods in Cameroon's exports for the years 1970/71 - 1981/2 are summarized in Table 2. In the course of these eleven years their combined share dropped from 23% to 6% in 1981/2 when petroleum products' share came to 72% of commodity export earnings.

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[6] During the sixties MVA grew at about 12% p.a.in real terms. This rate was regained during the 1976-82 period after a slowdown (under 4% p.a.) between 1971 and 1976. The World Bank's 1984 Country Economic Memorandum on the Cameroon compares its overall manufacturing performance as equaling that of the Ivory Coast. In the years subsequent to 1982, manufacturing output growth again slumped by about 3 percentage points per annum. The share of manufactures (70% of which were semi-processed goods) in Cameroon's commodity exports fell from 22% in 1975/6 to a mere 6% in 1981/2.

Table 2

Value and structure of Exports, 1970/1 - 1981/2,
(FCFA millions and per cent)

	1970/1	1975/6	1979/80	1981/2
Total Export Value Current FCA billions	60.2	112.3	297.0	578.5
of which (per cent)				
Petroleum products	0.2%	0.2%	28.1%	71.7%
Other goods n.e.s.	3.3%	8.0%	5.4%	1.8%
Agricultural products	73.1%	70.3%	50.8%	20.3%
Semi-processed goods	17.8%	14.7%	11.7%	3.9%
Manufactured goods	5.6%	6.9%	3.9%	1.7%

Source: World Bank, Country Economic Memorandum, Cameroon, June 1984, Annex table 6.

Data on exported manufactured goods, labelled produits industriels in Cameroon's Note Annuelle de Statistique,1984/5, show a slight rise in their share in total exports in 1983/4 to 3.2%, but a drop to 2.7% in the following year.

These developments underscore the difficulties faced by Cameroon's industrial goods in maintaining their market shares abroad, including neighbouring countries, whose import-substituting strategies narrowed the industrial complementarities which existed in colonial times.

Import substitution in Cameroon up to the mid-seventies progressed farthest with the manufacture of consumer goods, when about 3/4 of the apparent consumption of such goods was met out of domestic supply. The production of intermediates and capital goods in Cameroon expanded very rapidly but from a very small base, leaving the industrial sector dependent on importing over one-half of the value of its intermediate consumption. In only food, beverages and tobacco were dependency ratios in the 10%-20% range.

Capacity utilization in industry as a whole was estimated to have been in the range of 2/3 to 3/4 in the years 1975 -77 and in 1981, when the highest rates were found in the beverages and tobacco industries and the lowest in base metals and fabricated metals production. No published data are available for subsequent years but numerous industry-specific studies point to a substantial reduction in these rates -- as has been the case in most Sub-Saharan African countries. Lack of local supplies has been an important constraint on capacity use in the food subsector. "Disloyal competition" on the domestic front because of contraband, plus consumer bias have depressed capacity use in several lines of consumer

goods. Some heavy industries were poorly designed technically from the outset; others were based on faulty demand studies. Still others were bedeviled by power failures. The more commonly stated causes included inadequately trained personnel and the long delays in getting official approval for adjusting producer prices to rises in input costs.

As might be expected, fast growth of industrial output was not evenly spread among constituent subsectors. The largest subsector (beer and soft drinks manufacturing -- ISIC 313) succeeded in steadily improving its growth performance and in raising its share of total MVA to 20% (see tables 3 & 4). The next largest subsector--food industries (ISIC 311)--did very well only in years when domestic agriculture expanded strongly. Several poor harvests in the second half of the sixties slowed down its earlier high rate of growth so that, over the whole period to 1984/5, the food subsector just maintained its share of total MVA. Base metals manufacturing (ISIC 371) put in a very strong performance throughout the last decade--just the reverse of the path traced by textiles (ISIC 321). Chemicals for other than industrial use (ISIC 352) and non-ferrous metals (ISIC 372) both played a very dynamic part in the industrialization process until 1980, when a general slowdown set in.

At this juncture, a look at the ownership structure of manufacturing activities in Cameroon, set out in table 3, may be of interest.

Table 3

Capital and ownership structures of manufacturing enterprises, 1984/5
(FCFA billion and per cent)

Activity	Capital FCFA 10^9	National Publ.	Priv.	French	Other
Agro-food	98.8	64%	12%	17%	7%
Wood/paper	24.3	42	10	16	32
Metals	27.4	30	3	64	4
Chems.Plast.	12.6	21	35	32	12
Text.Leather	9.1	36	23	10	31
Other indus.	8.6	39	15	32	14

Source: IFC, reproduced in UNIDO's Industrial Development Review --Cameroon, April 1987, table 9.

The particularly high proportion of non-French foreign participation in the wood and paper subsector is solely due to CELLUCAM's financial structure, where Austrian interests were substantial. As for the textile and leather subsector, foreign ownership was weighted by Lebano/Syrian capital.

Table 4

Manufacturing growth, ISIC structure and Employment 1975-85

(per cent)

Growth rates	1975-84
Manufacturing value added (MVA)	5.03*
Employment in manufacturing	3.50

Subsector's share in MVA	1975	1980	1985
Food products (ISIC 311)	8.0	10.3	11.2
Beverages (313)	24.9	22.1	31.2
Tobacco (314)	10.8	9.3	8.1
Textiles (321)	11.4	9.6	6.6
Apparel (322)	3.1	3.9	2.2
Leather products (323)	1.1	0.5	1.4
Footwear (324)	4.3	4.1	2.9
Wood products (331)	1.2	7.2	1.6
Furniture, wooden (332)	0.1	1.6	0.2
Paper & products (341)	0.5	0.0	1.1
Printing etc (342)	1.0	2.1	1.3
Industr. chemicals (351)	1.4	0.5	1.5
Other chemicals (352)	7.9	4.2	4.6
Petroleum refining (353)	0.0	0.9	..
Misc. hydrocarbons (354)	0.0	0.0	0.3
Rubber products (355)	0.0	0.1	0.5
Plastic products (356)	2.1	0.9	2.1
Pottery, china etc (361)	1.5	1.4	1.1
Glass & products (362)	1.1	1.4	0.9
Other non-metallic miner.(369)	3.1	3.3	2.3
Base metal products (371)	1.9	5.1	5.3
Non-ferrous metals (372)	4.8	4.4	4.0
Fabricated metal prod. (381)	0.6	..	0.0
Non-electr. machinery (382)	6.1	..	5.0
Electrical machinery (383)	1.6	..	1.4
Transport equipment (384)	0.7	1.3	0.6
Other manufactured prod.(390)	0.7	1.6	2.6
MANUFACTURING VALUE ADDED	100.0	100.0	100.0

Note* See Annex for details.
Source: UNIDO, A Statistical Review of Economic and Industrial Performance, January 1987, tables 4, 5 and 8.

To get an understanding of the reasons for this structural pattern, the more important manufacturing subsectors are examined in turn, leaving food industries for a separate and more detailed consideration further on in the text.

1) Beverages

Per capita consumption of beer in Cameroon is high even by African standards, having reached some 60-70 litres per annum in the early eighties --propelled by an estimated income elasticity of 0.6. Breweries (8) have doubled in number over the last 20 years. They also manufacture soft drinks and have their own distribution and transport facilities. In 1985 they accounted for no less than 18% of total employment in

manufacturing and growth in their value added (1975-1984) averaged 15% p.a. Local purchases of inputs were limited to sugar, bottles, plastic cases, crown corks and labels, in addition to water and electricity. The share of imported inputs being high, several I/S projects had been germinating for years e.g. growing barley locally and producing cassava starch. At time of writing no more than 7% of the total barley residue of about 18,000T were being sold as livestock feed. Another by-product of brewing -- unrefined yeast -- amounting to some 12,000T awaits the implantation of processing facilities for making it into an animal feed additive. Thus two promising I/S opportunities are yet to be exploited.

Return on capital in brewing has been good, with a steady 5% net profit on turnover. The earlier-mentioned World Bank study found brewing activities in Cameroon to be very efficient, well managed, and price and quality competitive. Indeed ex-factory prices of beer have, on occasion, been below those officially allowed. But since beer is a differentiated product, brewing has not made a net contribution to Cameroon's trade balance, as the quantity exported has been roughly matched by imported beers in recent years.

(ii) Textiles

Employing some 2,600 workers (1985) and with two large plants located in an under-industrialised area in the North, this strategic branch expanded strongly for about a decade after 1968 and then entered a declining phase. Yet domestic demand has been growing on average at 10% p.a. for cotton piece-goods and at 16% for cotton-based undergarments, with average per capita consumption estimated to be about 2 kg/p.a. All the weaving, spinning and finishing plants have substantial government participation through the Societe Nationale d'Industrialisation (SNI) holding company. The raw cotton, of good quality, is domestically grown, under the supervision of a joint public venture that receives technical support from abroad. Hence the only problem with supply is the price that has to bepaid for ginned cotton -- which follows world market quotations -and the high cost of electricity in the North. Labour productivity in the mills is on par with that in Europe and finished fabrics are competitive in quality.

At the industry's zenith, in 1980/1, when the CICAM spinning and weaving mill operated briefly at full capacity, 57 million meters of cotton fabric were produced of which no less than 37% were exported, leaving a net profit of 3.2% on turnover. Decline ensued as the need for replacement of obsolescent machinery coincided with high world cotton prices, that the authorities did not cushion for some time, as well as with high dollar costs of imported inputs.

Both of CICAM's subsidiaries, engaged in downstream processing and blending, have been loss-makers for almost a decade. SOLICAM, notwithstanding that half of its output of houselinen and toweling had once been exported, developed an endemically negative cash flow. It had been over-sized at the outset and debt servicing built up to almost one-fifth of its turnover. The rise in the cost of cotton thread resulted in the cessation of its exports to Europe, dismissal of 20% of its workforce and very low capacity utilisation. To float it anew, a merger followed with CICAM's second subsidiary SYNTECAM, manufacturing fabrics out of

imported synthetic thread. The chief problems faced by it had been its obsolete machinery, the poor handling of cloth-- resulting in a high proportion of defects-- and the commonly shared inability to compete against fraudulently imported (Asian) fabrics that were believed to comprise over one-third of total apparent consumption.

Two other textile firms, SICABO and SAFIL had not been able to face up to competition from authorized imports, let alone the illegal ones, and carried losses even with reduced personnel. Their capacity utilization had oscillated around 50%.

SCS was the country's sole "manufacturer" of jute bags (out of imported materials--2/3 jute cloth and 1/3 jute yarn). It had been burdened with poor management and procurement, with over-staffing and a negative cash flow in the face of market inroads by polyethylene sacks. Since 1985 it has passed into new hands and may yet undertake weaving jute cloth out of imported thread and diversifying its product mix. Until recently its exports to UDEAC markets have not exceeded 2% of total sales. An attempt to replace jute with locally grown kenaf fibre had been stultified by its high labour cost, relative to cotton and food crop prices.

In general, the chief problem areas for textiles in Cameroon can be identified as being:

- the magnitude of uncontrolled imports;
- the issue of import licenses without good knowledge of domestic availabilities and inadequate customs control over the exact nature of authorized textile imports;
- "sticky" price setting and adjustment procedures;
- inadequate specialization leading to uneconomically short production runs;
- very poor marketing and promotional knowhow.

Finally it should be noted that, as with breweries, textile plants have their own transport and maintenance facilities.

(iii) Apparel[7]

Garment producing enterprises in Cameroon have been in a critical phase for well over a decade. In contrast to the textile branch, their productivity has remained very low. They have been losing market shares both at home and abroad -- mainly to goods of Asian origin. A UNIDO estimate of apparent consumption and trade dependence in the early eighties gives 29.2% for imports and 24.1% for exports. Nearly all of the latter was sold to neighbouring markets. But it should be borne in mind that unauthorized imports of garments have been very large, raising the effective import dependence to probably 35%. As the consumption of pagnes in Cameroon is only 1/3 of UDEAC average, there is a large potential surplus in this product line with existing installations.

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[7] The information in this and following paragraphs is illustrative being based on discussions with representatives of industry and commerce and not with enterprise management.

There have been numerous closures of industrial-sized garment firms in the past -- as shown in table 5 -- and more were about to take place at the time of our field work.

Table 5

Performance of Apparel Manufacturing firms, 1970 - 1982

	1970	1978	1982
Number of firms operating	10	6	4
Turnover (FCFA 10^9)	3	2.2	0.9
Employees (10^3)	2.5	1.2	0.5

Source: GICAM, L'economie camerounaise, 1982-83, tome II

Hosiery producers, relying on European inputs, have had difficulty in obtaining import licenses, forcing at least one firm (with labour productivity at 30% of standard) to operate at 10% of its capacity and to envisage liquidation. Another firm, producing outer garments and impregnated cloth yielding a high proportion of value added, having a strong linkage with the upstream producer of its major input and already established in the UDEAC market, was in a like situation because of a price squeeze, the loss of market shares from new I/S activities abroad and fraudulent imports at home. Another establishment in trouble had poor procurement practices and too little marketing expertise to draw upon.

In general, the volume of apparel exports -- mainly to UDEAC countries and totalling 442 quintals only in 1984 -- have fluctuated widely from year to year.

A problem common to many apparel producers was competition from artisanal producers for government tenders. The latter group have no overheads to worry about, pay salaries below the legal levels, keep no accounts, pay hardly any taxes, and are exempt from having to provide formal guarantees of quality and delivery times.

The apparel firm with the highest record of capacity utilization in 1986, was an export-oriented joint venture. But it acquired only 10% of its inputs locally and had a negative cash flow.

(iv) Leather and footwear

Except for areas in the north, Cameroon's ecology and climate are not ideal for large-scale animal husbandry. Total animal population in 1984/5 is estimated at about 4 million heads of horned cattle--many in nomadic herds moving freely between frontier ares of Nigeria, Chad and the Central African Republic--;a like number of small ruminants, and 0.9 million pigs. Exports of unprocessed hides and skins have dropped from an average of 2,000 tons in 1973-74 to about 900 tons in 1983-85.

Only one parastatal tannery (the STPC) has been established to date, located in the cattle rearing area at a great distance from the country's two industrial abattoirs. It had to reduce its operations mainly to the collection and export of raw hides and skins, since prime costs of its finished leather were uncompetitively high even for domestic consumers. Debts mounted, followed by bankruptcy and privatisation in 1985.

Value added by semi-artisanal manufacturers of leather travel goods and accessories did expand at a healthy rate (13.9%) in the 1975-85 decade and their employment at 2.7% p.a. However, import displacement by this branch was not significant as the negative trade balance for this category of products more than doubled in value in the early eighties. The US$ 0.6 million of exports went principally to SSA markets.

Shoe manufacturing was also dominated by a parastatal--Bata. Its productivity reached European standards and the quality of its output made it competitive in neighbouring markets. But these have become progressively more self-sufficient through import-substitution that, on occasion, involved the same technology (acquired from the same source) manufacturing articles of like design and quality. The quantities of footwear exported from Cameroon declined as a consequence from 790 tons in 1970 to 370 tons in 1980 and to a mere 100 tons in 1983, halving its share in the export value of all Cameroonian manufactures.

Several recent years were loss-making ones for BATA -- ascribed by the holding parent (SNI) to the domestic market being swamped by a conjunction of authorized imports at dumped prices of shoes (ostensibly of a different quality and type to those produced in Cameroon) and extensive contraband. The recorded negative trade balance on footwear reached US$10 million in 1980, coming down to $8.3 million by 1984/5. Because of uncertainty regarding the total supply of footwear in Cameroon, only a part of the shrinkage in the trade deficit can be ascribed to import substitution.

Total employment in shoe-making fell by 18% between 1975 and 1985. The employment elasticity for this group of industries (0.25 as computed by the World Bank's 1980 mission) was the lowest among all the manufacturing subsectors.

v) Wood products, paper and printing

Cameroon's forest resources are vast. They cover 24 million ha-- of which over 30% is dense tropical forest-- and rank it fourth in all Africa. Over 350 different species have been identified but they are interspersed, requiring logging to be selective and, hence, costly. This natural wealth has been under-utilized for reasons listed in numerous studies carried out under the auspices of the FAO, UNIDO and the World Bank:

- the absence of a comprehensive timber strategy;
- low technical proficiency and obsolete machinery in most of the 70 foreign-owned sawmills;
- high production losses and very little waste recuperation;

- the inadequate secondary road network through timberland causing deliveries to be unreliable and costly;
- because of low profitability in logging, disappointing levels of investment.

The proportion of logs delivered to domestic processors -- most often of second quality -- has hardly risen, having been 54.7% in 1975/6 and 57.6% in 1983/4. The wood manufacturing enterprises included three match factories, one woodpulp mill which was shut down in 1985, five cutting and shaping units, two plywood and veneer plants, and a multitude of semi-artisanal manufacturers of building timber, furniture etc.

None of the four large parastatals in this subsector has made a consistent profit during the last five years, although domestic demand for their products has been growing at a healthy 8% p.a. Import substitution has been complete in veneers, plywood and improved wood, the consumption of which increased from 26,000 m^2 in 1975 to 46,000 m^2 in 1984. But I/S has been only partial in manufactured wood products and hardly traceable in furniture during recent years. Domestic supplies to these enterprises have been unsatisfactory in quantity and in quality, good logs being pre-empted by exports --chiefly to the EEC. But the quality of finished local products has also been found wanting. The subsector unquestionably presents the case of a "missed opportunity".

Losses by the parastatals have been nothing short of astronomical, mainly as the result of the stoppage of the pulp mill's operations two years after start-up. In 1980 CELLUCAM was the showpiece of Cameroon's industrialization strategy and a turnkey model for Central Africa. (Excerpts from the firm's publicity brochure are reproduced in Annex 2.)

The story is one of political motivations prevailing over economic considerations. The original feasibility study turned out to have been seriously at fault in respect of market demand, technical practicability, and the levels of fixed and operating costs. Located in the same geographical area as Zaire's very competitive pulp mill, CELLUCAM boasted being the first in the world to convert all species of timber into paper pulp. It also had the misfortune of having a section of its process chain blow up in the first year of operation. The initial investment in this monument to North-South cooperation came to more than US$ 400 million. Two years after it had been handed over to the government its debts amounted to FCFA 80 billion. By mid-1982 its total sales covered only one-third of variable costs.[8] The firm's cumulated losses by mid-1985 amounted to FCFA 160 billion -- roughly equal to the investment required for forestry development in Cameroon covering the next 15 years! The plant was put up for sale or disposal in July 1986.

The more commonly shared problems of the wood processing branch included:

- non-standardized, low quality domestic raw materials that are not "pre-cut" to meet commercial needs;
- timber concessions are hard to come by and the periods

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[8] SNI, Rapports d'Activites, les Exercices 1981-2 et 1984-5.

granted (5 years) too short to recoup investment or get long-term bank loans, thus preventing vertical integration:
- inadequately weathered timber, (unsuitable for direct use as cement casing) requiring users to immobilize capital in drying inventories;
- lagging adjustment of authorized prices to real costs.

The subsector's employment elasticity has been very high (0.95) and its work force expanded from 1,370 in 1975 to 2,560 by 1985. Yet the value of furniture imported by Cameroon, chiefly from Europe, came to US$ 11.6 million in 1982.

vi) Chemicals, petrochemicals and plastics

This subsector is of especial interest because it comprises a number of enterprises which have been profitable, competitive in the regional and UDEAC markets, yet imported all their capital and over 95% of their intermediate inputs, and did not receive blanket protection from competing imports or other forms of subsidy.

vi.a) Chemicals

Cameroon's natural endowment of inorganic raw materials for the chemical industry (1985 data) was limited to the refractory ingredient disthene, kaolin, limestone, pouzzolane, coarse silicate sand not suitable for window glass, rock and sea salt. The organic resource base for a chemical industry is much broader, with crude petroleum and good natural gas deposits, as well as abundant vegetable oils and fats. Should oil refining continue apace, the deficit in sulphates could be narrowed, but that in phosphates and chlorides would still remain.

The volume of deficit chemical imports has remained stable over the last 5 years and no new investment in this branch has taken place since 1982. Import-substitution has made itself felt only in container glass and has not affected the import ratios of glass tableware nor of rubber tyres. Cameroon's dependence on imports of fertilizers rose after the closure in 1981 of the parastatal factory -- SOCAME, whose brief existence is instructive in many respects:

Like the ill-fated CELLUCAM, it was one of the centerpieces of the 1971-76 Plan and began operating in 1975 with a labour force of 500. It had been designed to produce 50,000 T of ammonium sulphate (which acidifies soil), 20,000 T of single superphosphate (for which there was no demand), and 27,000 T of (expensive) complex fertilizers -- all from imported inputs! No market study is known to have preceded the decision to go ahead with the investment, on which debt servicing alone amounted to CFAF 3 billion p.a. Utilisatiion of plant capacity never exceeded 50% and the parastatal's deficit had to be financed out of public funds until it was closed down in 1981.

The following factors had come into play:

- delay in site preparation exceeded the contractual period in the original costing of the plant, requiring considerable upward adjustments;
- in the meantime, the value of supplier credits (denominated in DM and Florins) appreciated vis-a-vis the FCFA by about 50%;
- the plant's technology was faulty. The absence of a dryer in the steam granulation segment produced frequent congestion, had to be replaced at higher cost -- all to produce a diluted end product;
- The plant's intermediate consumption (principally imported) came to 92% of output value;
- the cost of imported inputs in 1981 was greater than the landed price of competing final products;

- for some of the products, even their variable costs exceeded the duty paid prices of competing imports;

- the common external UDEAC tariff had zero duties on all fertilizer imports hence the plant could not receive any tariff protection nor enjoy preferential access to member countries' markets. This fact sanctioned a direct subsidy to the plant out of the presidential extra-budgetary fund.

After the plant's closure, 65% of the CIF cost of fertilizers (and of pesticides) continued to be subsidized out of this fund. Thanks to it, consumption of fertilizers in Cameroon has expanded at more than 6% p.a., even though handling and transport costs add 100% to the CIF price of these goods.

vi.b) Mineral Oil Refining

The only parastatal in the chemicals subsector -- SONARA, began operating in 1981 and worked for three years at below 50% capacity before the government agreed to cede to it Cameroon crude at a preferred price. After two years, its output of fuel oil reduced the country's import deficit of SITC 332 products by US$ 132 million. In addition, the quantities of sulphate by-products have been large enough also to help improve the chemicals' trade balance. Given the world petroleum situation and Cameroon's limited known oil reserves, no cracking unit has been added to the refinery for producing higher value distillates such as kerosene and diesel oil. Nor are any envisaged for the next five years.

The natural gas associated with refining has been mostly flared. The substantial proven reserves of non-associated natural gas have not begun to be exploited for the manufacture of either ammonia or methane.

In 1986 a bitumen plant of 20,000 T capacity was inaugurated. At least one half of its potential output should be available for export, even with a continued 6% growth rate in the domestic consumption of asphalt.

vi.c) Pharmaceuticals and perfume extracts

Domestic demand for medicines etc. has been growing fast in Cameroon and their import value has doubled between 1977/8 and 1981, when it amounted to over FCFA 10 billion. But only one (private) pharmaceutical firm has been established so far -- limited to the manufacture of medicinal herb extracts and perfusion liquid.[9] This successful firm's export performance has been outstanding, having jumped from 61 T in 1971 to 790 T in 1983! Medicinal plants are plentiful in Cameroon and provide a good base for further expansion. Also successful has been the manufacture, for both the local and regional markets, of perfumery and cosmetics by two private firms (one entirely foreign-owned). Over the 1982-85 period the level of their exports has averaged around 1,800 T.

vi.d) Soaps and detergents

This group of consumer goods, produced in several modern factories, was hampered in evolving out of import-substitution to competitive exporting by the frequent pre-emption of the raw material input by domestic exporters of their chief ingredient--palm oil -- on the one hand, and by the establishment of competing plants in most of the neighbouring countries, on the other. The supply constraint on soap manufacturing caused the export quantum to drop from 6,520 T in 1982/3 to only 1,942 T in 1984/5. Detergents do not even figure among Cameroon's 15 top-ranking exports of industrial goods.

vi.e) Plastics

There were 22 different-sized processors of polymers in Cameroon in 1985/6, with a combined capacity of 32,000 T, of which only 2/3 was being exploited.[10] Per capita consumption of plastics (2.6 kg p.a.) was about one-third of that in near-by Gabon and in North African countries. The principal reason for this lies in the competition of aluminium and wood as building materials. At current UDEAC rates of consumption, the level of regional demand, even 15 years hence, would not justify-- on economic grounds -- the production of polystyrene or other base polymers.

The PVC extruding and molding operations in Cameroon have been functioning about 35% of their rated capacity. A major contributing

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[9] Several interesting country case studies on the limited extent of import-substitution in pharmaceuticals in developing countries have been published by UNCTAD in cooperation with WHO over the last 10 years. They highlight the oligopolistic structure of the world market for these products as well as the relatively high cost of their primary manufacture. Hence in most developing countries to date, the subsector's activities are limited to blending imported ingredients, coating, packing and packaging. The major exception is in the preparation of final products using domestically grown medicinal herbs.

[10] For purposes of comparison, the single Saudi Arabian Al Jubail petrochemical complex produced 680,000 T of polymers annually.

reason was their inability to satisfy the government's and donors' tendering condition that the supply of the products be coupled with their installation. Multinational bidders were reportedly successful because they reduced the prices of materials while inflating the cost of the latter. What is puzzling is why domestic contractors failed to invest in broadening their range of services in this respect. Labour productivity in Cameroonian plastics manufacturing is about 2/3 of the European level.

Although all of the inputs of the firms in this branch were imported, several have achieved profitable operations and stable footholds in neighbouring markets. These were characteristically small, modern, well-managed units, adapting their output to narrow or specific segments of demand. In the most successful firm the share of exported output reached 50% of its output. Another successful unit had polyvalent machinery allowing its output to be customized.

The loss-making producers had the common problem of not being price-competitive with cheaper, duty-paid articles from abroad and government's unwillingness to grant them a "buy local" price differential. The cost of their commercial borrowing (rates of interest of up to 40%) was too burdensome. Administrative approval of price adjustments to reflect their rising costs was too tardy. The absence of rigourous in-plant quality control was another commonly-shared shortcoming.

(vii) Non-metallic minerals

The manufacture of cement in Cameroon was carried out by a joint venture in which the original Italian partner disposed of its shares to the SNI in 1981/2. Production is based on imported clinker plus local limestone and marble, and shared between one large, modern installation in Douala and a small plant near the border with Chad. Not only has import replacement been efficient, but the volume of exports to Chad and other neighbours has tripled between 1982/3 and 1984/5. Several plant extensions have taken place to keep up with the growth of building construction. By 1984/5 the combined annual output of cement came to almost 1 million tons. The activity has been generally profitable and downstream linkages have increased.

The experience of a large parastatal brick and hollow-tile factory, CERICAM, stands out in sharp contrast. Technical and managerial problems have proved intractable. It was bailed out of bankruptcy in 1982 with a FCFA 500 million government grant and, after further losses, was closed down for good.

A private firm manufacturing glass tableware and ceramic tiles has done well by broadening its product mix. But its activities were not reflected in reduced levels of imports during the last few years. Local building material suppliers have often been edged out of large public tenders by foreign contractors who enjoy ready access to credit through their mother companies and/or close ties with foreign banks. Furthermore, as the World Bank's June 1984 Memorandum pointed out (page 27), no pressure had been exerted by public authorities on foreign contractors to associate with Cameroonian firms, particularly with the SMEs.

A presidential admonition had to be delivered to the public sector (May 1986) to placate complaints from local contractors about inordinate delays in the settlement of their contractual claims on the administration, causing them serious cash flow problems. In the following month the public authorities settled FCFA 50 billion's worth of outstanding bills. They explained the delays by the large number of decision-takers involved in processing claims -- on average 15 to 20 busy officials.

(viii) Base metals, fabricated metal products and machinery

Internal demand in Cameroon for base metals and their fabricated products grew at a 10% rate, approximating that of GFCF and considerably higher than GDP growth during the 1972-85 period, to the level of 125,000 T. This yielded a per capita consumption of 18 kg p.a. of ingot equivalent --slightly below the all-African average (20 kg).

There were four main reasons for this relatively low ratio for a middle-income country. One was the absence of downstream manufacture of heavy agricultural and industrial machinery, transport equipment, and of durable consumer goods until quite recently. There was, secondly, the high final price of base metal products. As an example, the ex-warehouse prices of base metals were on average 200% of their FOB prices, while their retail prices were three times their CIF prices. This resulted from duties and border taxes adding 50% to the declared CIF price, wholesale and retail margins another 32-45%, the turnover tax about 10%, plus the cost of inland transport. The third reason was the widespread availability of substitute construction materials such as hardwood and aluminium and the absence of a steel mill.Fourth, the authorized cost-plus distribution margins encouraged the importation of relatively high-priced products.

The processing of imported ingots and billets gave rise to the following structure of base metal intermediates in the early 1980s:

- long products -- 38%,
- flat products -- 15%,
- piping -- 21%,
- building steel, containers, etc. -- 26%.

These covered 75% of domestic demand. Exports of these products in 1984 (free of export tax but limited to UDEAC countries and Chad) constituted a mere 8% of total output. The resulting negative trade balance amounted to more than US$ 100 million. Import-substitution in this branch has not spread beyond the manufacture of steel sheets and strips, cement reinforcing bars, welded pipes, nails and bolts.

Three parastatal firms operated as a group (SCDM) and accounted for some 40% of the subsector's output. The largest -- SOLADO -- produced reinforcing bars, worked to full capacity thanks to quantitative restrictions on competing imports, but whose high production costs precluded exporting. A modern, efficiently-run plant, TROPIC, manufactured a wide spectrum of good quality spare parts and agricultural hand tools, but was over-sized even for the whole UDEAC market. A foundry, COFREM, -- the third parastatal -- manufactured mechanical spare parts and forged implements.

Among private firms, CAMSTEEL was the largest unit, meeting 4/5 of domestic requirements of welded pipe and zinc tubing and 100% of demand for strip steel. Other fabricators of metal intermediates produced scaffolding, boilers, containers, trailers, building steel, wheelbarrows, wagons and chassis, barges, and assembled equipment for off-shore oil platforms and rigs.

The manufacture in Cameroon of machinery and consumer remains still embryonic, covering the assembly of bicycles, mopeds and motorbikes, the housing of air conditioners, electric stoves, ovens and refrigerators, as well as the manufacture of enamelled kitchen-ware.

ix) Raw and processed aluminium, including alloys

In contrast to iron and steel manufacturing, Cameroon has a metallurgical base in non-ferrous metals -- an alumina smelting plant ALUCAM. It manufactures aluminium ingots from imported Guinean ore and is adjacent to a rolling mill. The primary smelter, employing some 1,300 workers, has been working at near full capacity (82,000 T in 1984) and exporting between 2/3 and 3/4 of its output -- chiefly to France and Japan. Yet even though benefitting from reduced electricity rates and being well located for the ore deliveries, it has made losses during the last 4 financial years because of the depressed world price for its output[11] and of the dollar-denominated cost of the alumina it purchased. On a per capita basis Cameroonian consumption of unprocessed aluminium is among the highest in the Third World. However, the consumption of processed aluminium products has been relatively low: 2.8 kg/head in 1980 and 3.1 kg/head in 1984, as it involved a narrow range of items (corrugated sheets, kitchenware, wire and cable, bars and tubes). Except for thin foil, specialized cables and wire, import substitution of processed aluminium goods has been very visible in trade figures. The nominal tariff protection received by this category of domestic goods was high -- averaging 75% ad valorem.

The level of exports of processed aluminium products has been dropping since the late seventies as shown in table 6 in the face of sharpening competition for market shares in Cameroon's traditional foreign outlets, and which UDEAC's taxe unique privilege could not offset.[12] Cameroonian exporters of these products found themselves at a

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[11] The average annual price of aluminium ingots quoted on the London Metal Exchange (cash basis) was as follows:

	1975	1980	1984	1985	1986
£ sterling/ metric ton	430.6	756.2	933.1	814.2	784.2

Source: UNCTAD, Monthly Commodity Price Bulletin, various.

[12] Industries accorded UDEAC "regional" status are not quota-bound. The taxe unique on output is levied at source in lieu of all charges on imported inputs, of all indirect taxes on intermediate consumption, and of all excise taxes on the finished

disadvantage because of the absence of export financing and of insurance against foreign exchange risks.

Table 6

Exports of raw and processed aluminium products, 1977 - 1984
(tons)

Product/market	1977	1980	1982	1983	1984
Aluminium ingots (all)	20,244	9,708	59,014	52,515	60,998
of which to:					
France	..	9,625	33,088	36,404	..
Japan	..	-	19,765	11,129	..
Sheets,strips,disks	11,240	10,373	8,559	9,208	7,778
of which to:					
Ivory Coast	5,406	5,264	2,536	2,316	..
Cen.Afr.Rep.	1,087	1,336	672	1,031	..
P.R. Congo	161	1,024	33	-	..
Gabon	-	1,079	2,163	3,420	..
Household articles	240	68	83	92	37
Other alum. goods	35	32	13	19	13

Source: Note Annuelle de Statistique, 1978-1983 and UNIDO data.

The primary smelter and rolling mill ALUCAM undertook a FCFA 7 billion investment at the end of the seventies, the servicing of which became ever more burdensome as interest rates rose. By 1981/2 it owed FCFA 4 billion in bank overdrafts and ended the year with a net FCFA 6.4 billion loss! In the years that followed, rising costs of production and stagnant demand at home and abroad prevented the firm from improving its performance.

The processing mill -- SOCATRAL-- likewise was not able to operate profitably during the early eighties, principally because of inadequately tight licensing of competing imports as well as inefficient customs controls over the nature of goods actually entering under licence.

As several SNI Annual Reports have pointed out, much remained to be done by aluminium-based manufacturers to trim overheads and their variable costs, which tended to rise steadily even after cuts in their labour force.

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product. The privilege has no time limitation. The preferential margin the taxe unique confers to the "regional" industries varies among UDEAC member states.

3. THE FOOD PROCESSING INDUSTRIES

Cameroon's diversified agricultural production provides food processing activities with a wide and relatively stable base, although periods of drought (such as in 1982/3 and again in 1984/5) have caused capacity utilisation in food industries to fall significantly. Virtual food self-sufficiency has been reached in recent years, but the country's high population growth (2.8%) is bound to make its maintenance progressively more difficult.

When lumped with beverages and tobacco, the food subsector is the largest manufacturing activity and, in 1975/6, accounted for almost one-half of MVA and one-quarter of total modern sector employment. Subsequently, because of raw materials supply constraints, the food processing branch's strong growth decelerated, but its workforce in 1985 still made up about 8% of manufacturing employment and its value added more than 11% of MVA. There was only a small increment in employment, and a large rise in capital assets per employee.

During the early period 1969 - 1975, most of the increase in processed food output was absorbed by domestic consumption, not exports. But in the following years, food products' share in total exports rose to almost three-quarters in 1978, to drop to 33% in 1982, again because of supply-side bottlenecks. The 1984/5 structure of domestically-produced raw materials for the local food industries and for export are given in table 7, along with estimated deficit ratios (domestic output to apparent consumption).

Although the target of food self-sufficiency may be within reach, the figures in table 7 point to the relative paucity of food processing in Cameroon. Several such activities have figured among priority objectives in successive 5-year plans without the necessary investment being mobilized. The absence of secondary processing of fish and crustaceans is particularly regrettable in view of the very derivation of the country's name (Portuguese: camaroes) and the remunerative fishing operations of several coastal States in surrounding waters. The total number of fishing craft has fallen in recent years, and the volume of maritime industrial fishery output has shrunk by 2/3! Although shrimp output has improved over the last 4 years, import dependence in all fish products has become more pronounced. The tonnage of imported frozen fish products rose from 17,000 to over 20,000 T between 1975/6 and 1982/3. A multi-national agreement to regulate fishing rights in off-shore waters is urgently needed in view of the inadequacy of the in-shore fishing potential.

Table 7

Production (10^3 tons in 1984/5) & 1983 Deficits (%) of Raw Food Products

Product	Quantity	Deficit	Remarks
CEREALS			
Millet/sorghum	207	41.6%	subsistence production
Maize	410	24.0%	7% in modern sector
Paddy	111	..	processing & importation
STARCHY FOODS			
Macabo-taro	188	64.5%	no processing activity
Cassava	1,375	surplus (>700.000 T)	planned proc.
Yams	96	..	no processing
Sweet potatoes	50	62.0%	"---"
Irish potatoes	42	64.0%	"---"
Plantain	1,001	..	"---"
LEGUMES		43.2%	
Groundnuts	99	..	crushing for oil
Beans & peas	70	..	one canning plant
Sesame seed	13	..	
Courge seeds	56	..	
FRUITS & VEGETABLES	..	surplus	
Bananas	703	surplus (>340,000 T)	
Pineapple	32	..	small juice factory
Other fruit	23	..	
Vegetables	185	44.6%	
VEGETABLE OILS		51.0%	
Palm oil	82	surplus	5 mills & plantations
Cotton-seed oil	10	..	3 crushers & 1 refinery
INDUSTRIAL CROPS	..	surplus	
Sugar cane	71	6.3.0% (1984)	SOSUCAM refinery
Cocoa	120	surplus	processing up to choc.
Coffee Arab.& Rob.	139 (?)	surplus	processing started
Tea	2.3	..	3 C.D.C. factories
ANIMAL PRODUCTS	..	..	
Cattle (meat equiv.)	91)		2 abattoirs, 1 tannery
Small ruminants	16)	26.0%	processing planned
Pork	19)		"-----"
Poultry	11)		
(TOTAL)	(137)	(95.0%)	(1984/5 imports 8,000 T)
Game etc	26	..	
Milk & eggs	15	..	processing by 2 plants
Fish & shrimps	115	..	freezing only; + imports

Note: .. = data unavailable
Source, Sixth Plan op. cit. and UNIDO data.

Another major gap is in cassava processing and in industrial-scale fabrication of fruit-based products. Furthermore, the exports of cocoa-based food products have wavered between 12,000 and 24,000 T during the

last 13 years without any apparent growth trend, while the quantum of raw cocoa bean exports roughly doubled between 1977 and 1984. There is also an obvious I/S potential in the fabrication of animal fodder from the many by-products of existing primary processing activities.

Import substitution in the meat, dairy and fish sector has been disappointing. The Fifth Plan (1980-85) had targeted a reduction of import dependence in terms of per capita meat equivalents. The out-turn, however, showed a rise from 2.7 to 4.4 kg/inhabit./year. By 1984/5 imports made up 14% of apparent consumption of all animal food products (see table 8).

Table 8

Consumption of Animal Products by Origin, 1984/5

(Kg/inhab/year of meat equivalent)

Year	National output						Import	Apparent Consum.
	Cattle	Goats	Pigs	Poultry	Fish	Other		
1984/5	9.3	1.6	1.9	1.2	9.0	4.2	4.5	31.7

Source: Sixth Plan, op.cit. p.86.

Production growth in food-based industries (ISIC 311) accelerated at the beginning of the present decade thanks to new capacities in grain and vegetable processing, as well as in "other" food fabrication as shown in table 9.

During the seventies, the annual growth rate of MVA in food processing came to 6% and that of employment to under 2% . In the first four years of the present decade MVA in food manufacturing just about doubled its past rate of growth, while the level of employment dropped in

Table 9

Output index of food processing industries (1974/5 = 100)

Process. Activity	1976/7	1980/1	1983/4	1984/5
Grains & vegetables	142	168	240	288
Industrial food crops	105	267	197	229
Bakeries & confectionery	82	121	150	..
Other foods	188	650	1,723	..

Source: Ibid, pp 128-9. .. = not available.

absolute terms. This acceleration in output growth reflected particularly good returns on capital. The newly created industries processed agro-pastoral products as well as fruit-- producing some yeast and alcohol, cereal foods and canned pineapples. Product diversification and reduced

import-dependence are reflected in the drop of "other" foods imports between 1982 and 1985 from 4,103 T to 2,604 T.

This development stands in sharp contrast with imports of refined sugar which, notwithstanding the existence in Cameroon of 3 refineries, sky-rocketed in 1984/5 to 14,487 T, but much of which was re-exported to UDEAC and other neighbours.

The traditionally-produced foodstuffs continued to be plagued by:

- inadequate transport and cool storage facilities, and by the irregular supplies of domestic raw materials to industries and to marketing centres;
- the absence of industrial-scale primary producing units (except for palm oil, sugar and wheat);
- an unstructured internal marketing network, giving rise to severe price distortions and periods of glut and scarcity with large, uncontrolled shifts of regional surpluses triggered by uncoordinated cross-border prices;
- the oft-mentioned differences between real costs and the authorized market prices of processed goods:
- inefficient protection of domestic industries;
- poor control over the quality of marketed products;
- absence or scarcity of vocational training e.g. in baking, butchering etc., giving rise inter alia to the misuse of machinery;
- the small size of the domestic market in terms of effective purchasing power, and the relatively high unit cost of transporting foodstuffs to neighbouring markets;
- no complementarity in food import-substitution between UDEAC member states.

A noteworthy fact is the far lower use of fertilizers in food-crops than in industrial ones. The two ratios in 1984 were at about 1 : 6 Kg/farm/year!

Production of industrial crops, as well as of processed foods,--whether only domestically-oriented or also exported--is to a great extent controlled by the SNI through minority share holdings. Considering only the secondary food industries, the following picture emerges of the parastatal activities during two recent years-- 1981/2 (in brackets) and 1984/5:

- SIC-CACAOS and CHOCOCAM have started to turn in profits. They employed over 500 workers in 1984/5 (800 three years earlier). Their combined turnover was FCFA 17.4 billion (11.4bn) and their value added came to FCFA 3.8 billion (2.0bn) equal,in 1984/5, to their total medium and long term debt. That same year fiscal payments made up 100% of value added so that the other constituents of VA had to come out of carried-over provisions and profits. In 1981/2 bank charges added up to two-thirds of value added. Existing price controls prevented the firms from passing the additional costs onto domestic consumers. Cashflow in 1984/5 was positive at about 10% of turnover (only 5% in 1981/2). Cost and quality controls have been their Achilles' heel in recent years.

- SCM comprised flour mills and has recently been making losses, primarily because of tightly fixed bread prices[13], on the one hand and unwarranted imports of EEC (subsidized) flour, on the other hand. Thus,in 1981/2 imports covered 3/4 of national consumption, leaving the flour mills with demand requiring the use of only one-half of their installed capacity. Capacity utilization in 1984/5 was but little higher (65%) and in 1985/6 flour imports came to 122,000 T, allowing only 45% of the newly-extended domestic capacity to be exploited. The mills carried out sharp cuts in their personnel in the last five years, raising their capital intensity and VA per employee. Working capital has been very inadequate throughout. The ratio of VA to turnover was 15% in 1981/2 and only 10% four years later. The level of medium and long-term debt came to 8% of turnover in 1984/5, having been close to 20% in 1981/2.

CAMLAIT offers a not untypical example of the structure and operation of a private, profitable, food processing SME, enjoying the attendant fiscal privileges, but not having easy access to bank credit. The company's output covered a full range of dairy products and milk-based desserts. Its value added coefficient in 1985/6 was 28.5% of which salaries added up to 42%, before-tax profits came to one-fifth, taxes to merely 3%, bank charges to 11% and amortisation to one quarter of turnover. The tax rate on profits that year was just over 50%. Although its sales were limited to the domestic market, less than one-twentieth of its intermediate requirements were direct imports, pointing to very substantial linkages with other domestic activities. This topic is considered across all manufacturing subsectors in the next section.

[13] With 1975/6 = 100, the price index for foodstuffs in 1983/4, as estimated by GICAM, stood at 250, whereas that for bread came to only 164.

4. LINKAGES AND EFFICIENCY

a) Inter-sectoral linkages

The data on which the following discussion of linkages for Cameroon is based do not permit a comprehensive and detailed treatment. The only attempt at putting together an input/output table resulted in an unofficial document of the Ministry of Planning for which no technical descriptions could be located by the author. The table covers 8 productive sectors, plus construction, commercial and non-commercial services. As with many other SSA countries' I/O exercises, intermediate consumption is not differentiated at the sectoral level between imported and domestically produced goods and services as few firms make such a distinction in their own accounts. The values in the table are at factor cost.

Data on intermediate consumption at a disaggregated level for a sample of 18 manufacturing firms were also made available to the author in the course of interviews. Although an industrial census had been carried out in Cameroon in 1985/6, the raw data had not been processed or checked by May 1987 for lack of resources within the Directorate of Statistics and National Accounts.

The I/O table for 1979/80 shows that, for the Cameroonian economy as a whole, only one-quarter of intermediate consumption was accounted for by direct imports of goods and services and the value added coefficient stood at about 2/3 of the value of output. The structure of intermediate consumption, according to the sectoral breakdown used for the above-mentioned I/O exercise, is set out in table 10.

Given its high level of aggregation, there is little in table 10 that distinguishes the Cameroonian economy from the typical African middle-income case.

In 1979/80 the share of imported inputs was the lowest in the food processing sector, with over 40% of all inputs coming from primary agriculture. The bulk of capital and intermediate inputs was acquired through the commercial network, whose share of deliveries was about the same as those of cement and metal manufactures, as well as of construction.

Over one-half of consumer goods supplies came through distribution services, about 2/3 of whose intermediate purchases were imported goods and services. Direct procurement of intermediate goods came to about 17% of all consumer goods inputs and that of intra-sectoral purchases -- around 11%.

The intermediate goods sector acquired as many direct inputs from within the sector as from the local traders (32%). These, on average, purchased 36% of their total requirements from abroad. The balance of inputs needed by the intermediate goods sector (around 22%) was evenly spread over cement and metals, capital goods, and construction.

Table 10

Structure of Intermediate Consumption in Industry, 1979/80

(per cent of output value)

SECTORS	Manufacturing subsectors 1	2	3	4	5	6
Primary agriculture	41.7	2.5	4.0	-	-	-
Industry, of which:						
1 Food processing	4.5	2.2	0.6	-	-	-
2 Consumer goods manuf.	0.0	10.6	0.6	-	-	-
3 Intermed. goods manu.	5.8	16.7	33.2	30.9	5.7	29.1
4 Cement & metal fabri.	16.5	9.9	7.6	45.0	40.7	35.6
5 Capital goods & equip	0.1	2.5	7.5	3.5	18.2	5.2
6 Construction	14.8	3.4	7.0	0.0	0.0	2.7
Services (commercial)*	15.1	51.5	31.9	19.6	35.1	26.6
"--" (non-commercial)	0.1	0.1	1.3	0.1	0.0	0.1
TOTAL INTERMED. CONSUM.	100	100	100	100	100	100
of which domestic inputs	62	39	39	28	7	52

Note: * Including transport and communications.
Source: Author's calculations based on Cameroon's I/O table.

As could be expected, neither of the remaining three sectors made direct purchases of primary agricultural products, processed foods or of consumer goods. The bulk (45%) of the intermediate needs of the cement and metals fabrication sector was met by intra-sectoral purchases, followed by 31% of inputs from direct deliveries by the capital goods and equipment manufacturing sector. Only one-fifth of its total intermediate consumption was serviced by local traders, making it almost as import-independent as food processing.

The capital goods and equipment sector's intermediate consumption structure showed that 2/3 of the inputs came from only three producing sectors. Just as the foregoing sector, it carried out almost all of its construction work with its own means.

These findings suggest that the three activities with the greatest direct multiplier effects on the Cameroonian economy in 1979/80 were in food processing, cement and metals manufacturing, and construction.

The 18 firm sample data for 1985/6 on direct procurement of intermediate inputs confirm the view that resource-based manufacturing activities are strategically the most important for advancing industrialization in countries with endowments similar to those of Cameroon. The sample enterprises are ranked in table 11 according to the

intensity of direct domestic procurement of intermediate industrial inputs, including electricity and water. Because the output of the local refinery does not extend to fuel and lubricants, domestic purchases of these items are treated as direct imports.

The following are the salient features of the sample firms' procurement profiles:

- for dairy products (ISIC 311/2) intermediate inputs were almost entirely (93.6%) of domestic origin, with milk, sugar and plastic containers accounting for 70% of the total, followed by locally produced bottles and aluminium strips. The firm's operations were profitable. Added value came to 28.5% of sales.

- Two textile-based, household goods manufacturers (ISIC 321) had distinctly different procurement patterns. For blankets and bed linen, almost 90% of inputs were imported, of which 60% were yarn and sewing supplies. Another 36% was in imported cloth. These items are probably good candidates for early import- substitution. The local purchases were concentrated on packaging material (33%), thread and yarn (19%) sewing accessories (12%), with the balance of inputs undefined. Only 3.6% of output was exported and solely to UDEAC markets. The manufacture of mattresses and canvas covering, in contrast, filled 95% of its input requirements from domestic supplies: about one-half from the textiles subsector, one-fifth from the plastics one, and one-tenth from local metal fabricators. The final quarter comprised unidentified local goods. One-quarter of total sales were in UDEAC countries.

- All intermediate inputs of the only large furniture manufacturer (ISIC 332) in the sample, except for fuels and lubricants were domestically produced. Raw timber made up over 40% of the total, while the other inputs were spread over some 10 subsectors, with heavier purchases of paint, synthetic foam and items produced by others in the woodworking subsector. Hence the multiplier effects of wooden furniture-making in Cameroon are very considerable, with value added coming to 33% of sales. The firm had no exports in 1985/6 and its pre-tax profit was small.

- Upstream linkages of one sampled firm manufacturing soaps, oils, and detergents (ISIC 352) were neither strong nor varied, although its by-products were sold as cattle cake to domestic animal-husbandry. The enterprise was resource-based -- palm oil and kernels making up about three-quarters of all domestic inputs. Yet more than one-half of total inputs were imported, with high shares occupied by animal fats (43.4%), chemicals required for soap-making (43.2%) and packaging materials (9.0%). This relatively high import-dependency points to other I/S opportunities, at least in the last-mentioned products, small amounts of which were already being purchased locally by the firm (about 10% of total domestic inputs). Almost one-fifth of the firm's output in 1985/6 was disposed of in UDEAC and other neighbouring markets.

Table 11

Intensity of direct domestic input procurement, 1985/6 in a sample of 18 manufacturing firms
(per cent)

ISIC	Products	VA	Main Domestic Inputs	Domestic input share	Export share
311/2	Dairy produce	28	milk,sugar,plastics	94	nil
321	Blankets, bed linen	29	packaging materl, yarn,thread	11	4
332	Wood furniture	33	timber,paint,synth.sponge	98	nil
352	Soap,detergent	36	palm oil,kernels,packing mat.	43	19
352?	Matches	40	timber,proc.wood,packing mat.	37	..
355	Tyres	42	latex, veget.oil, cartons	31	23
356	Plastics	44	chemicals,tools,apparel etc	11	2
"-----"	"----"	42	spare parts, chemicals etc	22	nil
362	Glassware	43	sand,clay,spares,apparel	19	6
369	Reinf.Concrete	19	cement,sand,gravel,steel bars	92	nil
"-"	Cement	27	packing mat.puzzolane,spares	30	1
372	Alum. houseware	34	alum.disks & sheets, packing	85	11
"-"	Alum.processing	14	alum. sheet,chemicals,packing	98	35
381	Agric.handtools	32	iron & steel semi's, paint, spare parts	13	6
383	Batteries	22	paper & cartons, chemicals	22	69
"-"	Electr. assembly	18	nil	0	5
384	Transp.equipment	29	iron & steel semi's,hardware	98	nil
390	Household goods	61	packing mat. enamel, metals	11	3

Source: Interview information and UNIDO.

- The manufacture of matches (ISIC 352?) was mainly aimed at satisfying domestic demand and was based on local raw and processed timber (58%), domestic packing materials, tyres and spare parts. These and other minor inputs came to 40% of total intermediate consumption. Value added comprised a similar proportion of output. Heavy imports of match-boxes invite a possible I/S investment.

- Less than one-third of total inputs for the manufacture of tyres (ISIC 355) originated in Cameroon and was dominated by purchases of natural rubber, vegetable oils, cartons and boxes. The value added in this activity was 42% and exports to neighbouring countries (exclusively) made up 23% of final sales.

- The two plastic goods (ISIC 356) manufacturers met 11% and 22% of their respective intermediate requirements with local goods. Both generated high (40% plus) added value, with little or no exports. The domestic purchases included chemicals, hand-tools, coveralls and spare parts. Both were heavy users of electricity and water.

- Glassmaking (ISIC 362) was also heavily import-dependent, notwithstanding the availability of local mineral resources, which made up about one-third of all local purchases, followed by spare parts (19%). The activity also made heavy use of public utilities (41% of all domestic

inputs). Exports (6% of sales) did not go beyond the UDEAC area. The VA ratio was high--43.5%.

- Two non-metallic minerals producers (ISIC 369) had quite different input profiles by virtue of being at two levels of the processing chain. The cement manufacturer procured only 30% of total inputs from Cameroonian sources, as its major input--clinker-- had to be imported. Domestic links were with producers of lined bags, pouzzolane, spare parts, hardware and of electricity. Only 1% of output got exported --all to Chad. The production of reinforced concrete items, on the other hand, was a large down-stream consumer of local cement, gravel, sand and iron/steel rods. Most of its minor inputs were also manufactured locally, raising the share of domestically procured inputs to 92%. Value added was relatively low (19%) and no exports were made in 1985/6.

- A very similar situation prevailed in respect of two aluminium-based firms (ISIC 372 -- non ferrous metals fabrication). The upstream processor of primary aluminum had a small VA coefficient, exported over 1/3 of its output and only imported some chemicals, fuel and lubricants, leaving local products to meet 98% of the firm's intermediate needs. The manufacturer of aluminium utensils etc. had a much higher VA (34%), but exported only 11% of its output. Its inputs were dominated by local aluminium semi's (such as disks) and packaging material.

- The production of agricultural hand tools (ISIC 381) was highly import-dependent as domestic inputs constituted a mere 13% of the total. However, they were widely distributed among manufacturing subsectors and public utilities. Added value reached almost 32% of turnover; only 6% of the latter came from sales abroad (UDEAC).

- Electric battery manufacture (ISIC 383), although as import-dependent (only 12% of all inputs procured in Cameroon), was able to export 69.2% of its output to several markets other than the UDEAC. Local purchases were confined mainly to paper-based items and packaging materials, plus some chemicals. The VA coefficient was 22%. Within the same ISIC category, but limited to electronic assembly, another firm recorded no locally purchased inputs whatsoever (except for electricity). Its VA came to 18.3% and exports to about 5% of turnover.

-The metal products fabricating subsector (ISIC 384) was represented in the sample by the manufacture of simple transport equipment, chassis etc., situated well downstream of existing industries which could supply it with all but fuel and lubricant inputs. Value added came to 29.5% of sales, which were limited to the domestic market, although in previous years small quantities had been exported.

-The last of the sample firms -- manufacturing household goods (ISIC 390 -- other manuf.) was also very import-dependent. Locally produced inputs made up only 10.5% of its intermediate consumption, heavily weighted by enamel supplies and packaging materials. The variety of its imported intermediates e.g. handles, metal sheeting and some articles similar to locally made ones, again present scope for substitution. The firm's VA coefficient was the highest in the sample -- 66.3%.

b) Efficiency

The review of sectoral and firm linkages and their direct multiplier potential concluded that domestic resource processing offered the best leverage for furthering industrialization in Cameroon within the existing policy and institutional framework.
It also detailed the generally poor competitiveness of Cameroon's manufactures, as reflected in the fall of the share of all manufactures i.e., including semi-processed goods, in total exports from about 20% in the late sixties to below 10% in the early eighties.

The first of these findings is consistent with that about changes in relative labour productivity in manufacturing in UNIDO's most recent study on the Cameroon.[14] The five highest performance ratings (expected productivity gains/observed ones) were in the following order:

1st -- processing of non-ferrous metals;
2nd & 3rd -- processing and fabricating wood products
4th -- food processing;
5th -- leather processing and fabrication.

An earlier comparison of ex-factory prices of a sample of manufactured Cameroonian products with those of duty-paid competing imports concluded affirmatively as to the economic efficiency of such food and drink industries as chocolate and pasta making, and beer brewing. These items were frequently sold at less than the maximum prices allowed by the tariffs so as to face up to the competition of contraband supplies.

The prevailing incentive (protective) regime provided only negligible support to many other resource-based processing activities and, in the case of frozen shrimps, penalized their manufacture through taxes on inputs and on exports. The studies of the incentive system carried out for the World Bank in 1977-80 concluded that the relatively greatest material and financial encouragements were being received by the most import-dependent manufacturing activities but which still failed in helping them win or even maintain market shares abroad.

It is important to note that the protective/incentive regime in Cameroon has not changed significantly from the time of independence in 1960, save that the Investment Code of 1986 extended customs and fiscal advantages to SMEs. New investment continues to be provided with exemptions from import duties on capital and intermediate inputs, tax holidays on profits and with other tax "breaks". Upon the expiry of the

[14] UNIDO, "Cameroon", Industrial Development Review series, Oct. 1986. The principal tool of the performance analysis is the regression of the observed relationship between the growth rate of value added in a subsector(independent variable) and the increase in VA per employee (dependent variable), and a normative one developed by Verdoorn.

franchises, the enterprises usually receive "regional taxe unique status" under which tariff exemptions are not time-bound. More importantly, quantitative restrictions on competing imports -- when correctly applied -- provide industries with "tailor-made" protection. The net effect of the prevailing regime still encourages import-substitution at a substantially high cost to taxpayers. Over time, the protective system must have acted to the detriment of the efficienct use of resources in manufacturing and of Cameroonian products' competitiveness by encouraging the use of up-market, capital-intensive technology in mainly inwardly-oriented activities.[15]

Several Cameroonian food industries were found to have been efficient in the late seventies, in the sense that the domestic resource costs of their products were less than the benefits in terms of the foreign exchange saved (earned) by their activities. Direct resource cost coefficients (DRCs), calculated for the World Bank[16], pointed to efficient operations in frozen shrimps, pasta, chocolate, beer, soft drinks and cocoa butter --provided their capacity utilization could reach acceptable levels. The major exception in the sampled food and beverage industries was flour milling, whose operations resulted in net foreign exchange losses (negative VA and DRC). As we have seen, the industry was also financially insolvent during the early eighties.

At the other end of the efficiency spectrum are a number of import dependent and/or capital intensive industries. The ones for which DRC values have been estimated include some textile manufacturing and the production of cement bags and of flashlight batteries, all of whose DRCs in 1975/6 were above 1.3 i.e. they were on the borderline of inefficiency (See table 11). Those with a negative VA and DRC -- hence patently wasteful of productive resources -- included wheat flour, jute bags, fertilizers, reinforcing bars and the assembly of electronic goods, whose handicaps and inefficiencies have been noted earlier.

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[15] As pointed out in the World Bank's Country Memorandum of June 1984, (page 15):

"The slow growth of manufactured exports and the decline in the share in industrial output of industries processing domestic raw materials, constrasted with rapid growth of manufactured imports.....run counter to the expected path of a country relatively rich in natural resources and labour.....".

[16] A DRC value of less than unity for an activity indicates that a unit of foreign exchange can be earned or saved through it with less than the equivalent value (at free trade prices) of the domestic resource consumed by the activity. But when the DRC is calculated for a single year, it may not be representative of an industry's average efficiency. Similarly, individual DRCs cannot be extrapolated to entire subsectors as indicators of efficiency. See WB, Industrial Development and Policy in Cameroon, Sept. 1980, vol. 1.

Table 12

Domestic Resource Cost Coefficients (DRCs) of sampled Manufacturing Activities in 1975/6*

Subsector & product	DRC
Food processing:	
- wheat flour	negative
- cocoa butter (for export)	1.03
- chocolate for the UDEAC market	0.50
- pasta for domestic & UDEAC sale	0.27
- frozen shrimps for export	0.65
Beverages:	
- beer for domestic sales	0.17 - 0.19
Textiles:	
- cotton goods for export	1.97
- cement bags for domestic sale	1.36
- jute sacking	negative
Chemicals:	
- soap for the UDEAC market	0.89
- matches "----"----"	0.85
- fertilizers	negative
- flashlight batteries for export	1.53
Non-metallic mineral products:	
- cement (for South Cameroon)	0.14
- cement (" North " ")	0.83
Base metal products:	
- steel reinforcing rods	negative
Fabricated metal products:	
- agricultural tools for export	0.75
Other manufactures:	
- assembly of radios & appliances	negative

Note* For a definition of DRCs, see footnote # 16. These values were based on the capacity levels then being utilized and subsumed a shadow wage rate equal to 3/4 of the going one, and an 11% discount rate to be the opportunity cost of capital.

Source: World Bank, op. cit. 1984, table 4 and references.

In the next, concluding, section we sum up the evidence adduced, depict briefly the state of play in respect of the level of investment anticipated by the authors of Cameroon's sixth development plan (1986-1990) and, in the light of the short term economic outlook for primary producing countries, set out what we believe to be priorities for forward-looking reforms.

5 CONCLUDING DISCUSSION

The overall impression that is left after a close look at Cameroon's experience with diversifying its resource-rich economy, is one of disorientation and under-utilisation of available policy instruments, much of it due to inadequate basic data, poorly processed, and to an overly accommodating application of economic ground rules.

Since world economic growth began to decelerate at the start of the present decade, Cameroon has been in the Doldrums, reflected in negligible levels of new productive investment and additions to industrial employment. After three years of quasi-stagnation in real industrial output, 1984/5 was marked by a 10% drop in that of SYNDUSTRICAM's member-companies. The terminal year of the fifth development plan saw private investment undershoot its target level by one-third. Indeed, out of the 29 industrial projects encompassed by the plan, only one had been implemented. The expansion of total credit to the economy in the same year came to only 5.9% in nominal terms -- far below the rate of inflation and of which 74% was in short-term advances, 24.9% in medium, and a mere 1.1% in long term loans to industry. FOGAPE's lending capacity to SMEs was negligible.

Yet the country's resource endowment was being enhanced by confirmation of non-associated gas reserves adequate to feed two processing plants to manufacture methanol and ammoniacal urea for fertilizers. Rubber prospects were improving as new plantations began to mature and to promise a tripling of the 1983/4 latex removals by 1990. The output of University graduates was expanding strongly and local businessmen put no less than 40 industrial projects up for approval by the statutory body concerned. And still growth performance remained disappointing.

The latest five-year development plan, 1986-1991 does identify the many shortcomings of the recent past but, as far as the manufacturing sector is concerned, proposes essentially "more of the

same".[17] Perhaps closer to our concern, however, is the stated intention of the authorities to:

- bolster the provisions of the 1986 Investment Act with a revision of the fiscal structure and the introduction of VAT.
- relate authorised prices closer to true costs of production:
- tighten up protective measures through better customs control and valuation:
- provide more diversified aid to domestic manufacturers, including preferential purchasing of local inputs;
- standardize goods and enforce quality norms;
- ensure closer vetting of new technology and a fuller use of nationally-held patents and licenses;
- delineate activities reserved for private enterprise;
- assist with project identification and preparation.

Most, if not all, of these intentions have been the object of continuing discussion between organised businessmen and public authorities and it remains to be seen how they will be fulfilled. The stress on standards and norms is salutary in many respects as it will not only protect the consumer, but also reduce imports. Mediocrity of locally manufactured goods (e.g. beer bottles) as well as their uncompetitive cost, have been frequently criticised. It should also reduce the public sector's reticence to orient procurement preferentially to local producers. On the other hand it could incite the latter to make larger and more regular provision for amortization and modernisation of installed equipment.

But several obvious policy gaps were left unaddressed, among them:

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[17] Industrial strategy is to follow a Master Plan to the year 2000, which was still in the process of being drafted in mid-1987. But the industrial sector's share of total investment to 1990 was set at just 7% (FCFA 290.4 billion) to be channeled into:

-more processing of traditional agricultural products, such as sugar cane, palm oil, edible oil, fruit, vegetables and timber. This would presumably include such left-overs from the earlier plan as tomato processing and pineapple canning.

- Constructing more grain, rice and sawmills;
- A new chocolate and cocoa residue processing factory;
- Increasing the capacity of the petroleum refinery;
- Extending the existing cement capacity and adding the manufacture of pre-stressed concrete;
- Building one or more urea-based fertilizer factories;
- Establishing more basic metal processing plants;
- Extending aluminium output by 2,500 metric tons;
- Manufacturing natural gas canisters out of imported sheet metal;
- Several small firms for electric bulbs, hurricane lamps, small electric motors, storage batteries and universal spare parts. (See: Republic of Cameroon, VIth Five Year Economic, Social and Cultural Development Plan, 1986-1991, Secondary Sector, Yaounde, 1987.

- the need to exact the fulfillment by enterprises benefitting from the Investment Code of their counterpart obligations;
- the urgent need to facilitate access to medium and long term credit, especially by SMEs;
- discourage imports by differentiating commercial margins in favour of local products;
- limit the scope of existing price controls to "sensitive" products (i.e. those requiring prior authorisation for import) or those destined for mass consumption;
- as in Senegal, for instance, have a representative body pass on the need for the importation of goods ostensibly in short supply;
- set a firm time limit for the settlement of claims on the public sector;
- take the lead in developing industrial complementarity within UDEAC.

Neglect of these issues will not help Cameroon to shake off its lethargy. The timid recovery of commodity prices in the first half of 1987 has probably been nipped in the bud by the stock-market "shake out" of October 1987 and which lessened the chances of a pick-up in the world's economy. In such a bleak context, what are Cameroon's chances of mobilising non-productive domestic savings and attracting foreign venture capital, technology and marketing know-how? Can it convince the owners of petro-dollars to invest in tropical hardwoods, fruits and vegetables?

In conclusion, the author should like to advance some policy measures that might complement those already in train or merely envisaged:

i) focus efforts on lowering costs of production through more intimate sub-regional coordination of procurement and the expansion of productive capacities. Competitive import-substitution by countries members of UDEAC must be halted. Industrial complementarity could be facilitated by sanctioning market-sharing arrangements between existing firms. Externally aided projects could be untied by donors to stimulate the use of local or UDEAC inputs. Line ministries could be instructed to "buy local" without necessarily requiring European quality standards to be satisfied.

ii) Yields in agriculture, forestry and fishing must be raised and raw material supplies to the manufacturing sector assured, both in respect of quantity and of quality.

iii) Instruct the Cameroon Development Bank to be more supportive of manufacturers' credit and technical assistance needs, as well as to provide the SMEs with adequate subsidised credit and technical aid through CAPME and FOGAPE.

iv) Follow through with the divestment option already put forward by the SNI and mop up as much as possible the private savings otherwise flowing into services or being invested abroad.

v) Undertake a review of the CFA's parity so as to take full account of the evolving structure of external trade and payments, to ensure that there are no reasonable grounds for a devaluation.

ANNEXURE 1

A. Cameroon's GDP : structure and growth, 1970-1984

(constant 1980 US$ 10^9 and percent)

	GDP		Contribution of Value Added by:				
	Value	growth	Agric	Manuf	Constr	Trade	Trans/Stor.
1970	5.0		27	11	3	21	6
		3.5					
1975	5.9		28	10	4	15	7
		7.5					
1980	8.5		27	10	6	13	6
		6.5					
1984	10.9		25	10	6	13	6

	Services	GFCF	EXPORTS	IMPORTS (-)
1970	17	22	20	24
1975	20	21	21	23
1980	21	25	22	26
1984	21	23	17	25

Source: UNIDO, Statistics and Survey Unit.

B. Cameroon's Population and Labour Force,

(1965-1985)

(million and percent)

	Population		Total Labour Force	
	Number	Growth rate	Number	Growth rate
1965	6.1	2.1	3.1	1.3
1970	6.7	2.3	3.4	1.5
1975	7.6	2.5	3.6	1.6
1980	8.6	2.7	3.9	1.7
1985	9.9	2.8	..	..

Source: Ibid.

C. a) Manufacturing Value Added (MVA),
b) growth rates (1975 - 1985).
a) in current producer values,
b) at constant 1980 prices

	a. MVA in FCFA 10^9		b. growth rate (%)
Subsector	1975	1985	1975-1982
Food processing	3.4	42.7	5.0
Beverages	10.4	119.4	15.2*
Textiles	4.8	25.1	n.a.
Apparel	1.2	8.5	6.3
Leather products	0.5	5.2	13.9
Footwear	1.8	11.1	13.9
Wood products	0.5	6.0	6.5*
Furniture (non artis)	neg.	0.8	6.5*
Paper and products	0.2	4.3	n.a.
Printing & publish.	0.4	5.2	n.a.
Ind. chemicals	0.6	5.8	-0.8
Other chemicals	3.3	17.6	7.8
Rubber products	neg.	2.0	n.a.
Plastic products	0.9	8.1	n.a.
Ceramic ware	0.6	4.3	2.5
Glass products	0.5	3.3	2.5
Non-metallic min.	1.3	8.8	2.5
Iron & steel	0.8	20.4	n.a.
Non-ferrous metals	2.0	15.1	4.1*
Fabricated metal	0.2	n.a.	5.7**
Non-elec. machinery	2.6	19.1	5.7**
Electrical machin.	0.7	5.2	-2.7
Transport equip.	0.3	2.4	3.5
Other manufactures	0.3	10.0	n.a.
TOTAL	41.8	383.0	5.0***

Note: Petroleum refining not included for lack of data.
* 1975 - 1983
** 1975 - 1980
*** 1975 - 1984
Source: UNIDO, op.cit. 1987, tables 4 and 8.

D. FCFA / US DOLLAR AVERAGE PAR/MARKET RATES
(1960 - 1986)

CFA francs per US dollar

1960	1965	1970	1975	1980	1985	1986
246.85	246.85	277.71	214.31	211.28	449.26	346.30

Source: IMF, International Financial Statistics, 1987.

ANNEXURE 2

CELLUCAM: Excerpts from the official brochure, 1984/5.

"Introduction

".....Cellucam, with its FCFA 75 billion investment is not only the largest industrial venture in Central Africa, but also is the first in the world in terms of technology. Indeed, nowhere else has it been possible to manufacture wood pulp on an industrial scale using natural tropical forest timber.....

"Impact on the Economy

".....the Cellucal pulp mill provides an example of how the industrialization of a developing country should be pursued. The question of whether or not large industrial complexes are at all suited to the needs of the developing countries, or if an industrial (environment) must be created beforehand, does not arise here (sic.).

" Cameroon demonstrates, with Cellucam, that large industrial developments and the necessary infrastructure can be created simultaneously. When a nation wishes to benefit from the dynamics of world trade, there are no other alternatives (sic.).

" For a rational exploitation of Cameroon's forest wealth, it would not have been economically efficient to have built a smaller plant. 120,000 tons of pulp annually represent the appropriate throughput necessary to provide a return on the capital invested.

".....After preparatory feasibility studies, tests of local wood and discussions regarding financing, on May 11 1974.....the Government of Cameroon, together with Voest-Alpine, the largest steel and plant construction company in Austria, signed a contract for the erection of the turnkey pulp mill.

".....At the request of the government, the mill is to process the indigenous tropical hardwoods and to have the resulting high-quality bleached sulphate pulp earn valuable foreign currency for the country. In addition, pulp production is to provide the basis for a future paper industry.

"The forest concession

".....A forest inventory has shown that the timber reserves are of a great variety .....no less than 350 species of trees, 110 of which make up 80% of total resources. Cellucam has accepted the responsibility for marketing these (rare) trees separately.

"Personnel

"Cellucam employs 1,300 persons and has arranged regular transport for all between their homes and the mill.....a career development plan has been formulated.....

"Future prospects

" In coming years Cellucam will develop into an integrated wood manufacturing enterprise. Concrete plans include the building of a sawmill to process between 25,000 and 30,000 m^3 of wood into cut timber, and the installation of a paper-making machine....for writing, printing and light wrapping paper. The annual production capacity will be around 40,000 tons. This will not only serve to satisfy domestic demand, but also provide sufficient exports to neighbouring countries.

"A model of multinational cooperation

".....The Austrian company Voest-Alpine is a direct partner of Cellucam, the majority shareholder of which is the Cameroonian state. ....It was assisted by a number of subcontractors, in particular:

Razel Co. (France/Cameroon)
Costain Intl.(UK)
Montalev (France)
Technisches Buro Plesslinger (Austria).

"The equipment used was supplied by companies from countries which shared in the financing of the project, the most important are:

Stein Industries (France)	Fakom (Yugoslavia)
Escher Wyss (Switzerland)	PMW (Austria)
Brimont et Berliet (France)	Andritz (Austria)
Asea and Sunds AB (Sweden)	Ruthner (Austria)
Invest-Export (GDR)	Mullauer (Austria)
Polimex (Poland)	Voest-Alpine (Austria)

"Finance

".....Financial credits were guaranteed by the Chase Manhattan Bank (New York) and the Arab Bank for Economic Development in Africa (Khartoum)

"Marketing

"A marketing and management contract with....Svenska Cellulosa AB...to assist with the selection and training of personnel, together with the organization and management of the plant and control the marketing of the pulp.

"From the idea to the realization

".....the Cameroon plant is above all remarkable for the fact that here, for the first time, a new raw material is to be processed on an industrial scale: mixed tropical hardwood.

"Studies and analyses

"Laboratory and semi-industrial tests have shown that, following a preliminary separation of unsuitable species, the average physical and chemical properties can be optimized to a degree that readily permits the production of pulp comparable in quality to that demanded on the world market.

"..... The financing possibilities also determined the scale of the project and.....its phasing."

(Requiescat in pace.)

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