

## Country Market Profile: Cameroon

### Market Overview

Euromonitor reports that the economy in Cameroon expanded in real terms in 2022, driven by increasing public and private consumption and capital investment. However, global economic slowdown, elevated inflationary pressures and tightening financial conditions are set to undermine business and consumer confidence globally, raise uncertainty and weigh on the country's economic outlook.

- Following real growth of 3.8% in 2022, Cameroon's economy is expected to expand at an average annual real gross domestic product (GDP) rate of 4% in 2024 and 4.2% in 2024.
- Inflation in Cameroon was forecasted to slow down to 2% in 2023 from 2.1% in 2022.
- While Cameroon's merchandise exports declined by 2% and imports fell by 2% during 2022, the country remained a net importer of goods.
- Gross fixed capital formation (GFCF) continued to increase over 2022, accounting for 19.3% of GDP.
- The public debt-to-GDP ratio in Cameroon rose to 45.8% in 2022, standing below the regional average of 54.8%.

The population of Cameroon was 30.1 million in 2023 (CIA World Factbook Est.). The median age is only 18.8 which makes it one of the youngest countries in the world. More than 60% of the population is under the age of 25 as of 2020. Only 3.2% of the population is over 65 years which is low, or about 960,000 people. The population growth rate is 2.7% which is on the higher end of the scale.

The country has generally enjoyed stability, which has enabled the development of agriculture, roads, and railways, as well as a petroleum industry. Nonetheless, unrest and violence in the country's two western, English-speaking regions has persisted since 2016. Movement toward democratic reform is slow and political power remains firmly in the hands of President Paul Biya.

Cameroon has investment and/or commercial agreements with the European Union, the United Kingdom, Canada, China, Japan, Russia, South Korea, Turkey, and the U.S. Cameroon ratified the Africa Continental Free Trade Agreement in 2020. A Bilateral Investment Treaty (BIT) between Cameroon and the U.S. entered into force in 1989. The BIT renews automatically under the terms of the treaty every 10 years. Companies must obtain a Foreign Government Approval (FGA) letter from the Cameroonian government if they wish to invest in Cameroon.

In 2009, the government signed an interim Economic Partnership Agreement (EPA) with the EU in order to secure duty-free, quota-free access to the European market in exchange for the gradual removal of duties and quotas for European goods entering

Cameroon. The EU EPA went into force in 2014. Cameroon signed an EPA with the United Kingdom in 2021 to mirror provisions of the EU EPA following the United Kingdom's exit from the European Union. Cameroon lost its Africa Growth and Opportunity Act (AGOA) eligibility in 2020 due to gross violations of internationally recognized human rights.

USDA's Office of Agricultural Affairs in Lagos Nigeria or FAS Post Lagos reports that there are both opportunities and challenges for U.S. food exporters in the Cameroonian food market.

## **Market Opportunities and Key Issues for U.S. Processed Food Exporters in Cameroon**

### **Market Opportunities:**

- Cameroon is officially a bilingual (French and English) country. French is most commonly used in business, politics, and social interactions.
- Although French is the predominant language of Cameroon's economy, many Cameroonians (especially higher end consumers) speak English and English-only language products will not be disadvantaged.
- Government is "committed" to agricultural development.
- Strong U.S. Non-Governmental Organization and Private Voluntary Organization presence.
- There is room for growth and modernization of the sector and agricultural industry.
- Cameroon imports much of its food, particularly higher value and non-staple goods and will do so for near future.
- Almost all good entering Cameroon (and land-locked neighbors Chad and Central African Republic) transit through the Port of Douala and are distributed by truck to the road network.
- Cameroon has undertaken several anti-corruption and good governance initiatives.

### **Key Issues:**

- Cameroonians appreciate an opportunity to "get to know" potential partners before beginning concrete discussion in French and/or English.
- U.S. consolidators may see the Cameroon market as too small and unprofitable to service due to the high cost of transportation from the U.S. to Douala
- Cameroonian businesses are extremely price-sensitive and suffer from lack of readily available local credit.
- Economic policy mismanagement and poor business climate have restrained investment and hindered economic diversification; The private sector continues to identify predatory tax.
- Environment, insufficient and unreliable power, and inadequate infrastructure.
- Some imported products are priced-controlled and/or subsidized by the government.
- Expensive shipping costs and limited direct routes puts U.S. exporters at disadvantage with competitors shipping from nearby. Internal transport costs are high, and rainy season movements are constrained due to lack of all-weather roads.

- Sectors of high corruption potential include government procurement, customs, and public health facilities.

In 2022 Cameroon ranked eighth in the region for U.S. exports of processed foods. The 2022 total was US\$19.3 million, up 158% from the prior year and a record high. In YTD November 2023 U.S. processed food exports to Cameroon grew another 149% to a new record high already of US\$42.1 million.

Top U.S. processed food exports to Cameroon in 2023 included:

- Food Preparations and Ingredients – up 282%
- Fats and Oils – down 69%
- Alcoholic Beverages – up 84%
- Non-Alcoholic Beverages – up 138%
- Chocolate and Confectionery – up 773%

### **Retail Sector:**

According to Euromonitor retail sales of packaged food in Cameroon is forecast to reach just over US\$1.3 billion in 2023. That represents growth of 28.1% and a US dollar equivalent of US\$288.1 million. By 2028, Euromonitor forecasts that retail sales of packaged food in Cameroon will reach nearly US\$1.9 billion. This represents growth of 34.9% and a US dollar equivalent of US\$490.3 million.

High growth products in the forecast include:

- Rice, Pasta, and Noodles
- Dairy
- Edible Oils
- Baked Goods
- Sweet Spreads
- Processed Meat, Seafood and Alternatives to Meat

Euromonitor reports that France-based multinational Carrefour continued to expand its global footprint during 2022 with the opening of its first hypermarket in Cameroon. This store is located at the PlaYce shopping Centre in Yaoundé and it was inaugurated during July 2022. While the Carrefour hypermarket is one of the PlaYce shopping center's major attractions, the shopping center also houses stores from major international apparel and footwear brands. PlaYce is a company that develops and operates modern shopping centers, and it also has a strong presence in Côte d'Ivoire.

The inauguration of the Carrefour outlet in the PlaYce shopping center in Yaoundé represents the first time that a hypermarket has been located in a popular shopping center in Cameroon and with selling space of 4,000 m<sup>2</sup>, it offers a wide range of both grocery and non-grocery products. This is likely to result in higher consumption across a wide range of product categories in various consumer goods industries.

Another grocery retailer of French origin entered Cameroon during 2022: BUT. This company is a smaller player in France, and it established its footprint in Cameroon in

2022 with the opening of a store at the PlaYce shopping center in Yaoundé. Unlike the larger Carrefour outlet in the same mall, but only sells grocery items, specializing in fresh and packaged food and beverages. The entry of this less well-known international brand is a sign of increased competition in grocery retailers in Cameroon, with leading names in the category including Carrefour, Casino, and Supeco, among others.

The mainly French-origin international grocery retailers that are entering Cameroon have taken a leaf from the book of their local rivals in terms of locating their stores in key districts of Yaoundé and Douala. Thus, major local grocery retailers will likely face stronger competition in upscale neighborhoods of Cameroon's two largest cities, where they are more likely to attract the attention of the country's affluent urban middle class.

The forecast period is expected to the major international grocery retailer's chains that have been present in Cameroon for the longest such as T Choithram and Sons' Mahima SARL face increasing levels of competition due to the entry of rivals with a strong international distribution system already in place. In particular, it is expected that multinational retail companies of French origin with a global footprint will continue to develop their operations in grocery retailers in Cameroon, with CFAO Group is planning to expand its operations aggressively via the opening of numerous new Carrefour and Supeco stores. Meanwhile, Sodiram SA is planning to open its first Casino hypermarket in Cameroon, and this is a sign that major chained grocery retailers now see Cameroon as a country with enormous potential for growth. It is also pointing out that these retailers have very strong e-commerce operations in most of the countries in which they were to operate, and this raises the prospect that they will also focus on developing e-commerce in Cameroon during the forecast period.

This comes after leading pan-African internet retailer Jumia Technologies AG ceased operations in Cameroon in 2019, which leaves the development of e-commerce in the country wide open for any modern grocery retailers that are prepared to invest in the development of online operations. Spar already has an online platform operating in the country, with before the end of the forecast period. This also reflects the rising penetration of mobile and fixed line internet connections as well as rising smartphone ownership, with Cameroonians expected to become increasingly interested in shopping online as a result.

**Best Product Prospects:**

FAS Post Lagos advises that top U.S. processed products in the Cameroonian food market include tree nuts, food preparations, peas, rice, whiskies, frozen fish, sauces, dressings and condiments, beer, and non-alcoholic beverages.