

Low growth, mounting discontent

General Information



GDP	USD 24.2bn (World ranking 100, World Bank 2016)
Population	23.4 million (World ranking 55, World Bank 2016)
Form of state	Multiparty Presidential Republic
Head of government	Paul BIYA
Next elections	Presidential October 2018, legislative September 2018



Strengths

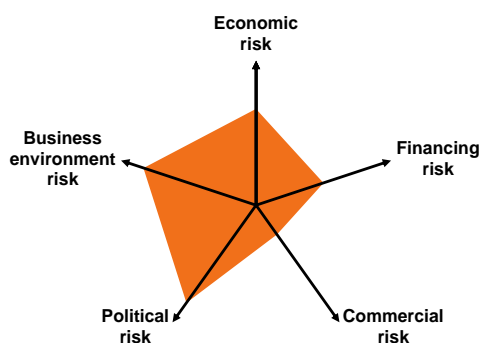
- A degree of political stability has been achieved under the lengthy rule of the current leadership, yet some infringements on liberties may have occurred.
- Relatively good relations with donors and international financial institutions.
- Membership of the CFA franc zone provides a relatively stable monetary policy. It also reduces exchange rate and transfer risk.
- Ever more diversified exports boost economic resilience.

Weaknesses

- Underdeveloped infrastructure and lack of decentralization limit service provision.
- Cameroon's business environment ranks among the worst in the world.
- Relations with Nigeria and the Economic Community of Central African states remain uneasy due to border and trade disputes.
- President Biya's health has been a concern and there are associated uncertainties over succession.
- Increased risk of social unrest because of rising public frustration with perceptions of weak improvement in living standards.

Country Rating

C3



Source: Euler Hermes

Trade Structure

By destination/origin (% of total)

Exports			Rank	Imports	
Netherlands	15%	1	18%	China	
India	10%	2	12%	Nigeria	
Italy	10%	3	11%	France	
China	9%	4	5%	Thailand	
Spain	7%	5	4%	Togo	

By product (% of total)

Exports			Rank	Imports	
Petroleum, petroleum products and related materials	34%	1	18%	Petroleum, petroleum products and related materials	
Coffee, tea, cocoa, spices, and manufactures thereof	20%	2	9%	Cereals and cereal preparations	
Cork and wood	15%	3	8%	Road vehicles	

Source: UNCTAD (2016)



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Growth is resilient but weakening

As many oil exporters, Cameroon's growth experiences more volatility than regional average. Despite the slump in oil prices and the security crisis, the economy proves more resilient than regional counterparts. Diversification in the non-oil sector is the key.

Large infrastructure works and increased support to the agricultural and forestry sectors drove the performance of the non-oil sectors. This led to a more sustainable economy, which in turn boosts resistance to external shocks.

The country also managed to limit the revenue losses related to the slump in oil price by increasing its supply. As a result, the Cameroonian economy grew by +4.5% in 2016. EH expects GDP growth to reach +4% in 2017 and +4.5% in 2018.

Cameroon's business environment still needs to improve for performance to rise above current levels. While the country managed to slightly improve its ranking in the 2017 World Bank Doing Business survey (166th out of 190 up from 172nd in 2016) its record on property registration and contract enforcement remains poor.

Debt, twin deficits and lower liquidity: still manageable

The non-oil sectors benefit from large public investments in transport networks, water supply, dams and electrification. These are partly driven by inward investment necessitating capital goods and other imports. Along with China's economic slowdown, this results in a current account deficit of -3.6% in 2016. EH estimates it will reach -3% in 2017 and 2018.

In addition, Cameroon has a fiscal deficit which is projected to slightly decrease to -3.5% in 2017 and -3% in 2018. The latter was exacerbated by increased defence spending associated with the regional security crisis.

This structural twin deficit has raised the need for fresh financing. In June 2017, the IMF approved a US\$666.2 million extended credit facility, in support of structural reforms aimed at curbing the twin deficit and public debt. The import covers of foreign exchange reserves were halved within a year from 8 months in 2016 to 4 months in 2017. While reserves are still in the comfort zone liquidity issues could arise if FDI dries up.

Political uncertainty

The 20% that make up the Anglophone component of Cameroonian society has been raising claims about exclusion. This crisis that troubles the country since October 2016 could lead to more violence by radicalized separatists and federalist groups in the medium term. The government will have to adequately respond, before the 2018 elections.

The continued threat by the terrorist group Boko Haram in northern Cameroon weighs on the agriculture and tourism sectors.

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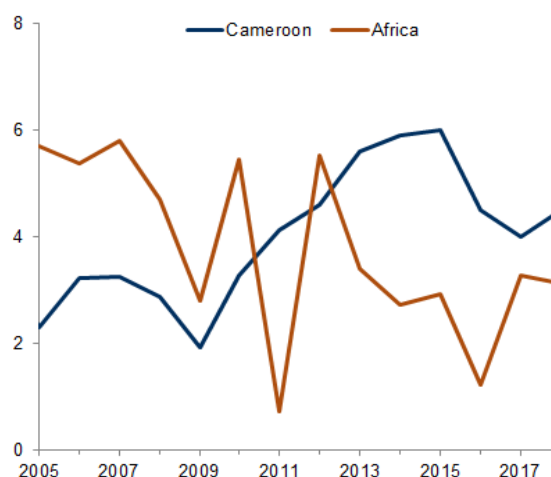
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Key economic forecasts

	2015	2016	2017f	2018f
GDP growth (% change)	6	4,5	4	4,5
Inflation (%)	2,8	0,87	1	1,5
Fiscal balance (% of GDP)	-2,7	-4,7	-3,5	-3
Public debt (% of GDP)	27	33	34	35,5
Current account (% of GDP)	-4,2	-3,6	-3	-3
External debt (% of GDP)	22,1	23,6	24,8	26

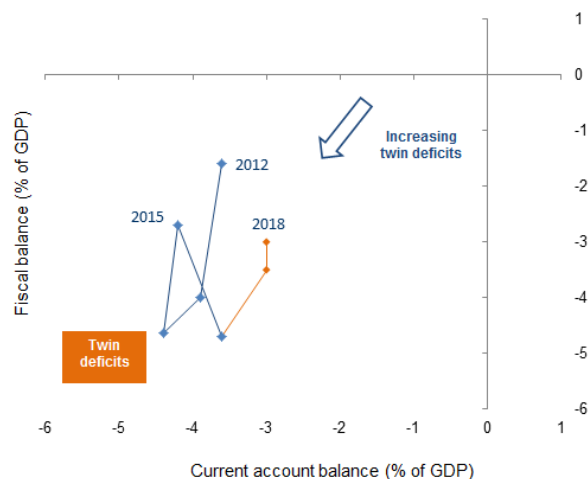
Sources: National statistics, IHS, Euler Hermes

Cameroon and Africa: GDP growth (%)



Sources: National sources, IHS, Euler Hermes

Current account and Fiscal balances (% of GDP)



Sources: National sources, IHS, Euler Hermes