

BUFF/08/88

June 26, 2008

**Statement by the Staff Representative on Cameroon
Executive Board Meeting
June 27, 2008**

This statement provides an update on economic developments since the staff report (EBS/08/65) was issued. These developments do not alter the thrust of the staff appraisal.

- Inflation continued to increase in the first quarter of 2008, climbing to 5.4 percent (year-on-year) compared with 2.3 percent a year ago. The food price index rose by 10 percent.
- Based on preliminary data, the nonoil primary deficit (program definition) in the first quarter of 2008 was lower by about 0.5 percent of GDP primarily reflecting lower-than-expected current and capital spending. A minor shortfall in nonoil revenues was due mainly to lower-than-projected indirect and nontax revenues. Oil revenues fell short of expectations, attributed by the authorities to delays in revenue transfers from the national oil company.
- In line with the March 2008 package of measures, the minimum wage was increased by 20 percent on June 24, 2008.
- As part of the privatization program, the national airline, CAMAIR, ceased operations at end-May. The liquidator will maintain a small number of essential personnel to implement the privatization process.