DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR AGENDA

01

SM/85/201

CONTAINS CONFIDENTIAL INFORMATION

July 10, 1985

To: Members of the Executive Board

From: The Secretary

Subject: Cameroon - Staff Report for the 1985 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1985 Article IV consultation with Cameroon. A draft decision appears on page 20.

This subject will be brought to the agenda for discussion on a date to be announced.

Mr. Calamitsis (ext. 6966) or Mr. J. R. Hill (ext. 8665) are available to answer technical or factual questions relating to this paper prior to the Board discussion.

Att: (1)

Other Distribution:
Department Heads

CONTAINS CONFIDENTIAL INFORMATION

INTERNATIONAL MONETARY FUND

CAMEROON

Staff Report for the 1985 Article IV Consultation

Prepared by the Staff Representatives for the 1985 Consultation with Cameroon

Approved by G.E. Gondwe and S. Kanesa-Thasan

July 9, 1985

I. Introduction

The 1985 Article IV consultation discussions with Cameroon were held in Yaoundé during the period April 11-26, 1985. The Cameroonian representatives included Mr. Ntsama, Minister of Finance, Mr. Nankam, Secretary General of the Ministry of Finance, Mr. Oye Mba, Governor of the Bank of Central African States (BEAC), Mr. Titti, National Director of the BEAC, and other senior officials concerned with economic and financial matters. The staff representatives were Mr. Calamitsis (head), Mr. Hill, Mr. Diao, Mr. van der Mensbrugghe, Mr. Kaba, and Miss Hebron (secretary), all from the African Department.

Cameroon is on the standard 12-month consultation cycle; the previous Article IV consultation discussions were held during the period February 1-15, 1984, and the staff report (SM/84/83) was considered by the Executive Board on June 18, 1984. Cameroon continues to avail itself of the transitional arrangements of Article XIV. Summary statements on Cameroon's relations with the Fund and the World Bank Group are provided in Appendix I and II, respectively; statistical issues are discussed in Appendix III; and basic economic and financial data are presented in Appendix IV.

II. Recent Economic Developments

Although a comprehensive assessment of developments in the Cameroonian economy is particulary difficult, because of data limitations, indications are that in recent years Cameroon has registered a fairly remarkable overall economic and financial performance, characterized by rapid economic growth under conditions of broad internal and external financial stability. 1/ This performance has been due largely to a sharp expansion of crude petroleum production and exports, but it has also reflected the Cameroonian authorities' determination to sustain the agricultural economy and to pursue generally prudent financial policies. After registering a significant slowdown in the fiscal year ended in June 1983, owing largely to the adverse impact of drought on agricultural and industrial production, economic activity accelerated again in 1983/84-1984/85. The growth of real gross domestic product (GDP), which is estimated by the staff to have fallen to under 5 percent in 1982/83, rose to 6.5 percent in 1983/84, and it is projected to have exceeded 8 percent in 1984/85 (Table 1). This renewed rapid growth in economic activity has been broadly based, with a continued expansion in the oil sector being coupled with substantial gains in industry, construction, and agriculture; production of most foodstuffs, as well as of cocoa, coffee, and cotton, the principal export crops, showed sizable increases in 1984/85. Meanwhile, owing to a combination of factors, notably drought-induced shortages of foodstuffs and domestic demand pressures, the annual rate of inflation (as measured by the consumer price index for moderate-income Cameroonian families in Yaoundé) accelerated to between 12-14 percent during 1981/82-1983/84. However, in 1984/85 the inflation rate is likely to have dropped below 10 percent, mainly as a result of the improved supply situation, especially of foodstuffs, for which the price index actually fell by 2 percent in the first half of the year.

1/ A comprehensive assessment of recent economic developments in Cameroon is unusually difficult, mainly because of the unavailability of complete information on the operations of the oil sector, reflecting the generally secretive disclosure policy maintained in this area since oil production came on stream in 1977. This constraint is all the more important since oil operations now represent an estimated 15 percent of the gross domestic product and over 70 percent of the value of total exports. Although the revised national income series appear to account more fully for the value added of this sector, the official presentations of Cameroon's government finances, balance of payments, and international reserves continue to reflect only a part of the total transactions. A substantial amount of petroleum export proceeds is held abroad, outside of the Operations Account with the French Treasury, and is repatriated as and when needed to finance the Government's extrabudgetary outlays or to try to satisfy its obligations to the common central bank (BEAC). These repatriations, which have followed no set pattern, have caused wide fluctuations in government deposits with the domestic banking system and in foreign assets, thereby distorting the financing picture of the Government's transactions and the balance of payments. In an effort to overcome some of these difficulties, the staff has relied on estimates of the oil sector's operations based on unofficial sources.

Table 1. Cameroon: Selected Economic and Financial Indicators, 1980/81-1984/85

	1980/81	1981/82	1982/83	1983/84 Est.	1984/85 Proj.
		(Annual percentage change, unless otherwise specified)			
National income and prices					
GDP at current prices	27.4	20.9	20.5	20.9	19.8
GDP at constant prices	10.7	7.4	4.8	6.5	8.2
Oil sector 1/	75.4	38.2	22.3	21.7	15.7
Non-oil sectors	4.8	3.3	2.2	4.0	6.9
Industrial production	12.6	11.7	-4.1	6.9	8.6
Consumer prices 2/	9.9	13.1	12.2	14.4	9.4
Central government finance					
Total revenue and grants	93.7	20.1	31.5	1.6	18.3
Total expenditure and net lending	96.0	11.7	23.6	17.2	13.0
Money and credit					
Domestic credit	31.4	28.6	-1.7	35.5	4.6 3/
Government (net) 4/	-38.5	-12.6	-164.3	-50.7	-32.2 3/
Private sector	32.6	25.9	23.6	7.4	-0.3 3/
Money and quasi-money	25.8	22.8	7.1	32.5	20.2 3/
Velocity of broad money 5/	5.4	5.3	5.5	5.6	5.2
Interest rate (end of period) 6/	8.5	8.5	9.0	9.0	9.0
External sector (in SDRs)					
Exports, f.o.b.	...	12.9	2.6	16.5	14.3
Of which: Petroleum	...	21.9	19.7	18.5	16.7
Imports, f.o.b.	...	-12.1	-4.8	8.0	11.2
Nominal trade-weighted effective exchange rate (depreciation -)	-4.1	-3.7	-5.7	-1.4	-0.6 7/
Real trade-weighted effective exchange rate (depreciation -)	-6.2	0.3	2.7	4.4	-3.9 7/
		(In percent of GDP, unless otherwise specified)			
Basic ratios					
Consumption	71.8	68.9	69.2	67.4	66.2
Gross investment	32.5	30.6	28.8	27.8	27.2
Gross domestic saving	28.2	31.1	30.8	32.6	33.8
Central government finance					
Total revenue and grants	24.9	24.7	27.0	22.7	22.4
Total expenditure and net lending	24.8	22.9	23.5	22.8	21.5
Overall fiscal surplus or deficit (-)	0.1	1.8	3.5	-0.1	0.9
External sector					
External current account balance	-6.6	-1.9	-1.4	0.6	1.5
Overall balance of payments	-1.5	-0.7	2.7	-1.7	1.3
External public debt (end of period)	29.1	28.5	27.0	25.2	22.0
External debt service (in percent of merchandise exports)	12.0	14.2	14.5	11.5	13.0
		(In millions of SDRs, unless otherwise specified)			
Petroleum export earnings	733.2	893.8	1,070.1	1,268.4	1,480.5
External current account balance	-400.6	-120.7	-96.9	41.6	118.6
Overall balance of payments	-91.4	-44.0	184.5	-126.8	105.7
Gross official foreign reserves (in weeks of next fiscal year's imports) (end of period)	2.7	1.7	8.7	2.7	...

Sources: Data provided by the Cameroonian authorities; and staff estimates and projections.

1/ Staff estimates based on unofficial sources of information.
2/ Based on the consumer price index for moderate-income Cameroonian families in Yaoundé.
3/ End-December 1983 to end-December 1984.
4/ Including some public sector agencies.
5/ GDP relative to the average end-of-quarter broad money stock.
6/ Basic rediscount rate.
7/ End-June 1984 to end-March 1985.

In recent years the oil sector has been growing at a substantially faster rate than the rest of the economy. According to staff estimates based on unofficial sources (but generally confirmed by the authorities), crude petroleum production rose from 5.7 million tons in 1982/83 to 7.0 million tons in 1983/84, and it is projected to have peaked at 8.1 million tons in 1984/85. The bulk of the crude is exported, with the balance being refined locally, mostly for domestic consumption. Petroleum export earnings (including receipts from exports of small amounts of refined products) are estimated to have increased from the equivalent of SDR 1.1 billion in 1982/83 to SDR 1.3 billion in 1983/84 and further to some SDR 1.5 billion in 1984/85, despite a continued softening of export prices.

With the rapid growth in oil resources, total government revenue has practically doubled since 1980/81, allowing for substantial increases in expenditure, but also yielding sizable overall fiscal surpluses. Oil revenue accrues to the Government from profit taxes and royalties paid by the foreign oil companies, as well as from production-sharing arrangements. Although only part of these resources is formally budgeted, it has provided the means to finance a rapidly growing government wage bill, an expansion of agricultural support programs, increased assistance to ailing industries, higher levels of public investment, and rising external debt service obligations, including the servicing of government-guaranteed debt of a number of financially troubled public enterprises. To avoid excessive budgetary dependence on what are considered to be temporary resources, the authorities, as a matter of policy, have kept the remaining oil revenue abroad; however, some of these resources have been transferred from time to time to an extrabudgetary account with the Treasury to finance selected projects in transportation, education, housing, and public health, as well as subsidies to agriculture and public enterprises. In 1982/83 the overall fiscal surplus increased sharply to about CFAF 92 billion (Table 2), equivalent to 3.5 percent of GDP, as the authorities repatriated unusually large amounts of oil revenue which were only partly spent on projects outside the budget. By contrast, in 1983/84, when oil resources were repatriated on a much smaller scale and were used almost entirely to cover extrabudgetary outlays, the overall fiscal position was in virtual equilibrium. On the basis of very partial returns, and barring unusually large variations in extrabudgetary transactions, it is estimated by the staff that total government revenue increased by 18 percent in 1984/85, while total expenditure and net lending rose by 13 percent, yielding an overall fiscal surplus of the order of CFAF 34 billion, equivalent to about 1 percent of the projected GDP.

Table 2. Cameroon: Government Fiscal Operations, 1980/81-1984/85

(In billions of CFA francs)

	1980/81	1981/82	1982/83	1983/84	1984/85 1/
Total revenue and grants	447.0	536.9	706.0	717.1	848.5
Budgetary revenue	314.5	390.9	459.2	589.5	695.4
Tax revenue	279.3	350.6	416.2	532.3	628.7
Nontax revenue	35.2	40.2	43.0	57.2	66.7
Grants	--	--	0.1	0.1	--
Extrabudgetary revenue (transfers from oil account)	132.5	146.0	246.7	127.5	153.1
Total expenditure and net lending	445.1	497.1	614.5	720.4	814.1
Total expenditure	443.7	494.3	606.2	720.4	814.1
Current 2/	217.5	260.6	358.5	446.1	525.5
Capital	226.2	233.7	247.7	274.3	288.6
Of which: extrabudgetary outlays	(113.6)	(133.5)	(139.7)	(115.0)	(130.0)
Net lending	1.4	2.8	8.3	--	--
Overall fiscal surplus or deficit (-)	1.9	39.8	91.5	-3.3	34.4
Financing	-1.9	-39.8	-91.5	3.3	-34.4
Domestic	-46.9	-72.1	-111.8	-27.8	-64.0
Banking system	(-24.3)	(-9.3)	(-101.1)	(35.6)	(...)
Other 3/	(-22.6)	(-62.8)	(-10.7)	(-63.4)	(...)
Foreign	45.0	32.3	20.3	31.1	29.6
Borrowing	(72.3)	(53.6)	(42.8)	(60.7)	(67.6)
Amortization	(-27.3)	(-21.3)	(-22.5)	(-29.6)	(-38.0)

Sources: Data provided by the Cameroonian authorities; and staff estimates and projections.

1/ Projections.
2/ Includes small amounts of extrabudgetary outlays.
3/ Determined as a residual.

Credit policy has been generally accommodating, with commercial bank lending being facilitated not only by a liberal access to the rediscount facilities of the BEAC but also by the high levels of government deposits placed with banks. In both 1981/82 and 1982/83 private sector credit expanded at an annual rate of about 25 percent (Table 3), a pace significantly faster than the growth in GDP; most of the increase over these two years was absorbed by the construction, commerce, manufacturing, and oil sectors. In 1983/84 the growth in credit to the private sector slowed to 7 percent, mainly because of an early reimbursement of loans by the oil companies; however, total domestic credit expansion accelerated to 36 percent, as a result of a substantial drawdown of government deposits with the banking system. Overall, the credit expansion has been accompanied by a basically parallel monetary growth. Thus, during the three-year period ended in 1983/84 the money supply, broadly defined, increased at widely fluctuating annual rates, averaging 21 percent; and in calendar year 1984 it grew by 20 percent. Nominal interest rates have been kept generally stable in recent years. In 1984 the remuneration of demand deposits was abolished, and the ceiling on interest payable on large time deposits of the public and para-public sectors was reduced from 13 percent to 10 percent. As a result, real deposit rates became negative, while lending rates for most commercial transactions, though nominally lower than in a number of other CFA countries, remained marginally positive in real terms.

The rapid growth in petroleum exports has contributed to a steady improvement in Cameroon's underlying external payments position. Despite a drop in agricultural export earnings, caused by drought-induced shortfalls in production and a weakening of commodity prices, in 1981/82-1982/83 total exports increased at an annual rate of 8 percent in terms of SDRs, while total imports declined. Thus, despite higher service payments, related mainly to investment income of the oil sector, the current account deficit fell from SDR 401 million (6.6 percent of GDP) in 1980/81 to SDR 97 million (1.4 percent of GDP) in 1982/83 (Table 1). In 1983/84 the current account is estimated to have moved into surplus to the tune of SDR 42 million (0.6 percent of GDP); and the surplus is projected to have reached SDR 119 million (1.5 percent of GDP) in 1984/85. However, the overall balance of payments (as measured by movements in the net foreign assets of the Central Bank) registered wide swings. Following a moderate overall deficit in 1981/82, an overall surplus of SDR 184 million (2.7 percent of GDP) was recorded in 1982/83; but the position was reversed in 1983/84, showing an overall deficit of SDR 127 million (1.7 percent of GDP), ostensibly because of a large increase in unidentified outflows, reflecting mainly the non-repatriation of petroleum export proceeds. Staff estimates suggest that the overall balance of payments position shifted into strong surplus again in 1984/85. The periodic large transfers of oil funds held abroad 1/ have greatly affected the

1/ Although official data on these funds are not available, a large sample of international money center banks indicates that the deposits of Cameroonian nonbank entities amounted to SDR 428 million at the end of December 1984.

Table 3. Cameroon: Monetary Survey, June 1980-December 1984

(In billions of CFA francs; end of period)

	1980		1981		1982		1983		1984	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.
Foreign assets (net)	22.8	-3.8	10.2	43.9	-28.1	-9.7	59.3	59.2	68.1	130.2
Central Bank	29.9	33.6	6.2	15.8	-8.9	13.8	64.8	55.7	14.6	15.2
Commercial banks and the development bank	-5.8	-35.7	6.8	28.7	-18.1	-20.0	-5.5	9.0	59.1	116.4
Postal debt	-1.3	-1.7	-2.8	-0.6	-1.1	-3.5	...	-5.5	-5.6	-1.4
Domestic credit	302.7	363.8	397.8	425.9	511.6	563.0	502.9	699.4	681.3	731.9
Claims on Government (net) 1/	-58.9	-52.8	-81.7	-133.8	-92.0	-115.7	-243.3	-109.4	-119.9	-74.2
Claims on private sector	361.6	416.6	479.5	559.7	603.6	678.7	746.2	808.8	801.2	806.1
Of which: rediscounted by Central Bank	(61.8)	(71.7)	(86.4)	(110.7)	(107.5)	(132.0)	(159.0)	(162.7)	(170.0)	(162.3)
Money and quasi-money	288.4	315.4	362.7	405.6	445.6	483.4	477.3	612.3	632.3	735.8
Money	193.8	208.2	234.2	258.9	268.4	298.5	293.1	377.0	403.7	410.7
Currency outside banks	(65.8)	(78.1)	(82.4)	(101.8)	(93.9)	(107.6)	(101.0)	(127.6)	(113.0)	(134.4)
Demand deposits	(127.1)	(129.2)	(150.9)	(155.9)	(173.0)	(189.4)	(190.6)	(247.9)	(289.2)	(274.8)
Postal and Treasury checking deposits	(0.9)	(0.9)	(0.9)	(1.2)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Quasi-money	94.6	107.2	128.5	146.7	177.2	184.9	184.2	235.3	228.6	325.1
Other items (net)	37.1	44.6	45.3	64.2	37.9	69.9	84.9	146.3	117.1	126.3

Source: Data provided by the Bank of Central African States.

1/ Including some public agencies.

evolution of Cameroon's external reserves. Gross official foreign reserves, which amounted to SDR 195 million at the end of June 1983 (equivalent to almost 9 weeks of 1983/84 imports), fell to only SDR 67 million at the end of June 1984 (less than 3 weeks of 1984/85 imports); they then rose to SDR 167 million by the end of January 1985.

Cameroon's external public and publicly guaranteed debt, which grew rapidly in the late 1970s as a result of substantial borrowing to finance the public investment program, has stabilized in recent years as Cameroon has been able to rely more on its own financial resources. As of the end of 1984, the outstanding external public and publicly guaranteed debt amounted to SDR 1.8 billion, equivalent to 22 percent of GDP. Of the total debt outstanding at end-1984, 43 percent was owed to official bilateral creditors, mainly OECD countries, another 43 percent to multilateral agencies, and the remainder to suppliers and financial institutions. The ratio of public debt service payments to merchandise exports rose from 12 percent in 1980/81 to 14.5 percent in 1982/83, but it is estimated to have declined to 13 percent in 1984/85.

Cameroon's currency, the CFA franc, is pegged to the French franc at the rate of CFAF 50 = F 1. Between the end of 1980 and the end of March 1985 the nominal trade-weighted effective exchange rate of the currency depreciated by 14 percent (Chart 1). The real trade-weighted effective exchange rate appreciated by 3 percent from the end of 1980 to the end of June 1984, as prices in Cameroon rose more rapidly than those of its major trading partners; but from the end of June 1984 to the end of March 1985 it depreciated by 4 percent. Cameroon continues to maintain an exchange system that is free of restrictions on payments and transfers for current international transactions.

III. Medium-Term Economic Outlook

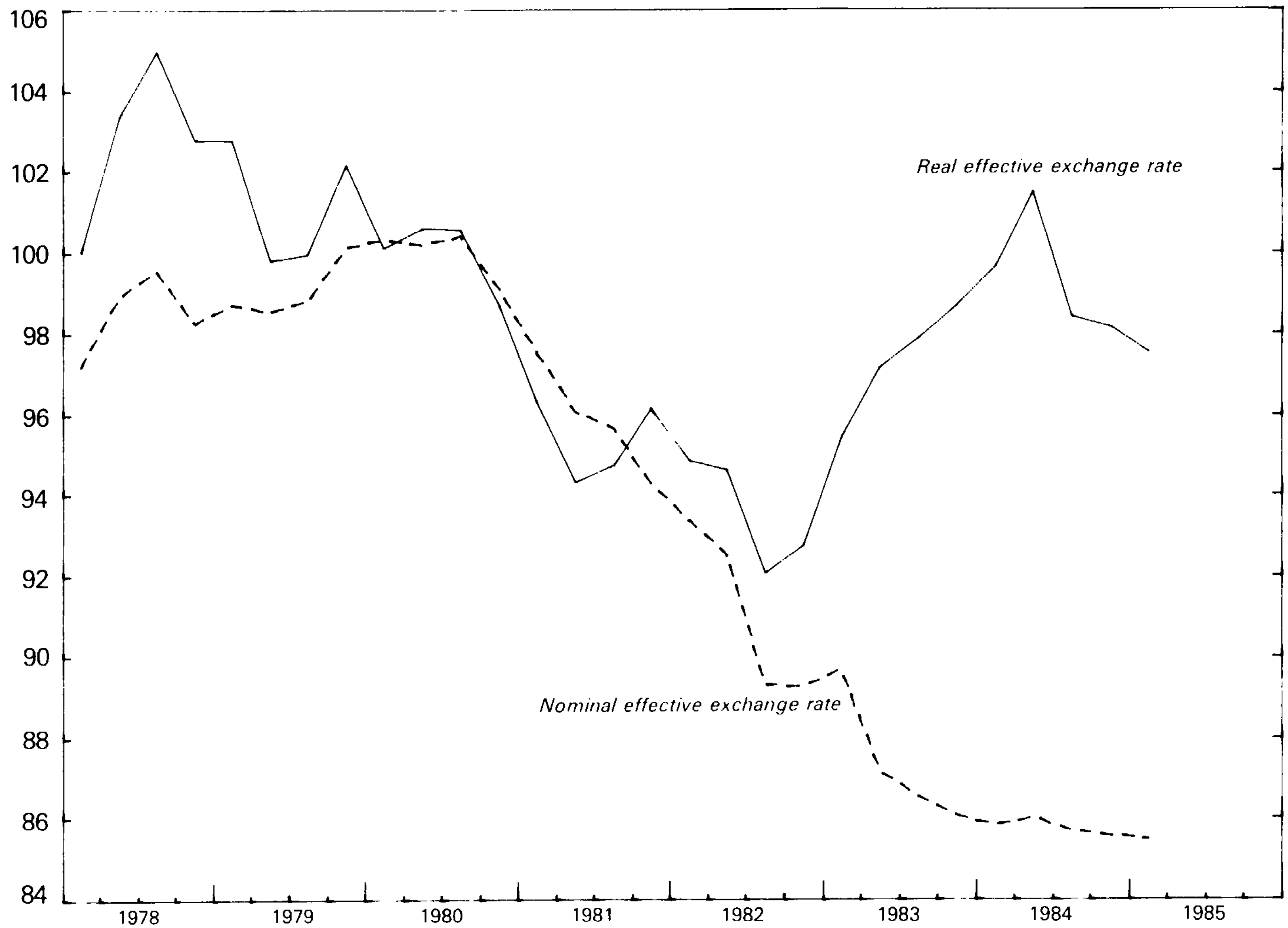
Although Cameroon's recent economic and financial performance has been impressive, the medium-term outlook is clouded as the period of rapid growth in oil resources seems to have come to an end. In fact, owing to the progressive exhaustion of proven reserves, crude petroleum production is now expected to decline in the period ahead, from the peak of 8.1 million tons in 1984/85 to 6.2 million tons in 1989/90 (Table 4). Allowing for the projected increase in domestic consumption, the exportable oil surplus would fall from the equivalent of 7.0 million tons in 1984/85 to 4.1 million tons in 1989/90. Thus, assuming also that the average export price of crude would fall by 2 percent in 1985/86 and then remain unchanged in real terms, petroleum export earnings would drop by 33 percent over the period to SDR 1.0 billion in 1989/90, while other exports are projected to increase by 22 percent to SDR 0.6 billion. If imports were to rise at an average annual

CHART 1

CAMEROON

NOMINAL AND REAL EFFECTIVE EXCHANGE RATES[1], 1978-85

(1980 = 100)



Source: IMF, *International Financial Statistics*

Table 4. Cameroon: Balance of Payments Developments and Outlook, 1982/83-1989/90

(In millions of SDRs)

	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90
	Estimates		Projections					
Exports, f.o.b.	1,510	1,758	2,010	1,899	1,798	1,757	1,702	1,629
Petroleum	1,070	1,268	1,480	1,348	1,225	1,161	1,083	985
Other	440	490	530	551	573	596	619	644
Imports, f.o.b.	-1,077	-1,163	-1,292	-1,396	-1,508	-1,628	-1,758	-1,899
Trade balance	433	595	718	503	290	129	-56	-270
Services	-527	-558	-603	-627	-652	-679	-706	-735
Of which: interest on public debt 1/	(-100)	(-95)	(-101)	(-95)	(-93)	(-89)	(-84)	(-77)
Transfers	-3	4	4	4	4	4	4	4
Current account balance	-97	42	119	-120	-358	-546	-758	-1,001
Public debt amortization 1/	-118	-107	-156	-203	-187	-165	-164	-151
Overall financing need	215	65	37	323	545	711	922	1,152
Memorandum items:								
Crude petroleum production (millions of metric tons)	5.75	7.00	8.10	7.80	7.15	6.85	6.55	6.25
Exports of crude and refined products (millions of metric tons)	4.94	6.07	7.03	6.57	5.74	5.23	4.69	4.11
Average export price of crude (U.S. dollars per barrel)	32.52	30.21	28.50	28.00	29.12	30.28	31.49	32.75
External debt service 1/ (as percent of merchandise exports)	14.5	11.5	13.0	15.7	15.6	14.5	14.6	14.0

Sources: Data provided by the Cameroonian authorities; Debt Reporting Service (DRS) of the World Bank; and staff estimates and projections.

1/ The projections are based on debt contracted through the end of 1984.

rate of 8 percent in value, or 4 percent in real terms, the current account could move into deficit as early as 1985/86 and widen thereafter to some SDR 1.0 billion in 1989/90. After taking into account available foreign reserves, including those estimated to be held abroad, this would lead to the emergence of sizable financing gaps, which would need to be closed through a combination of appropriate adjustment policies and external borrowing. Obviously, this scenario is highly sensitive to developments in the oil sector. It should be noted, however, that even if petroleum export earnings were to remain at the 1984/85 level, the current account deficit could still be of the order of SDR 0.5 billion in 1989/90, unless corrective measures are taken to restrain the growth of imports of goods and services.

Against this background, the consultation discussions paid particular attention to the domestic and external adjustment policies that could help sustain a reasonably satisfactory economic growth and preserve financial stability in the medium term. In this regard, the staff representatives expressed the view that the official justification for the maintenance of a generally secretive attitude on the operations of the oil sector, ostensibly to avoid creating undue public expectations and political pressures for excessive spending, had lost much of its relevance in the environment of declining oil resources. As recommended by the Executive Board at the time of the 1984 Article IV consultation, the staff representatives urged the authorities to be open on the subject of the oil sector's operations in the interest of facilitating macroeconomic analysis and planning, and to follow a practice that would be more compatible with Cameroon's obligations under the Fund's Articles of Agreement.

In the course of the discussions, the Cameroonian representatives generally acknowledged that Cameroon would face a drop in oil resources in the years ahead, but they stopped short of endorsing the staff's projected rate of decline in crude petroleum production and exports. Instead, they held out the hope that additional oil reserves might yet be discovered and that the development of other resources, notably natural gas, might eventually offset the prospective fall in oil revenue. In view of the apparent reduction in recent oil and gas exploration, they indicated that the Government would be offering foreign oil companies substantially better tax advantages than had been granted under earlier agreements. However, they also made it clear that, if the need should arise, the Government would not hesitate to adopt appropriate adjustment policies to safeguard a satisfactory overall economic and financial performance.

IV. Report on the Discussions

1. Fiscal and monetary policies

In assessing recent developments and prospects, the Cameroonian representatives held the view that, notwithstanding the rapid growth in government spending (currently equivalent to about 22 percent of GDP), the basic stance of fiscal policy had been generally prudent, contributing to the maintenance of internal and external financial stability. Although the preparation of the 1985/86 budget had not yet been completed, they indicated that the new budget would reflect a continuation of this policy, with appropriations being kept at levels compatible with available financial resources. The Cameroonian representatives noted that the increased resources accruing to the Government, notably from the oil sector, had allowed a reduction in the relative importance of foreign borrowing in the financing of the public investment program, while still generating sizable overall fiscal surpluses. Largely as a result of these surpluses, the ratio of gross domestic saving to GDP had increased fairly steadily in recent years to a high of 34 percent in 1984/85.

As in the past, the Cameroonian representatives emphasized that, as a matter of policy, the Government had avoided assigning all oil revenue to the budget, leaving a substantial portion abroad to be repatriated from time to time to finance extrabudgetary expenditure, especially investment in economic and social infrastructure. The flexibility offered by this policy had also allowed the authorities to meet a number of recent contingencies, such as the support of agricultural productivity programs and ailing industrial enterprises. The Cameroonian representatives defended the policy of managing an important share of government transactions outside of the budget on the grounds that oil resources, as well as many of the purposes for which they were allocated, were mainly of a temporary nature; they stressed that they did not wish to burden the budget with operations that could prove unsustainable over the long term. They further indicated that this treatment was not unique to oil revenue; other temporary resources, such as the surpluses of the national produce marketing office (ONCPB) and the proceeds from external borrowing, were also handled in the same manner. While noting the concerns expressed by the staff team over the substantial share of transactions conducted outside of the normal budgetary process, the authorities felt that their approach had served Cameroon well during the period of rapidly rising resources. Now, faced with the prospect of a decline in revenue, they felt that adjustment could more easily be effected through appropriate cuts in extrabudgetary outlays.

The staff representatives observed that the budget had also grown rapidly in recent years and had become increasingly dependent on oil revenue, particularly royalties paid by the foreign oil companies. Such royalties, which were equivalent to only 5 percent of total budgetary receipts in 1979/80, now represented almost 20 percent of the total. These resources had facilitated sharply higher levels of both current and capital budgetary expenditures, which could prove more difficult to trim in response to a revenue shortfall than would be the case for extrabudgetary outlays. In particular, the wage bill had more than doubled over the last five years, both as a result of marked increases (averaging almost 9 percent annually) in government employment and of substantial general salary increases. The expansion in employment was accompanied by sharp increases in expenditure for materials and supplies, and the recurrent costs associated with infrastructure projects had also risen rapidly.

While acknowledging the growing importance of oil revenue for the budget, the Cameroonian representatives noted that the development of non-oil revenue sources had not been ignored. In fact, non-oil tax revenue had been generally buoyant; this was especially true for revenue derived from taxes on domestic consumption and from import duties. This favorable revenue performance was attributed primarily to the efforts being made to strengthen tax administration. In particular, the reform of the bonded warehouse system had brought imported beverages under more effective taxation in 1983/84, and it had similar effects on a wide range of imported consumer goods in 1984/85. The introduction in 1984 of a computerized system for valuing imports and assessing customs duties is also expected to enhance tax collections in the future.

As regards expenditure, the Cameroonian representatives indicated that, if necessary, they were also prepared to contain budgetary outlays in response to any permanent decline in oil revenue. They pointed out that the 1984/85 budget envisaged a modest slowdown in the growth of total expenditure to 18 percent, slightly below the projected increase in GDP. For the first time in four years, there was no general salary increase for government employees, and the growth of a number of other expenditure categories was strictly limited. While certain provisions of the personal income tax law were amended to ease the tax burden of the lower paid government employees, with a view to improving their purchasing power, the budgetary cost of this measure was to be offset by revenue expected from a one percentage point increase in the domestic sales tax rate and from a new specific tax levied on the domestic consumption of gasoline.

In the area of money and credit, the Cameroonian representatives stated that the authorities were inclined to pursue a credit policy that would accommodate investment and economic growth, a stance supported by the generally easy access to the rediscount facilities of the Central Bank and the relatively low interest rates in Cameroon. They observed that a major element of the credit expansion through 1982/83 had been the increased borrowing by the oil companies, as well as by contractors requiring loans in order to undertake public works projects. The marked slowdown in credit to the private sector in 1983/84 and in the first half of 1984/85 had resulted mainly from an early reimbursement of loans by the oil companies; to a lesser extent, it also reflected early reimbursements by contractors who had benefited from accelerated payments from the Treasury as a result of a move towards computerized disbursements.

Though broadly satisfied with the sectoral distribution of credit, the Cameroonian representatives said that they were concerned about the high level of nonperforming loans of a number of commercial banks and the adverse impact of these unreimbursed credits on bank profit margins. Most of the bad loans had been extended to public enterprises and, in many cases, had apparently been approved on considerations other than adequate rates of economic return. In an effort to alleviate the financial pressures on the banks, the authorities had placed with them a large portion of the Government's deposits and had also reduced interest payable on deposits. These efforts had temporarily improved the position of banks, but a lasting solution to the problem of nonperforming loans had not yet been found.

Government deposits with commercial banks have fluctuated considerably in recent years; as a share of total government deposits in the banking system, they declined from a high of 73 percent at the end of June 1982 to only 21 percent at the end of June 1983, but then rose again to over 50 percent at the end of December 1984. The staff representatives noted with concern that the renewed high degree of liquidity of banks, stemming largely from the placement of these deposits with them, could pose a potential risk for excessive expansion of credit in the future. This risk was accentuated by the relatively easy access to rediscount facilities, which was determined more on the basis of the demand for credit than of balance of payments considerations. In the circumstances, it was recommended that the bulk of government deposits be placed with the Central Bank. The Cameroonian representatives responded by saying that, should excessive credit demands emerge in the period ahead, the existing monetary instruments would provide sufficient means of control. If the need arose, the BEAC would tighten up the rediscount ceilings. Moreover, they noted that each bank's access to rediscount facilities is dependent upon its observance of other well-established instruments, including the liquidity ratio, the ratio of nonrediscountable credit to deposits, and the ratio of own resources to credit extended. The BEAC also had the power to impose reserve requirements on individual banks, but thus far this policy instrument had not been invoked in Cameroon.

The Cameroonian representatives reiterated that Cameroon's interest rate policy, which had to be coordinated with that of other members of the common central bank, remained geared essentially to keeping interest costs as low as possible so as to encourage investment. This consideration, together with the perceived need to enhance the profit margins of the commmercial banks, was the major factor behind the recent elimination of renumeration of demand deposits and the reduction of the ceiling on interest payable on large public sector time deposits. The staff representatives pointed out that, notwithstanding the easing of inflationary pressures in 1984/85, these adjustments had kept average deposit rates negative in real terms, a situation that was inconsistent with the need to mobilize financial savings, especially in light of the prospective decline in oil resources. Moreover, as real lending rates had become marginally positive only in 1984/85, there was a clear need for an overall review of the level and structure of interest rates with a view both to encouraging financial savings and ensuring an optimal allocation of resources.

2. Development policies

The basic objectives of Cameroon's Fifth Development Plan, covering the period 1981/82-1985/86, are to develop the rural sector, to expand social services, to create an integrated network of infrastructure designed to service the needs of trade and balanced regional development, and to stimulate industrial expansion based on the processing of local raw materials and production of intermediate goods for both domestic and export markets. To these ends, a substantial amount of the country's oil resources has been allocated to the financing of a wide range of agricultural, industrial, and infrastructure projects. The Cameroonian representatives stated that they were satisfied with the outcome of the Plan's implementation thus far; during the first three years of the plan period the realized investment had amounted to almost 60 percent of the total, and the average annual growth of real GDP had exceeded 6 percent. As such, no fundamental changes in development strategy were envisaged for the remaining two years of the plan period.

In view of the progressive exhaustion of the proven oil reserves, the authorities consider that Cameroon's longer term prospects will depend importantly not only on agricultural and industrial development but also on the exploitation of the country's other resources, notably natural gas, iron ore, and bauxite. 1/ In this regard, they indicated that there was some renewed commercial interest in exploiting the known natural gas reserves, a project which had been postponed earlier because of the projected high development costs and unfavorable world market conditions. However, substantial investment in this and similar projects was envisaged only in a longer term framework, possibly in the context of the Sixth Development Plan. In the meantime, an important share of the oil revenue to be generated in the coming years would continue to be used to strengthen productivity in the agricultural and industrial sectors.

1/ While endorsing the basic orientation of Cameroon's development strategy, particularly in agriculture, the World Bank staff has indicated that the exploitation of some of these resources may be premature in the present circumstances.

The Cameroonian representatives emphasized that agriculture, which was still the mainstay of the economy, was expected to be the principal engine of economic growth over the medium term. On the whole, agriculture has performed relatively well in recent years; in fact, with the return of normal weather conditions in 1984/85, Cameroon has again become virtually self-sufficient in basic foodstuffs. Most direct government assistance to this sector, particularly subsidies to attract young farmers, to encourage replanting of aging trees, and to foster increased use of fertilizers and pesticides, has been aimed primarily at revitalizing the production of traditional export crops (cocoa, coffee, and cotton) and at promoting some nontraditional crops (such as pineapple, rubber, and tea). In the early 1980s, when the large accumulated surpluses of the national produce marketing office (ONCPB) were exhausted, and consequently the ONCPB could no longer finance agricultural productivity programs, the Government sharply increased its assistance to agricultural agencies. Improved world market prices of agricultural commodities have recently strengthened the ONCPB's financial position, allowing it to resume its support of agricultural programs in 1984/85; nevertheless, the authorities feel that it will be necessary for the Government to continue direct financial aid to this sector for some time to come.

Agricultural production has also been encouraged by an active producer pricing policy in the last few years. After being increased on average by only 3 percent during the period 1979/80-1980/81, nominal producer prices for cocoa and coffee were raised by 6 percent in 1982/83, 12 percent in 1983/84, and 10 percent in 1984/85, apparently faster than inflation in the rural areas. Increases in the producer price of cotton have averaged 13 percent per annum during the last three years. An additional incentive was introduced in 1984/85 when the ONCPB began offering farmers cash premiums linked to increases in world market prices.

The staff representatives observed that, despite the considerable subsidies granted to farmers and the improvement of price incentives, production levels of export crops (even after taking into account the recovery from the 1983 drought) had not shown any significant long term growth. The Cameroonian representatives acknowledged that government programs to encourage replanting of trees and installation of young farmers had not so far been successful; thus, the adequacy of these programs was currently under review. Furthermore, since the small size of farm units seemed to prevent the generation of sufficient revenues to attract new farmers, they were studying the feasibility of promoting larger sized farms which would be more adaptable to modern technology and could attract private capital; if these studies proved positive, such a shift in orientation would be incorporated into the strategy of the next development plan.

The recent recovery in industrial production had contributed (along with the easing of interest rates and inflation abroad) to an improvement in the financial position of several industrial enterprises, many of which are owned partly by the Government through its holding company, the National Investment Company. However, the Cameroonian representatives recognized that the industrial sector, particularly the large import-substitution industries, still face serious structural problems. The most important of these problems are undercapitalization, overstaffing, managerial deficiencies, and overprotection from imported finished goods through high tariffs and quantitative import licensing. In addition, some enterprises have been adversely affected by rigidities in the pricing system, as administrative delays have not allowed all controlled output prices to increase rapidly enough to cover rising production costs. As a result, many of Cameroon's key industries remain inefficient and uncompetitive, and encounter difficulties in meeting their tax obligations, reimbursing domestic bank loans, and servicing their external debt.

To alleviate the financial problems of some ailing enterprises, the Government has converted unpaid tax liabilities into share capital and has assumed the servicing of their external debt. The Cameroonian representatives explained that the Government had also taken steps aimed at addressing the structural problems of the industrial sector. Beginning in 1985, the determination of industrial prices was partially decentralized; henceforth, the prices of some products will be fixed by the local, rather than the central government, authorities. In addition, a nonviable ceramics factory had been closed, and a tannery was being sold to private interests. However, as there were obvious limits to closures and divestitures, it was expected that government efforts in this area would be focused on rehabilitating the key enterprises. Although a master plan had not yet been elaborated, the authorities had requested World Bank assistance with a view to formulating specific rehabilitation plans for these enterprises. Meanwhile, greater emphasis was now being given to the promotion of small- and medium-sized enterprises, especially those oriented toward export markets and the use of local raw materials. To this end, in mid-1984 a new investment code was promulgated, specifically granting more generous tax advantages to small firms. At the same time, a small-business support agency (FOGAPE) had been restructured to provide these firms with increased technical assistance, as well as credit and credit guarantees; FOGAPE has also been authorized to hold temporary and limited shares in the capital of small enterprises.

3. External sector policies

The Cameroonian representatives stated that they intended to pursue a cautious external borrowing policy in the years ahead, although as oil resources declined there would be obvious pressures to resume such borrowing on a significant scale. In contracting new debt, they would try to match the maturities of loans more closely to the gestation periods of individual projects. While they did not exclude borrowing from the international capital markets on commercial terms for highly productive projects, they emphasized that concessional assistance would continue to be sought to meet the bulk of the country's financing needs. The authorities consider that Cameroon's overall external debt service burden has remained at an acceptable level, but they are concerned about the ability of certain public enterprises to service their debts. For this reason, although committed to honoring all government-guaranteed debt, the authorities have tightened the procedures for issuing new guarantees on borrowing by public and semi-public enterprises.

While recognizing that the common exchange rate maintained under the existing monetary arrangements might not always be suitable for each member country, the Cameroonian representatives were of the view that on balance the present exchange rate system has produced results appropriate to Cameroon's needs. They continued to attach great importance to the solidarity of the monetary union. They noted that the recent depreciation of the French franc and the CFA franc had heightened the difficulties of many industrial enterprises, which experienced increased costs of raw materials and equipment, as well as high debt service payments. On the other hand, there had also been positive effects of the depreciation, including the increased earnings (measured in CFA francs) from all major exports.

Since the last Article IV consultation there have been no significant changes in Cameroon's exchange and trade system. The authorities reiterated that they intended to maintain an exchange system that is free of restrictions on payments and transfers for current international transactions.

V. Staff Appraisal

In recent years Cameroon has registered a fairly remarkable overall economic and financial performance, one of the best in the African continent. In particular, Cameroon has maintained an impressive rate of economic growth under conditions of broad internal and external financial stability. Clearly, this performance has been attributable largely to the rapid expansion of crude petroleum production and exports, but it has also been due to the determination of the Cameroonian authorities to sustain the agricultural economy and to pursue generally prudent financial policies. Although the rapid growth of oil resources has made it possible for the authorities to substantially increase government spending, both within and outside the budget, on the whole the growth of such spending has been kept within reasonable bounds, allowing for the accumulation of sizable overall fiscal surpluses and external reserves. With the increased reliance on domestic resources for the financing of the public investment program, recourse to external borrowing has been kept in check, and thus debt servicing does not weigh heavily on the balance of payments. However, Cameroon still faces major structural and development problems, the most serious being the fundamental weakness of the industrial sector.

The prospect of a gradual decline in oil revenue and the reemergence of sizable current account deficits, beginning as early as 1985/86, is a source of concern which will have to be addressed promptly and decisively. To preserve financial stability in the period ahead, the authorities will need to substantially tighten the stance of fiscal policy by strictly limiting government outlays; it will also be important to adopt a prudent credit policy, coupled with a flexible interest rate policy, in light of the changing balance of payments conditions. Appropriately, the authorities have signaled their readiness to reduce extrabudgetary outlays pari passu with any shrinkage in the resources accruing from the oil sector. However, this alone may not be sufficient, as oil revenue has assumed a major role in financing budgetary outlays. Thus, there will also be need to restrain budgetary expenditure, particularly the government wage bill, as well as subsidies and transfers, while intensified efforts should be made to mobilize additional non-oil revenue. In view of these prospects, it will be essential to substantially improve Cameroon's economic data base and to strengthen macroeconomic analysis and planning. As recommended by the Executive Board at the time of the last Article IV consultation, the authorities would be well advised to adopt a more comprehensive and transparent approach to the management of the country's resources, including an open attitude on the operations of the oil sector, and to follow a practice that would be more compatible with Cameroon's obligations under the Fund's Articles of Agreement.

The growth prospects of the economy over the medium term will depend importantly on the extent to which the remaining oil resources are effectively utilized. This will require greater selectivity of investment projects and, in particular, increased emphasis on directly productive investments. At the same time, greater efforts will be needed to raise productivity in agriculture and to address the serious structural problems of the large industrial enterprises in the public sector.

In the field of agriculture, Cameroon has become virtually self-sufficient in food production, which is a commendable achievement. However, despite the recent increases in producer prices and large-scale subsidization of agricultural inputs, production of export crops has shown no significant long-term growth. As such, it may be necessary to further strengthen price incentives. Evidently, the programs initiated to attract young farmers and to encourage the replacement of aging cocoa and coffee trees have not yielded so far the desired results, and hence they should be carefully reviewed. In this context, it seems appropriate that consideration is being given to the promotion of larger sized farms which would be more adaptable to modern technology and could attract private capital.

The Government has sought to alleviate the difficult financial situation of the large public enterprises in the industrial sector by assuming their debt service obligations and by other forms of temporary assistance, but little has been done to come to grips with the underlying structural problems. In the staff's view, which is shared by the World Bank staff, the resolution of the problems will require, in addition to better management and appropriate pricing and recruitment policies, concerted efforts to progressively expose these enterprises to more competition through a revision of the tariff structure and other industrial protection measures. It seems imperative that the authorities move quickly and with determination to formulate a comprehensive reform program for the industrial sector, including specific rehabilitation plans for the key public enterprises. The recent reorientation of industrial policy in favor of the small- and medium-size export-oriented enterprises, supported by appropriate incentives under the new investment code, could contribute measurably to the development of a sound industrial sector.

The staff welcomes Cameroon's continued maintenance of an exchange system that is free of restrictions on payments and transfers for current international transactions.

It is recommended that the next Article IV consultation with Cameroon be held on the standard 12-month cycle.

VI. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund takes this decision in concluding the 1985 Article XIV consultation with Cameroon, in the light of the 1985 Article IV consultation with Cameroon, conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The Fund notes with satisfaction that Cameroon continues to maintain an exchange system that is free of restrictions on payments and transfers for current international transactions.

Cameroon - Relations with the Fund
(As of May 31, 1985)

I. Membership status

(a) Date of membership	July 10, 1963
(b) Status	Article XIV

A. Financial Relations

II. General Department

(a) Quota	SDR 92.7 million
(b) Total Fund holdings of Cameroon's currency	SDR 92.5 million (99.79 percent of quota))
(c) Reserve tranche position	SDR 195,765

III. Stand-by or extended arrangement	None

IV. Special facilities

Cameroon has not used any of the Fund's special facilities during the last three years.

V. SDR Department

(a) Net cumulative allocation	SDR 24.46 million
(b) Holdings	SDR 4.96 million (20.3 percent of net cumulative allocation)

VI. Administered Accounts

Trust Fund loans

(i) Disbursed	SDR 34.20 million
(ii) Outstanding	SDR 28.19 million

VII. Overdue obligations to the Fund	None

Cameroon - Relations with the Fund (concluded)

B. Nonfinancial Relations

VIII. Exchange rate arrangement

Intervention currency and the rate	French franc; CFAF 1 = F 0.02
Local currency/SDR equivalent	CFAF 467.73 = SDR 1

IX. Staff contacts and technical assistance

The last Article IV consultation discussions with Cameroon were held in Yaounde during the period February 1-15, 1984. The staff report (SM/84/83) and the recent economic developments paper (SM/84/108) were considered by the Executive Board on June 18, 1984. The decision adopted was as follows:

1. The Fund takes this decision in concluding the 1984 Article XIV consultation with Cameroon, in the light of the 1984 Article IV consultation with Cameroon, conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The Fund notes with satisfaction that Cameroon continues to maintain an exchange system that is free of restrictions on payments and transfers for current international transactions.

Cameroon is on the standard 12-month consultation cycle.

A Fund technical assistance mission from the Bureau of Statistics visited Cameroon during the period October 15-20, 1984 to review the currentness and methodology used in the compilation of production, prices, and foreign trade statistics.

Cameroon - Relations with the World Bank Group

During FY 1980-84 the World Bank approved 15 loans and credits for Cameroon totaling US$431.4 million, of which US$90.0 million were IDA credits. The main sectors of concentration have been transport, agriculture, and urban development. In 1982 Cameroon was graduated from IDA as the country's economic performance and prospects rendered it creditworthy for bank lending. The proposed lending program for FY 1985-89 comprises 20 loans totaling US$723.8 million. The sectoral distribution of projects for FY 1980-84 and that of the lending program for FY 1985-89 are presented in the table below.

	FY 1980-84	FY 1985-89	FY 1985
	(In percent of total)		
Agriculture	40.4	22.2	100.0
Water supply	4.9	6.9	
Urban development	4.6	18.6	
Health	--	1.4	
Training and manpower development	--	11.9	
Energy	--	1.0	
Transportation	46.0	34.5	
Post and telecommunications	1.7	--	
Technical assistance	2.4	--	
Public enterprise rehabilitation	--	3.5	
Total	100.0	100.0	100.0
	(In millions of U.S. dollars)		
	431.4	723.8	33.3

Source: World Bank.

In recent months the World Bank has been requested to provide technical assistance to Cameroon for the rehabilitation of the public enterprise sector. At the request of the Cameroonian authorities, the World Bank is also in the process of undertaking a comprehensive review of Cameroon's financial sector.

A World Bank resident mission has been maintained in Yaoundé since 1975.

Cameroon - Statistical Issues

1. Quality of the data

Cameroon's economic and financial statistics have serious deficiencies as to coverage and currentness in nearly all areas. The most significant problems stem from the authorities' generally secretive attitude regarding the operations of the oil sector. Official presentations of government finances, the balance of payments, and external reserves reflect only a part of oil sector production and exports. The Fund technical assistance mission which visited Cameroon in October 1984 (see Appendix I) reviewed the methodology underlying the compilation of data on prices, production, and external trade, with special reference to the coverage of oil production and exports, and recommended steps to improve the timeliness of general economic data reported to the Bureau of Statistics.

a. Real sector

Official estimates of gross domestic product (GDP) are published only in nominal terms and are availabe only through 1982/83, with preliminary estimates for 1983/84. In late 1984 the national accounts were revised and now appear to reflect more accurately the value added of the oil sector; however, exports of petroleum in the national accounts remain significantly underestimated. Data related to agricultural production are also weak, especially estimates of food production, which are available only after a two-year delay, and they do not seem to be comprehensive. The index of industrial production, which is based on a survey conducted in 1974/75, is not complete in terms of coverage and uses outdated weights; in particular, it excludes large industries which have come on stream since the survey, notably the aluminum plant and the oil refinery. Of the three consumer price indices for Cameroon, the one related to moderate-income families in Yaoundé is the most useful; however, it is based on a household expenditure survey held in 1964/65 and, therefore, it may not be very representative of current consumption patterns. A new household survey is apparently underway and could eventually provide the basis for a new consumer price index.

b. Government finance

A substantial portion of government transactions, particularly expenditures financed by transfers of oil resources and foreign borrowing, is excluded from the national budget, and is recorded in extrabudgetary accounts of the Treasury. Thus, in the absence of comprehensive official data, the staff has undertaken a rough consolidation of central government operations, which must be interpreted with caution.

The data appearing in the 1984 GFS Yearbook are through June 1983, and the consolidated central government operations include social security. It is expected that comprehensive data for the 1984 fiscal

Cameroon - Statistical Issues (continued)

year will be received by August 1985 for inclusion in the 1985 issue of the Yearbook. The authorities have also indicated their willingness to provide GFS data on a quarterly basis in the near future.

The authorities have introduced recently a computerized system for valuing merchandise imports and exports, and for assessing customs duties and taxes. This system, which is to be extended to cover direct taxes, is expected to improve the currentness of available data.

c. Monetary accounts

The main deficiency in the monetary data is the exclusion of a substantial portion of foreign reserves (accruing from petroleum export proceeds) which are held abroad and repatriated from time to time. Moreover, the monetary accounts are reported to the Fund with increasing time lags, now equivalent to ten months.

d. External sector

The official presentation of the balance of payments has a number of shortcomings, resulting partly from the methodology used to compile the data. Apart from the fact that oil exports are seriously understated, the value of merchandise imports is substantially below that reported by partner countries. Because of these deficiencies, the staff has substantially revised the balance of payments data, particularly with regard to oil exports. Notwithstanding these adjustments, the use of the official import data and the periodic repatriations of petroleum funds from abroad give rise to large errors and omissions in the balance of payments. The latest available data on the external public debt relate to the end of 1984.

2. Coverage, currentness, and reporting of data in IFS

The table below shows the coverage and currentness of data published in the country page for Cameroon in the June 1985 issue of IFS. The data are based on reports sent to the Fund's Bureau of Statistics by the Banque des Etats de l'Afrique Centrale (BEAC), which during the past year have been provided irregularly. Delays in reporting appear to be attributable in part to the centralization of reporting at the BEAC. The Bureau of Statistics is currently exploring ways of expediting the transmittal of data for the member countries of the BEAC.

Cameroon - Statistical Issues (concluded)

			Latest Data in June 1985 IFS
Real sector	- National accounts		1984 1/
	- Prices: CPI		October 1984
	- Production		n.a.
	- Employment		n.a.
	- Earnings		n.a.
Government finance	- Deficit/surplus		1983 1/
	- Financing		1983 1/
	- Debt		1983 1/
Monetary accounts	- Monetary authorities		August 1984
	- Deposit money banks		August 1984
	- Other financial institutions (Savings Bank)		June 1982
External sector	- Merchandise trade:	Values	Q1 1984
	- Merchandise trade:	Cocoa beans	Q2 1984
		Coffee	Q2 1984
		Wood	Q1 1984
	- Balance of payments		1983
	- International reserves		August 1984
	- Exchange rates		April 1985

1/ Year ending June 30.

Cameroon - Basic Data 1/

Area, population, and GDP per capita

Area	476,000 square kilometers
Population	
Total (mid-1985)	9.4 million
Growth rate	2.5 percent
GDP per capita (1984/85)	SDR 853

	1980/81	1981/82	1982/83	1983/84 Est.	1984/85 Proj.
Gross domestic product and expenditure	(In billions of CFA francs)				
GDP at current prices	1,796.5	2,172.8	2,618.0	3,165.0	3,792.0
Oil sector	151.2	255.3	340.3	444.4	568.7
Non-oil sectors	1,645.3	1,917.5	2,277.7	2,720.6	3,223.3
Of which:					
Agriculture, forestry, animal husbandry, and fishing	488.2	586.7	607.2	...	...
Manufacturing and utilities	241.6	277.1	381.1	...	...
Construction and public works	103.3	125.0	145.8	...	...
Commerce and transportation	335.9	368.6	439.5	...	...
Gross domestic expenditure at current prices	1,873.2	2,162.1	2,565.2	3,012.0	3,542.7
Consumption	1,290.0	1,496.6	1,811.2	2,133.7	2,509.6
Gross capital formation	583.2	665.5	754.0	878.3	1,033.1
Resources gap at current prices 2/	-76.7	10.7	52.8	153.0	249.3
Price movements	(Period average; 1968 = 100)				
Consumer price index for moderate-income Cameroonian families in Yaoundé	306.6	346.9	389.4	445.3	487.2 3/

1/ Data are on a fiscal year basis (July-June), unless otherwise specified.
2/ Exports of goods and nonfactor services minus imports of goods and nonfactor services.
3/ Data refer to the first six months of the fiscal year.

Cameroon - Basic Data (continued)

	1980/81	1981/82	1982/83	1983/84 Est.	1984/85 Proj.
Government fiscal operations 1/	(In billions of CFA francs)				
Total revenue	447.0	536.9	706.0	717.1	848.5
Budgetary revenue	314.5	390.9	459.2	589.5	695.4
Extrabudgetary revenue	132.5	146.0	246.8	127.6	153.1
Total expenditure and net lending	445.1	497.2	614.5	720.4	814.1
Current expenditure	217.5	260.6	358.5	446.1	525.5
Capital expenditure	227.6	236.6	256.0	274.3	288.6
Of which: extrabudgetary	(113.6)	(133.5)	(139.7)	(115.0)	(130.0)
Net lending	1.4	2.9	8.3	--	--
Overall fiscal surplus or deficit (-)	1.9	39.7	91.5	-3.3	34.4
Financing	-1.9	-39.7	-91.5	3.3	-34.4
Domestic	-46.9	-72.0	-111.8	-27.8	-64.0
Banking system	-24.3	-9.3	-101.1	35.6	...
Other 2/	-22.6	-62.7	-10.7	-63.4	...
Foreign	45.0	32.3	20.3	31.1	29.6
Monetary survey	(In billions of CFA francs; end of period)				
					End-Dec.
Foreign assets (net)	10.2	-28.1	59.3	68.1	130.2
Domestic credit	397.8	511.6	502.9	681.2	731.9
Claims on Government (net) 3/	-81.7	-92.0	-243.3	-119.9	-74.2
Claims on private sector	479.5	603.6	746.2	801.2	806.1
Of which: rediscounted by Central Bank	(86.4)	(107.5)	(159.0)	(170.0)	(162.3)
Money and quasi-money	362.7	445.6	477.3	632.4	735.8
Other items (net)	46.3	37.9	84.9	116.9	126.3

1/ Including the social security system and small amounts of grants.
2/ Determined as a residual.
3/ Including some public agencies.

Cameroon - Basic Data (concluded)

	1980/81	1981/82	1982/83	1983/84 Est.	1984/85 Proj.
Balance of payments			(In millions of SDRs)		
Exports, f.o.b.	1,303.2	1,471.8	1,510.0	1,758.4	2,010.0
Of which:					
Petroleum	(733.2)	(893.8)	(1,070.1)	(1,268.4)	(1,480.5)
Imports, f.o.b.	-1,287.3	-1,131.1	-1,076.8	-1,162.6	-1,292.5
Trade balance	15.9	340.7	433.2	595.8	717.5
Services	-425.0	-447.5	-527.0	-558.1	-603.2
Transfers	8.5	-13.9	-3.1	3.9	4.3
Current account balance (deficit -)	-400.6	-120.7	-96.9	41.6	118.6
Nonmonetary capital	512.2	392.5	545.3	356.3	310.6
Long-term 1/	563.1	262.3	456.5	416.1	246.0
Short-term	-50.9	130.2	88.8	-59.8	64.6
Monetary capital	-41.1	69.1	-33.6	-137.2	-80.1
Net errors and omissions 2/	-161.9	-384.9	-230.3	-387.5	-243.4
Overall balance (deficit -)	-91.4	-44.0	184.5	-126.8	105.7
Gross official foreign reserves			(In millions of SDR; end of period)		
Gold	11.0	8.7	11.7	10.9	9.4 4/
Holdings of SDRs	1.4	0.6	1.5	0.2	6.2 4/
IMF reserve position	12.0	12.8	13.6	7.2	0.2 4/
Foreign exchange 3/	34.6	12.7	168.1	48.7	48.5 4/
Total	59.0	34.8	194.9	67.0	64.3 4/
Exchange rate indices (trade weighted)			(Second quarter averages; 1980 = 100)		
Nominal	96.1	92.5	87.2	86.0	85.5 5/
Real	94.3	94.6	97.2	101.5	97.5 5/

1/ Including direct foreign private investment.
2/ Including SDR allocations.
3/ Excluding reserves held outside the common central bank.
4/ End-December 1984.
5/ Average of the first quarter of 1985.