

Cameroon Starts Diversification as Part of Strategy to Become Emerging Economy

Addis Ababa, Mar. 25, 2013 – Cameroon has embarked on a policy to reduce its dependence on the hydrocarbons sector as part of a strategy to diversify its oil-dominated economy, says the annual Economic Report on Africa (ERA 2013), co-authored by the Economic Commission for Africa (ECA) and the African Union (AU).

The objective of the policy is to ensure that the country becomes an emerging economy by 2035, according to report.

The government's diversification strategy has seen the contribution of the extractive industries to its GDP come down to 5.5% in 2000 from 10.8% in 2009, according to the report.

Competition among companies in the oil sector is low because of the large amount of financing and high technology needed to operate, ERA 2013 says. A small part of the production of these companies is sold locally and in countries of the sub region while the bulk is exported to Europe.

“Except for storage and distribution activities, which are in the hands of local businesses, the sector is entirely controlled by large foreign multinationals that set market parameters, decide on production, and supervise the performance of companies,” it says.

Recently, with the entry of Chinese companies into the fray, the trend has changed slightly. Similarly, the cocoa business in Cameroon is foreign dominated.

This restricts local participation only to the low end of the value chain as farmers and buyers who are without control over the prices they are paid by foreign players who arbitrarily dictate terms.

SIC Cacaos, the holder of the largest share of the market and the main manufacturer of cocoa into semi finished products, has not tried to increase value added locally. Its management has not expressed interest in expanding local production, preferring to focus on expanding production capacity, ERA 2013 says.

The theme of this year's report is “Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation.” It argues for a commodity-based industrialization for African countries if they are to use their abundant resources to transform into a global economic power.

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