

## Cameroon

### Investment Charter (2002)

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# Investment Charter

Law No. 2002/004

Official Gazette

## Article 1

The present Law relates to the Republic of Cameroon Investment Charter, hereinafter referred to as "the Charter".

# Introductory Title. Guiding Principles

## Article 2

Desiring to build a competitive and prosperous economy through the development of investment and saving, and in implementation of the objectives of its economic and social activity, the Republic of Cameroon hereby establishes the following basic principles:

- reaffirmation of the choice of the market economy as the preferred economic structure;
- reaffirmation of the essential role of the State in promoting economic and social development;
- recognition of the key role of entrepreneurs, investors and private enterprise as crucial factors in wealth and job creation that merit particular attention not only from the government as a whole but also from the whole of society;
- a commitment to preserving free enterprise and freedom of investment;
- a commitment to maintaining a sound macroeconomic framework;
- a commitment to ensuring flexibility and reversibility in decision-making processes with a view to strengthening the economy's competitiveness;
- clarification of the role in economic and social affairs of the State and of institutions as a collective entity pursuing the full use of national resources through appropriate action and taking account of the strengths and weaknesses of the market, the private sector and civil society, with a view to maintaining the rule of law and good governance;
- refocusing and strengthening of the role of universities and of the national system of scientific and technical research as a critical factor in transforming and managing economic and social structures;
- promotion of entrepreneurship as the driving force for exploiting Cameroon's creative potential, which is a prerequisite for the creation of viable and competitive businesses and a decisive factor in finding a long-term solution to the problem of unemployment and poverty;
- conservation of the environment and rational use of surface and sub-surface natural resources with a view to sound and sustainable development;

- promotion and active facilitation of investments and exports, consistent with the exploitation of business potential;
- special measures aimed at particular sectors, taking account of constraints connected with exploitation conditions and the development of local natural resources;
- a desire to establish an appropriate institutional and regulatory framework that ensures investment security, support for investors and the fair and prompt settlement of disputes relating to investment and commercial and industrial activities;
- the need for an appropriate financial system that allows for effective financial intermediation and in particular ensures proper mobilization of savings and the channeling thereof to the most productive activities and high-yield investments;
- a desire to have a reliable and effective information system using new information and communication technologies;
- a commitment to implementing all the necessary measures recommended by the coordination and supervisory bodies established by the present Law on the Republic of Cameroon Investment Charter;
- a commitment to promoting genuine partnership between the State, the private sector and civil society as a condition for pursuing greater overall economic efficiency;
- establishment of a tax system that encourages and attracts investors and that takes into account both the specific nature of taxation of production equipment and the requirements of export competitiveness.

# **Title I. General provisions**

## **Chapter I. Definitions**

### **Article 3**

Any natural or legal person, Cameroonian or foreign, resident or non-resident, who or which acquires an asset in connection with the performance of his, her or its activities in expectation of a return shall be considered an investor under the present Law.

### **Article 4**

An asset held by an investor shall be considered an investment under the present Law, in particular:

- a business;
- shares, stock or other forms of equity participation in a business;
- bonds and other debt instruments;
- claims to money;
- intellectual property rights;

- rights under medium- and long-term contracts, including management, production or marketing contracts;
- rights conferred by law, such as concessions, licenses, authorizations and permits;
- any other tangible or intangible, movable or immovable property, and any related property rights.

#### **Article 5**

Under the present Law, "the State" means all public institutions provided for in the Constitution.

## **Chapter II. Scope**

#### **Article 6**

The present Law establishes the framework for the promotion of investment in accordance with the overall development strategy, which is aimed at improving and sustaining growth, creating jobs in all sectors of economic activity and ensuring the social welfare of the population.

#### **Article 7**

The provisions of the present Law shall apply to investment operations relating to the establishment, extension, renewal, rearrangement and/or change of activity.

## **Chapter III. Role of the state and the private sector in economic affairs**

### **Section I. Role of the state in economic affairs**

#### **Article 8**

1) In the context of its basic purposes, the State shall administer the nation and shall guarantee the right to justice and security of persons and their property.

To that end, the State shall undertake, inter alia, to:

- train its officials and raise their awareness so that the performance of their tasks does not hinder the smooth functioning of the economic system;
- put an end to all forms of administrative or police harassment and, in particular, to avoid all obstacles to the circulation of persons and goods;
- prevent all conduct within the State that is conducive to corruption and/or damages the public good;
- speed up the processing of administrative records;
- speed up the hearing of court cases and prohibit all forms of discrimination in the application of the law.

2) The State shall issue laws and regulations; supervise, facilitate and regulate economic and social activities and the development of basic and information infrastructure; provide training; ensure security; and compensate for market failures. To that end, the State shall:

- organize, control and secure all markets through appropriate regulation and effective supervision, ensuring better distribution of resources;
- ensure the proper functioning of the economic system by:
- ensuring that all entities in the system apply the established rules properly;
- ensuring or facilitating the establishment, maintenance and development of economic infrastructure and social services for health, education and vocational training and access to them for the whole population;
- developing a genuine partnership with the private sector and civil society in order to improve the distribution of resources in areas where the market has limitations;
- correcting overall imbalances in the markets through sound and transparent economic policies;
- ensuring the nation's economic security, including through the establishment of an effective system of market intelligence;
- establishing an effective system of incentives for private sector development;
- promoting the acquisition of appropriate technologies and the skills needed to use them, and facilitating the dissemination of such technologies;
- developing sectoral strategies and seeking funding for their implementation.

## **Section II. Role of the private sector in economic affairs**

### **Article 9**

1) The purpose of the private sector shall be to create and generate wealth.

2) The private sector shall:

- comply with competition rules by avoiding fraudulent practices and by discouraging conduct conducive to corruption within the private sector;
- take steps to preserve the interests and health of consumers and users in the performance of its activities;
- organize its various sectors and branches in such a way as to promote among its members respect for morality in business and the judicious application of the ethical rules connected with each professional activity;
- cooperate reliably with the State and its organs with a view to ensuring the success of national economic policy.

## **Title II. Contract management**

# Chapter I. General principles and basic rights

## Article 10

The State shall guarantee the following to every natural or legal person duly established or desiring to become established in Cameroon who or which respects the specific rules associated with economic activity:

- the freedom to undertake any activity involving production, provision of services or trade, irrespective of nationality;
- equal treatment in carrying out an activity in accordance with the principles and provisions of competition law;
- property rights attaching to land, buildings and equipment and those attaching to movable property, securities, patents and other intellectual property subject matter;
- prompt procedures for land concession and access;
- freedom to repatriate invested foreign capital and operating profits, and to repatriate savings on salaries earned by expatriate staff;
- access to the foreign currency market and freedom to transfer capital in accordance with the rules of the Central African Monetary Union (CAMU);
- fair and transparent application of business law in accordance with the treaty relating to the Organization for the Harmonization of Business Law in Africa (OHADA treaty);
- fair and transparent application of labor law and social security law, drafted in accordance with the treaty of the Inter-African Conference on Social Security (CIPRES);
- fair and transparent application of intellectual property law, drafted within the framework of the World Intellectual Property Organization (WIPO) and the African Intellectual Property Organization (OAPI);
- fair and transparent application of insurance law, drafted within the framework of the Inter-African Conference on Insurance Markets (CIMA);
- the independence and professional competence of both judicial and administrative courts;
- implementation of all other international agreements and treaties ratified in accordance with Articles 43, 44 and 45 of the Constitution.

## Article 11

1) The State shall be a party to both bilateral and multilateral agreements relating to investment guarantees. It is a party to:

- the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention), concluded under United Nations auspices;

- the Convention on the Settlement of Investment Disputes, which established the International Centre for Settlement of Investment Disputes (ICSID) (Washington Convention).

2) The State is a party to:

- the Convention Establishing the Multilateral Investment Guarantee Agency (MIGA) of October 11, 1985 (Seoul Convention), intended to insure against non-commercial risks;
- the OHADA treaty, in implementation of which simple and modern legal rules based on international practice have been developed in the area of business law.

3) Through its membership of OHADA, the State has available to it both ad hoc and institutional arbitration mechanisms based on the most effective international instruments, such as the 1985 Model Law on International Commercial Arbitration of the United Nations Commission on International Trade Law (UNCITRAL) and the 1998 Rules of Arbitration of the International Chamber of Commerce.

4) The State is a party to the Partnership Agreement of June 23, 2000 between the Members of the African, Caribbean and Pacific Group of States, on the one hand, and the European Community and its Member States, on the other hand (ACP-EC Partnership Agreement), which establishes an arbitration mechanism for the settlement of disputes between African, Caribbean and Pacific States and entrepreneurs, suppliers or providers of services financed by the European Development Fund (EDF).

#### **Article 12**

The State hereby affirms its commitment to ensuring the establishment of alternative mechanisms for conflict resolution, including a national court of arbitration for the settlement of industrial and commercial disputes.

## **Chapter II. Liberalization, openness and competition**

### **Section I. Liberalization of Local Markets**

#### **Article 13**

The mechanisms of supply and demand shall apply to services and goods offered to the public.

1) Key sectors and strategic sectors, determined and organized by means of regulations, shall be supervised by specific bodies created for that purpose.

2) With a view to establishing appropriate regulations and monitoring markets other than those that have their own special bodies, the National Competition Commission shall be established under the Ministry responsible for competition, with functions and competences determined by means of regulations.

#### **Article 14**



International standards of transparency with regard to the production, publication and dissemination of high-quality information, applicable both to the public sector and the private sector, shall be adopted in Cameroon.

## **Section II. External Openness and Regional Integration**

### **Article 15**

The State is a party to the multilateral trading system, in particular World Trade Organization (WTO) agreements and other mechanisms for the development of international trade, and to World Customs Organization (WCO) agreements.

### **Article 16**

The State hereby reaffirms its membership of regional integration frameworks, in particular the Central African Economic and Monetary Community (CAEMC) and the Economic Community of Central African States (ECCAS).

## **Title III. Incentive management**

### **Chapter I. Incentive system**

#### **Section I. General incentives**

##### **Article 17**

1) Three types of general incentives shall be established:

- promotion;
- facilitation;
- support.

2) Promotion shall consist of the organization of events and assignments locally or abroad, active partnership, management of a portfolio of opportunities, and marketing of the country's potential.

3) Facilitation shall consist of assistance and promptness in the completion of formalities and transparency in the processing of files.

4) Support shall consist of technical or financial support for the creation or takeover of businesses and the development of exports.

#### **Section II. Specific incentives**

##### **Article 18**

Specific incentives shall relate to regimes, sector codes, economic areas and the duration of benefits.

##### **Article 19**

1) Three regimes are hereby established:

- the automatic regime;
- the declaration regime;
- the approval regime.

2) The benefit of the automatic regime shall be granted tacitly as soon as the investment has been made in accordance with the terms specified by the relevant instruments. However, a summary statement shall be submitted annually to the competent department of the State administration for checking and validation.

3) Under the declaration regime, permission to invest shall be granted within two (2) consecutive working days of the date of submission of the complete file to the One-Stop Shop, in accordance with the terms established by means of regulations. On submission of the file, the One-Stop Shop shall issue a receipt.

4) Under the approval regime, permission to invest shall be granted to the investor within a maximum period of fifteen (15) consecutive working days of the date of submission of the complete file to the One-Stop Shop, in accordance with the terms established by means of regulations. On submission of the file, the One-Stop Shop shall issue a receipt.

5) If the One-Stop Shop fails to meet the deadlines mentioned in paragraphs (3) and (4), the regime requested shall be granted automatically to the investor, who shall then initiate regularization procedures without delay.

6) The operating arrangements for the regimes established under paragraph 1 of the present Article shall be determined by particular instruments.

#### **Article 20**

Sector codes shall be incentive tools tailored to one or more sectors of economic activity and/or covering one or more technical areas of the economy.

#### **Article 21**

1) Economic areas shall be incentive tools classified as preferential areas.

2) Economic areas shall be established as appropriate, subject to the terms of establishment and eligibility to benefit from the rights and principles to be determined by particular instruments in accordance with the Government's objectives.

3) Economic areas may become independent authorities, subject to the terms established by particular instruments.

#### **Article 22**

The duration of incentives shall be determined by the sector codes or economic areas, depending on the activity in question.

## **Chapter II. Implementation of the charter**

### **Section I. Manner of implementation of the charter**

#### **Article 23**

- 1) The implementing instruments of the present Law shall be drafted on an equal tripartite basis (public sector, private sector and civil society).
- 2) The implementing instruments referred to in paragraph 1 above shall include the prior technical opinion of the Council for Regulation and Competitiveness referred to in Article 25 below.

## **Section II. Monitoring of compliance with instruments and filing of complaints**

### **Article 24**

Complaints by investors regarding non-compliance with the provisions of the present Law and its implementing instruments shall first be filed with the Council for Regulation and Competitiveness.

## **Chapter III. Institutions for promotion and facilitation of investments and exports**

### **Article 25**

The following bodies shall be responsible for the promotion and facilitation of investments and exports:

- the Council for Regulation and Competitiveness;
- the Investment Promotion Agency;
- the Export Promotion Agency.

## **Title IV. Promotion of private initiatives**

### **Article 26**

- an Industrial Partnership Council;
- an Entrepreneurship Institute;
- a Monitoring Center for Industry and Trade;
- a Standards and Quality Agency;
- an Intellectual Property Center.

### **Article 27**

The establishment, organization and operation of the bodies and institutions referred to in the present Law shall be determined by decree of the President of the Republic.

## **Title V. Principles for management of institutions**

**Article 28**

The management bodies of the institutions established pursuant to the present Law shall have equal tripartite membership: public sector, private sector and civil society.

## **Title VI. Tax and customs incentives**

**Article 29**

The tax and customs system shall be based on the principle of equity among the various taxpayers and reductions that allow the State to fulfill its economic and social role properly.

**Article 30**

The State shall engage in a process of simplifying and harmonizing the tax system in order to ensure the same level of transparency, fluidity and legibility for all investors.

**Article 31**

Taxes and customs duties shall be collected in accordance with rules and practices and in amounts that are similar or equivalent to international norms; they shall be adjusted to the specific nature of and developments in different industries.

**Article 32**

The rights of the taxpayer shall be recognized and must be respected by the State Administration.

**Article 33**

1) The State shall guarantee that the customs duties imposed are moderate and shall adhere to the principle of reducing them, within the policy framework established by CAEMC and in accordance with World Trade Organization rules.

2) The State hereby reaffirms its willingness to implement the economic and suspension procedures set out in the CAEMC Customs Code.

**Article 34**

The measures set out below shall be taken with respect to direct and indirect taxes:

- general imposition of value-added tax (VAT) as a neutral levy for investment and wealth generation;
- imposition of zero VAT on exports and reimbursement of VAT paid on the investments and operating expenses of export businesses in order to guarantee their competitiveness in international markets;
- implementation of tax incentives linked to the various investment-specific codes;
- implementation of specific tax and customs incentives for the research and development sector, vocational training and environmental protection.

**Article 35**

Reduced stamp duties and registration taxes shall be imposed in respect of the incorporation of companies, statute changes, capital increases, mergers and acquisitions and the issuance and circulation of securities.

## **Title VII. Organization of the financial system**

### **Article 36**

The State shall aim to make the financial system fit for the purpose of developing investment and stimulating competitiveness.

### **Article 37**

1) Cameroon is a member of the Central African Monetary Union (CAMU); it shall pursue greater consistency and flexibility, in line with the demands of an increasingly liberal and integrated economy for almost instant adaptability.

2) With a view to meeting international standards, the State shall support all activities aimed at making the Bank of Central African States (BEAC) and the Central African Banking Commission (COBAC) effective for developing investments and businesses of all sizes and categories, and also for responding to the challenges posed by financial crises.

3) The State shall promote the development of a sound credit and money culture by putting in place a credit and money code.

### **Article 38**

The State shall oversee and promote small and medium-sized enterprises and industries (SMEs and SMLs) by:

- establishing a financial services system that supports medium-sized economic operators through appropriate regulation and supervision;
- establishing financing mechanisms for SMEs and SMLs that address various specific and sectoral needs through appropriate regulation and supervision.

### **Article 39**

1) The State shall establish export promotion mechanisms that include insurance and financing provisions, on the one hand, and that are aimed at covering the risks associated with production, identification of markets, facilitation of financing and different risks, on the other.

2) The State is a member of the African Export-Import Bank (AFREXIMBANK), a pan-African institution the purpose of which is to finance credit operations for imports and exports.

### **Article 40**

1) Without prejudice to national financial structures, the State shall support the establishment of a credible subregional financial market that complies with international standards, so as to mobilize long-term saving with a view to allocating funds to productive and profitable investment projects.

2) The State shall actively promote saving and investment by drafting a code aimed at encouraging both.

#### **Article 41**

1) The State shall establish a market in government securities based on voluntary subscription.

2) The national market in government securities shall be incorporated in relevant subregional initiatives.

#### **Article 42**

The State shall adhere to a solid and effective system of coverage of industrial, commercial and social risks, vital for developing investment and stimulating competitiveness.

## **Title VIII. Miscellaneous, transitional and final provisions**

#### **Article 43**

1) The present Law repeals:

- Order No. 90/001 of January 29, 1990 establishing the free-trade area regime in Cameroon, ratified pursuant to Law No. 90/023 of August 10, 1990;
- Order No. 90/007 of November 8, 1990 on the Investment Code of Cameroon.

2) Sector codes and regulatory instruments relating to the organization, composition and operation of the institutions provided for in the present Charter shall be adopted within two (2) years of the date of promulgation of the present Law.

3) Businesses that benefit from special or preferential regimes pursuant to the aforementioned two instruments shall retain their benefits.

4) During the transitional period of two (2) years referred to in paragraph 2 above, and notwithstanding the provisions of paragraph 1 of the present Article, the institutions and regimes established under the instruments referred to in paragraph 1 shall remain in force until new institutions and sector codes are put in place.

5) All sectoral laws and regulations whose provisions are contrary to those of the present Law shall be brought into line therewith.

#### **Article 44**

Bodies and institutions provided for by the present Law that already exist at the time of its entry into force shall have a period of one (1) year from the date of its promulgation to comply with its provisions.

#### **Article 45**

The present Law shall be registered, published under emergency procedures, and included in the Official Gazette in French and English.

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