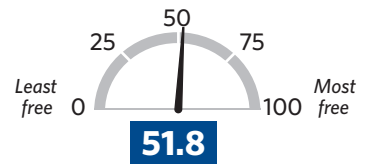


CAMEROON

Economic Freedom Score



World Rank: **135** Regional Rank: **29**

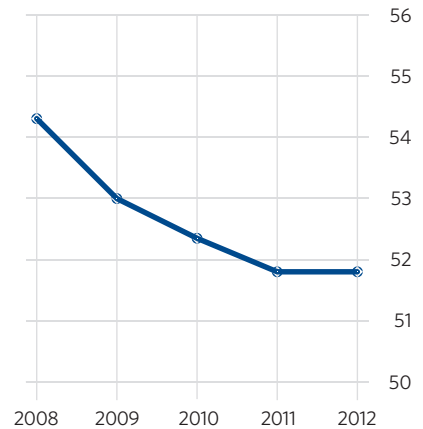
Cameroon's economic freedom score is 51.8, making its economy the 135th freest in the 2012 *Index*. Its overall score is the same as last year, with declines in monetary freedom and trade freedom offset by gains in fiscal freedom and business freedom. Cameroon is ranked 29th out of 46 countries in the Sub-Saharan Africa region, and its overall score is lower than the regional average.

Cameroon's performance on most of the indicators of economic freedom has been dismal, and its economic freedom score has been in decline over the past five years. The weak foundations of economic freedom prevent sustained economic expansion. An unreliable legal system provides little protection for property rights and engenders widespread corruption. High tariffs and investment restrictions undercut potential gains from international commerce.

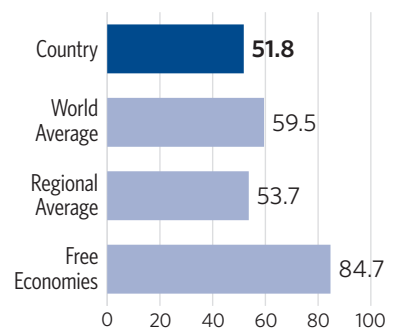
Cameroon's economy, although relatively diversified with services accounting for around 40 percent of GDP, remains dominated by the public sector. The global economic slowdown had a significant impact on growth, and economic development continues to be hampered by the lack of a dynamic private sector. Progress in structural reform has been only marginal, and the overall entrepreneurial environment is not conducive to creating more economic opportunities.

BACKGROUND: President Paul Biya has held office since 1982, and there is little evidence of democratic reform. In 2008, Biya's supporters in parliament passed constitutional amendments granting the president immunity for acts committed while in office and enabling Biya to run yet again in 2011. Public frustration with poor governance threatens to spark political unrest. Although the government claims to maintain strong civil rights laws, discrimination and charges of human rights abuse are abundant. In addition to unlawful arrests and excessive force by authorities, forced labor and human trafficking are chronic problems. Despite abundant natural resources, with oil and pipeline projects providing significant revenue, over half of the population depends on agriculture. The transparency of oil-related public finances has been improved, but economic mismanagement still inhibits development.

Freedom Trend



Country Comparisons



Quick Facts

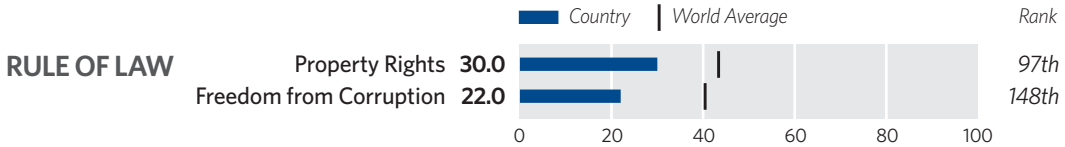
- Population:** 20.4 million
- GDP (PPP):** \$44.3 billion
- 3.0% growth in 2010
- 5-year compound annual growth 2.8%
- \$2,170 per capita
- Unemployment:** n/a
- Inflation (CPI):** 1.3%
- FDI Inflow:** \$425.1 million
- Public Debt:** 12.1% of GDP

How Do We Measure Economic Freedom?

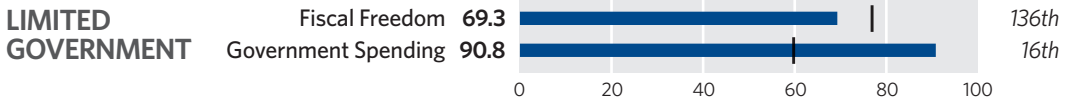
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
Data compiled as of September 2011.

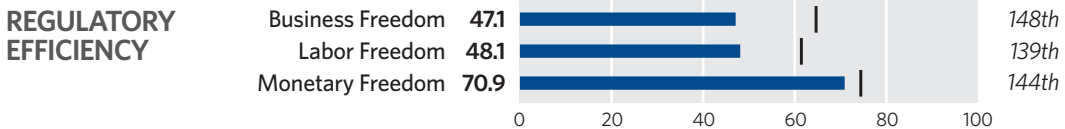
THE TEN ECONOMIC FREEDOMS



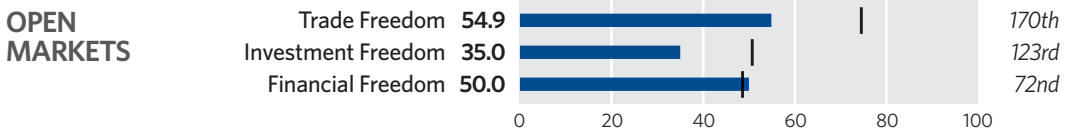
Protection of property rights remains weak due to lingering corruption and an inefficient judicial system. The court system is vulnerable to political interference and long delays. Trademarks and copyrights are routinely violated, and software piracy is widespread. Despite anti-corruption and good-governance initiatives, legal loopholes and legislative gaps allowing corruption have not been eliminated.



The top income and corporate tax rates are 38.5 percent (35 percent plus a 10 percent surcharge). Other taxes include a value-added tax (VAT), a property tax, and an inheritance tax, with the overall tax burden equal to 10.3 percent of total domestic income. Government spending is equivalent to 17.5 percent of total domestic output, with a budget deficit of 1.1 percent of GDP and public debt reaching 12 percent of GDP.



Cameroon has made starting a business easier by simplifying requirements and reducing fees, but the overall entrepreneurial environment remains hampered by inefficiency and a lack of transparency. The labor market remains underdeveloped. Inflation has been modest, but the country's tendency to rely on anti-market tools was underscored early in 2011 by creation of a new state-run agency to regulate the price and supply of basic goods.



The trade weighted average tariff rate is quite high at 15 percent, with non-tariff barriers further increasing the cost of trade. The investment regime is constrained by heavy bureaucracy and a lack of transparency. New investments may be subject to government approval. The cost of financing remains high, and access to credit is very limited in rural areas. Long-term loans are hard to obtain, and the non-banking financial sector remains marginal.

Score Changes

RULE OF LAW	LIMITED GOVERNMENT	REGULATORY EFFICIENCY	OPEN MARKETS
Property Rights	Fiscal Freedom	Business Freedom	Trade Freedom
Freedom from Corruption	Government Spending	Labor Freedom	Investment Freedom
0	+2.4	+3.0	-4.7
0	+1.1	+1.1	0
		Monetary Freedom	Financial Freedom
		-2.4	0