COUNTRY REPORT

Cameroon

Central African Republic

Chad

3rd quarter 1998

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The Economist Intelligence Unit

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Summary

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Outlook for 1998-99: Cameroon is set for a period of relative political calm. The pace of the economic reform programme will quicken, improving relations with the Bretton Woods institutions. The South-east Asian crisis and other external shocks, including the decline in crude oil prices, are not expected to have a significantly adverse impact. Economic growth is forecast to average about 5.1% between 1998-99.

Review: The coalition government, which includes one major opposition party, the UNDP, has succeeded in boosting its credibility at home and abroad. The president, Paul Biya, has visited France, where he received support for his government's policies. The national railway company has been sold off, with indications of further privatisations to follow. Relations with the international financial community have been normalised, as Cameroon is making steady progress towards concluding all bilateral agreements with the Paris Club.

Central African Republic

Outlook for 1998-99: UN peacekeepers are likely to ensure that calm prevails in the run-up to the legislative election scheduled for August and September. MPLC, the party of the president, Ange-Félix Patassé, is likely to perform well. Security outside the capital may deteriorate as banditry increases. Agreement is likely to be reached with the IMF for an ESAF, which could provide a boost to the economy just as the president bids for re-election next year. Speculation over the fate of the CFA franc will become increasingly intense.

Review: UN peacekeepers have formally replaced the African intervention force. The opposition has remained sceptical of the prospects for true reconciliation, while former government officials have launched their own parties. The implementation of long overdue economic reforms was welcomed by the IMF, although the World Bank expressed greater caution. The 1997/98 coffee crop was better than expected, but the management of the politically sensitive cotton sector was surrounded by controversy.

Chad

Outlook for 1998-99: A decision on the final go-ahead for the oil pipeline set to transform Chad's political and economic climate is now expected for September. The government is under pressure to clarify how it intends to spend revenue from the Doba oilfield and how it plans to resolve the continuing tension in the south. The IMF is hopeful about Chad's short-term economic prospects, even before the start of oil production.

Review: New diplomatic efforts have been made to settle tensions in the south. The oil minister was unexpectedly replaced. The president, Idriss Déby, hosted a mini-summit of African leaders. There have been skirmishes with Nigerian troops around Lake Chad. The IMF has praised the progress of economic reforms, granting the third tranche of Chad's ESAF.

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Cameroon

Political structure

Official name	République du Cameroun	
Form of state	Unitary republic	
Legal system	Based on English common law and the Napoleonic Code	
National legislature	National Assembly with 180 members elected by universal suffrage, who sit twice yearly and serve a five-year term	
National elections	May 1997 (legislative) and October 1997 (presidential); next elections due by May 2002 (legislative) and October 2004 (presidential)	
Head of state	President, elected by universal suffrage, may serve a maximum of two seven-year terms	
National government	Consists of the prime minister and his Council of Ministers. Includes representatives of the ruling RDPC, the UPC, the MDR and the UNDP. Last reshuffled December 9th 1997	
Main political parties	A law authorising multiparty politics was published in December 1990. There are more than 100 registered parties. The Rassemblement démocratique du peuple camerounais (RDPC) holds 109 seats in parliament; the Social Democratic Front (SDF) 43 seats; the Union nationale pour la démocratie et le progrès (UNDP) 13 seats; the Union démocratique du Cameroun (UDC) five seats. Other parties include the Union des populations camerounaises (UPC) and the Mouvement pour la défense de la république (MDR)	
	President	Paul Biya
	Prime minister	Peter Mafany Musonge
Ministers of state	Culture	Ferdinand Léopold Oyono
	Defence	Amadou Ali
	Economy & finance	Edouard Akame Mfoumou
	External relations	Augustin Kontchou Koumegni
	Industrial & commercial development	Bello Bouba Maigari (UNDP)
	National education	Charles Etoundi
Key ministers	Environment & forestry	Sylvestre Naah Ondoua
	Higher education	Jean-Marie Atangana Mebara
	Livestock, fisheries & animal husbandry	Hamadjoda Adjoudji
	Mines, water resources & energy	Yves Mbele
	Posts & telecommunications	Mounchipou Seidou
	Public works	Jérôme Etah
	Transport	Joseph Tsanga Abanda
BEAC governor	Jean-Félix Mamalepot	

Economic structure

Latest available figures

Economic indicators	1993	1994	1995	1996	1997[a]
GDP at market prices[b] (CFAfr bn)	3,103	3,425	4,132	4,543	4,932
Real GDP growth[b] (%)	–3.2	–2.5	3.3	5.0	5.1[c]
Consumer price inflation[b] (av; %)	22.3	26.9	6.4[c]	4.3	2.1
Population (m)	12.6	13.0	13.3	13.7	14.1
Exports fob[b] ($ m)	1,651	1,433	1,664	1,761	1,978
Imports fob[b] ($ m)	1,021	1,017	1,074	1,200	1,347
Current-account balance[b] ($ m)	–620	–327	–62	–219	–123
Reserves excl gold ($ m)	34.0	1.9	1.1	2.4	1.4
Total external debt ($ m)	7,456	8,326	9,346	9,515	7,665
External debt-service ratio (%)	22.6	21.5	20.4	23.6	13.7
Crude oil production ('000 b/d)	130	122	107	101	107
Coffee production[d] ('000 tonnes)	109	118	69	90	110
Cocoa production[e] ('000 tonnes)	92	102	123	149	137
Exchange rate[b] (av; CFAfr:$)	265.4	435.0	518.6	501.8	541.1

July 3rd 1998 CFAfr609.40:$1

Origins of gross domestic product 1995[b]	% of total
Agriculture	30.5
Industry	18.1
Manufacturing	10.2
Services	41.2
GDP at factor cost	100.0

Components of gross domestic product 1995[b]	% of total
Private consumption	67.8
Government consumption	8.3
Gross domestic investment	17.9
Exports of goods & services	23.2
Imports of goods & services	–17.2
GDP at market prices	100.0

Principal exports 1997[b]	$ m
Crude oil	742
Cocoa	244
Timber	233
Coffee	189

Principal imports cif 1997[b]	$ m
Capital goods	315
Food	119
Fuel	26

Main destinations of exports 1997[f]	% of total
Italy	25.4
Spain	20.4
France	16.1
Netherlands	7.1

Main origins of imports 1997[f]	% of total
France	25.0
Nigeria	8.5
US	8.5
Germany	6.4

[a] EIU estimates. [b] Fiscal years ending June 30th. [c] Official estimate. [d] Crop years ending November 30th. [e] Crop years ending September 30th. [f] Drawn from partners' trade returns, subject to a wide margin of error.

Outlook for 1998-99

The coalition government will provide political stability

Cameroon is entering a period of unprecedented political stability since demands for political reform began to escalate in 1990. The new coalition government, which includes the president's Rassemblement démocratique du peuple camerounais (RDPC), the northern-based Union nationale pour la démocratie et le progrès (UNDP) and the Union des populations camerounaises (UPC), has a formidable grip on the levers of power. Its members control four-fifths of the 180 seats in the Assemblée nationale (parliament) and nearly three-quarters of Cameroon's local councils. Critically, the president, Paul Biya, can now claim to have bridged Cameroon's politically sensitive north-south divide, with the backing not only of the UNDP but also of key northern office-holders in the RDPC. These include Hamidou Marafa, the secretary-general in the executive and the *de facto* number two in the government, Amadou Ali (minister of defence), and Cavaye Yegue Djibril (parliamentary president). The ruling coalition can claim support in at least seven of the country's ten provinces, including the South-west province, the home of the prime minister, Peter Mafany Musonge. Even in areas still controlled by the remaining elements of the radical opposition—the Social Democratic Front (SDF) and the Union démocratique du Cameroun (UDC)—there are indications that traditional hostility towards government-appointed delegates is beginning to wane. The UNDP's defection into government has fatally undermined an already divided opposition, which has been further weakened by a lack of financial resources and the re-emergence of old personal rivalries. While an increasingly powerful lobby within the SDF is advocating a fundamental reappraisal of party policy and forming a government of national unity, the party's charismatic leader, John Fru Ndi, is likely to continue to reject such a move. In June Mr Fru Ndi threatened to expel any SDF member joining such an administration.

Confidence in the economy grows—

International confidence in the prospects for and management of Cameroon's economy is likely to grow. The enhanced structural adjustment facility (ESAF) approved by the IMF in August 1997 remains on track, key international donors continue to release funds on schedule, and the new debt initiative reached in October 1997 with the Paris Club of Cameroon's official bilateral creditors is being implemented. Privatisation, the cornerstone of the government's reform programme, is being accelerated, with most of the economically important state-owned enterprises scheduled for divestiture before the end of 1999.

—as the pace of the privatisation programme quickens—

The president of the privatisation commission, Bassoro Aminou, is a technically able and politically well-connected figure with a reputation for integrity and discretion. He has the full support of the minister of economy and finance, Edouard Akame Mfoumou, who is responsible for the privatisation programme. Most foreign investors agree that there is now transparency in the technical and financial evaluation of bids, but they continue to complain about political interference after evaluation reports are despatched by the commission. Forthcoming issues include:

- the state palm oil company, SOCAPALM; bids invited in December 1997;
- the state sugar company, CAMSUCO; bids invited in March 1998; and

- the state water supply company, SNEC; bids invited in March 1998.

The selection of the successful bidder for each of the three companies is scheduled to take place before September. Four companies have already expressed interest in buying CAMSUCO.

—with hotels also on the agenda

Officials at the Ministry of Economy and Finance have also indicated privately that the government intends to sell some 20 state-owned hotels before the end of 1999. The most attractive hotels to be divested are the five-star Yaoundé Hilton, the four-star Sawa in Douala, the three-star Atlantic Beach in the coastal resort of Limbe, the Benoue hotel in Garoua and the Buea Mountain hotel in Buea, the former capital during German colonial rule before 1918. Two hotels in northern Cameroon which are popular with big game-hunters from abroad, the Waza and Rhumsiki game reserve hotels, will also be sold. The other 13 are unlikely to realise their full financial potential as long as the tourism sector remains so underdeveloped. The government, however, continues to neglect the industry and has so far failed to develop a serious strategy or a viable action plan for promoting tourism.

Growth in the oil sector will be enhanced by tax reforms

Changes to the oil exploration tax law introduced in April 1998 are expected to lead to a slight increase in production in the short term by encouraging the drilling of wells adjacent to existing fields and the use of new technology to improve the exploitation of older concessions. The new tax framework will also boost interest in deepwater offshore prospects, hitherto neglected by western operators who are attracted by the more favourable terms offered in neighbouring countries, such as Equatorial Guinea and Angola. However, even if new deposits are discovered in the near future, it would take about two to four years to develop them. In the short term, the pessimistic outlook for global oil prices is likely to reduce international interest in new deposits in West African deepwater sites, where development costs and associated geological risks remain extremely high.

Economic prospects are bright—

Cameroon's relatively diversified economic base means that the economic and financial crisis in South-east Asia is not expected to have an adverse impact on its domestic or external position in 1998 and 1999, with projections for average real GDP growth hovering around 5.1% over the forecast period. Nor is the downturn in Asia likely to have more than a marginal effect on Cameroon's real effective exchange rate because the share of its total trade with Asian economies (especially Malaysia, Indonesia, Thailand and South Korea) is so small. Although world market prices for oil, logs, cotton and aluminium are projected to fall, the prices for cocoa and coffee are expected to increase, according to the EIU's most recent *World commodity forecasts: food feedstuffs and beverages*. The German commodity analyst FO Licht's *International Coffee Report* projects that Cameroon's coffee production will increase, albeit modestly, in 1997/98, while the *Quarterly Bulletin of Cocoa Statistics* forecasts that Cameroon's cocoa output will be 125,000 tonnes, the same as in 1996/97.

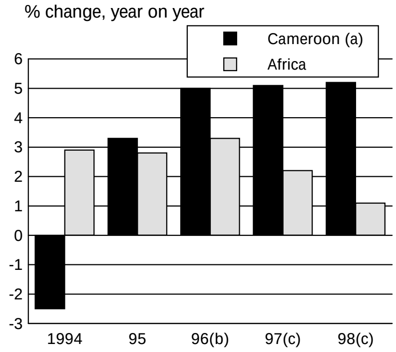
Cameroon: forecast summary

($ m unless otherwise indicated; fiscal years ending Jun 30th)

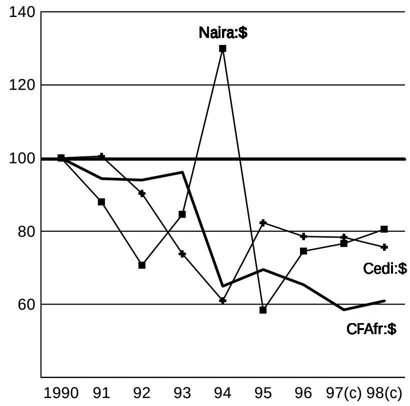
	1995/96[a]	1996/97[a]	1997/98[b]	1998/99[b]
Real GDP growth (%)	5.0	5.1	5.0	5.2
Consumer price inflation (av; %)	4.3	2.1	2.1	2.0
Merchandise exports	1,761	1,978	1,900	1,930
Petroleum & petroleum products	571	743	495	470
Non-oil products	1,191	1,235	1,405	1,460
Merchandise imports	1,200	1,347	1,540	1,680
Current-account balance	–219	–123	–212	–226
Exchange rate (av; CFAfr:$)	501.8	541.1	593.5	580.3

[a] Actual. [b] EIU forecasts.

Cameroon: gross domestic product
% change, year on year



Cameroon: real exchange rates (a) (d)
1990=100



(a) Fiscal years beginning July 1st. (b) EIU estimates. (c) EIU forecasts. (d) Nominal exchange rates adjusted for changes in relative consumer prices.
Sources: EIU; IMF, *International Financial Statistics; World Economic Outlook.*

The current-account deficit (excluding official transfers) is projected to rise from 1.4% of GDP (CFAfr67bn or $123m) in 1996/97 to 2.7% of GDP (CFAfr126bn) in 1997/98, followed by a gradual narrowing to 2.3% (CFAfr131bn) in 1998/99 and 2.1% (CFAfr130bn) in 1999/2000. The gradual strengthening of the country's external position in 1997/98 is expected to come from productivity and income gains through efficiency-enhancing structural reforms, such as the privatisation of large state-owned enterprises, lower import volumes associated with the depreciation of the CFA franc against the dollar, and a modest increase in oil production. The overall deficit on Cameroon's external account is expected to improve from 5.2% of GDP (CFAfr254bn) in 1997 to 2.3% in 1998 (CFAfr118bn) and 3.6% in 1999 (CFAfr203bn), owing to increased disbursements under existing and expected new commitments of project and programme assistance by multilateral and bilateral donors, and a sharp rise in net private capital flows.

Review

The political scene

President Biya enjoys a warm reception in Paris

On May 5th, during a private trip to Paris, Cameroon's president, Paul Biya, held a successful meeting with his French counterpart, Jacques Chirac, signalling renewed warmth in a bilateral relationship which is of critical importance to his country. Prior to the visit rumours had been rife in Cameroonian opposition circles that despite receiving Mr Biya at the Elysée palace, President Chirac had not forgiven him for supporting Edouard Balladur, his right-wing opponent in the run-up to France's 1995 presidential election. After the 45-minute meeting Mr Biya stated that there had been complete agreement on all issues discussed. He thanked Mr Chirac and his government for their unwavering and resolute support, not only for Cameroon's economic development but also for the maintenance of peace and stability. Mr Chirac told journalists that he had accepted "with enthusiasm" Mr Biya's invitation to visit Cameroon at a date yet to be fixed, adding, "the earlier, the better". On one potentially awkward issue—the fate of Pius Njawe, the jailed Cameroonian journalist and publisher of the independent newspaper *Le Messager*—the French leader insisted that the case was purely an internal affair of no concern to France. Two prominent human rights organisations, the International Human Rights League and Reporters Sans Frontières, had urged the French president to lobby for Mr Njawe's release. Officials close to the meeting indicated that the discussions had centred on French military assistance in the event of a full-scale war between Nigeria and Cameroon over the disputed Bakassi peninsula. Economic issues raised included the privatisation of Cameroon's largest public enterprises, debt owed to French companies by the Cameroonian government, and the future of Cameroon's currency, the CFA franc, which has been tied to the French franc for decades, after European economic and monetary union (EMU) in 1999. In Cameroon the visit was seen as evidence of strong French support for Mr Biya and his government, following an equally positive mission to France two weeks earlier by the prime minister, Peter Mafany Musonge (see The economy).

Cameroon wins the first round over the Bakassi peninsula

In early June the International Court of Justice (ICJ) in The Hague firmly rejected eight preliminary objections raised by Nigeria, challenging the court's competence to rule on the land and maritime boundary between Nigeria and Cameroon. The ICJ also ruled that Cameroon's claims were admissible. The Cameroonian authorities had asked the court to determine the question of sovereignty over the Bakassi peninsula and over islands in Lake Chad, and to specify the course of the land and maritime boundary between the two states. The boundary runs for more than 1,600 km from Lake Chad in the north to the Atlantic coast. Having established its jurisdiction and concluded that Cameroon's application is admissible, the ICJ is now expected to fix time limits for further proceedings after consultation with the parties. Cameroon has already filed a memorial (written pleadings) on the merits of its case, and the court is now expected to fix the time limit for Nigeria's counter-memorial. Although the wheels of the ICJ's judicial machinery turn very slowly, Cameroon is hoping for a speedy judgment so that the international community can pressure Nigeria to withdraw from what it considers its territory. Meanwhile, Cameroon's minister of justice told *Le Messager* that he hoped the ICJ's ruling would put an end to the recent upsurge in tension and skirmishing around the Bakassi peninsula.

The government calls Mr Fru Ndi's bluff

The growing marginalisation of the once dominant opposition party, the Social Democratic Front (SDF), was demonstrated in May when efforts by its leader, John Fru Ndi, to court controversy and prompt confrontation with the authorities fell distinctly flat. Mr Fru Ndi had told cheering supporters at a public rally in Bamenda, the capital of North-west province, that he would protect Augustine Ndangam, an anglophone opposition activist suspected of involvement in acts of violence in the region in March 1997 that left ten people dead. The following day Mr Ndangam was arrested by the security forces and Mr Fru Ndi was prevented from visiting him—an indication that the authorities no longer take the SDF leader's threats seriously.

Direct access to government media is reinstated

Expression Directe, a programme carried by state radio and television that allows political parties represented in the Assemblée nationale (parliament) to express their views, was reinstated on May 6th after one year off the air. The move was made in response to pressure principally from deputies from the remaining opposition parties in parliament, Ndam Njoya's Union démocratique du Cameroun (UDC) and the SDF.

Hopes for the early release of an imprisoned journalist are dashed

Efforts by the government to promote an image of good governance and respect for human rights continue to be tarnished by the case of the detained journalist, Pius Njawe, who was jailed in December 1997 after publishing an article in *Le Messager*, alleging that "President Biya had suffered a heart malaise". He was sentenced to two years in prison and fined CFAfr500,000 ($830). Appeal hearings against Mr Njawe's conviction in April were dismissed by the Douala Court of Appeal on the grounds that failure to disclose his sources was proof that he was guilty of the charge of propagating false information. The court, however, reduced his sentence to one year and his fine to CFAfr300,000. Mr Njawe remains adamant that professional ethics prevent him from revealing the source of his information. Unless the president grants him clemency, Mr Njawe can expect to serve out the remaining months of his sentence, a reminder of the continuing constraints operating on the freedom of expression in Cameroon's political environment.

The government clamps down on corruption

The government's latest anti-corruption campaign (2nd quarter 1998, page 9), launched in March, has so far failed to trap any of the so-called big fish. Some momentum is, however, gathering behind the new initiative, which is regarded as critical to efforts to attract foreign direct investment in the non-oil sector. Investigating magistrates are already busy with some relatively high-profile prosecutions. The president of the Cameroonian football federation (FECAFOOT) and Tomson Mvoua, a finance officer, were arrested on June 4th in connection with the illegal sale to a British firm of tickets for the World Cup in France which had been allotted to Cameroon. Mr Onana was remanded in custody after being charged on five counts, including "abuse of authority" and "misappropriation of public funds". At a cabinet meeting on 2nd June Mr Biya called for the exemplary punishment of all FECAFOOT officials found guilty of embezzling funds or involvement in the fraudulent sale of the World Cup tickets. Six senior police superintendents were dismissed on June 9th on charges of corruption, while eight civil servants in the postal services were arrested for alleged misappropriation of CFAfr482m ($815,000). In Douala the newly appointed general manager of the Office national des ports du Cameroun (ONPC, the national ports authority), Siyam Siewe, has started to dismantle a complex web of corruption, cancelling several over-invoiced contracts, including one for the supply of door locks at a unit price of CFAfr300,000, even though the same locks cost only CFAfr15,000 on the local market.

The economy

The government remains committed to economic reforms—

The government's donor-supported structural adjustment programme remains on track. In recent years the buoyancy of the economy has not been reflected in increased official revenue because of the narrow tax base and inefficient tax administration. Newly adopted measures have helped tackle the situation through the systematic identification of large tax debtors and vigorous tax collection drives. These actions have been supplemented by the recovery of taxes collected by public corporations on behalf of the government, which will enable it to meet its targets for the end of the fiscal year in June, despite slippages estimated at CFAfr1.5bn ($2.5m) per month in the first quarter of 1998. Irrespective of falling global oil prices in 1998, Cameroon has also enjoyed something of a windfall in oil revenue associated with favourable exchange-rate movements and higher than projected output. An additional boost came from the settlement in May by the French oil major Elf of a disputed $25m in tax arrears, as a *quid pro quo* for the new petroleum exploration legislation, which provides incentives to oil companies and was adopted by parliament during its March/April session.

—as changes strengthen macroeconomic management

In a bid to strengthen macroeconomic management in the Ministry of Economy and Finance, the president, Paul Biya, signed a decree on March 10th appointing several senior, technically able officials to newly created positions of responsibility in the ministry. The technical committee in charge of negotiating and implementing economic reform programmes is now headed by Urbain Olanguena, the powerful secretary-general of the Ministry of Economy and Finance, while René Mbapou, the former director of the forecasting department in the same ministry, is charged with the day-to-day monitoring of the reform process in his capacity as permanent secretary of the technical committee.

The prime minister seeks to woo France—

In April the prime minister, Peter Mafany Musonge, led an important economic mission to Paris. His delegation comprised ten ministers as well as leading businessmen. Accepting an invitation from Jean Louis Castelnau, the delegate-general of the Conseil d'investissement d'Afrique noire (CIAN), the delegation met CIAN members representing over 40 French companies. Mr Musonge called for French companies to return to Cameroon in force, arguing that "unless France takes the lead, the other Europeans will not come". In 1995 there were only 130 French companies registered in Cameroon, with a total turnover of CFAfr900bn ($1.8bn), he said. The prime minister further pledged that the government would honour its commitment to clear the CFAfr18bn arrears owed to French companies. He informed CIAN that Mr Biya had asked him to reassure French investors that Cameroon remains opposed to the devaluation of the CFA franc, a prospect which has hindered investment across the CFA zone in West and Central Africa. Mr Musonge said there was no need for an adjustment and urged the French business community to consider the prospects offered by a newly stable, economically reformist and increasingly open Cameroon.

—and the private sector in particular

The Cameroonian delegation also participated in a seminar organised by the Paris-based Centre français du commerce extérieur (CFCE) and the Yaoundé-based Poste d'expansion économique on May 22nd. Topics discussed included recent macroeconomic developments and relations with the international community, the investment climate, the privatisation programme and regional economic integration in Central Africa. Mr Musonge offered Cameroon as an investment opportunity not only in its own right, but also as a gateway to the region. Justin Ndioro, the minister of public investments and territorial development, emphasised the potential offered by the newly revived regional economic block of which his country is a member, the Communauté économique et monétaire d'Afrique centrale (CEMAC). The average annual rate of economic growth within CEMAC has been increasing steadily since 1995, from just over 5% in 1996 to 6.3% in 1997, he said. Cameroon plans to push up public investment as a percentage of GDP from an average of 1% between 1990/91 and 1995/96 to 3.5% over the next three fiscal years. According to Mr Ndioro, CFAfr630bn has been programmed for public investments during the period

Cameroon: public-sector entities earmarked for privatisation, 1998-2000

- Cameroon Development Corporation (CDC): oil palms, rubber, tea etc
- Société camerounaise de palmeraies (SOCAPALM): oil palms
- Société de développement du coton au Cameroun (SODECOTON): cotton
- Cameroon Sugar Company (CAMSUCO): sugar
- Société camerounaise d'assurances et de réassurances (SOCAR): insurance
- Caisse nationale de réassurance (CNR): insurance
- Banque internationale du Cameroun pour l'epargne et le commerce (BICEC): banking
- Société nationale des eaux du Cameroun (SNEC): water distribution
- Société nationale d'électricité du Cameroun (SONEL): electricity production and distribution
- INTELCAM: telecommunications
- Cameroon Airlines (CAMAIR): air transport
- Régie nationale des chemins de fer du Cameroun (REGIFERCAM): railways

1997/98 to 1999/2000, of which 53% is expected to be financed by the international donor community and the rest from domestic sources. Edouard Akame Mfoumou, the minister for economy and finance, informed his hosts of recent positive macroeconomic developments in Cameroon, indicating that average real GDP growth had risen to 5.1% during the 1996/97 financial year (June to July), while average inflation had remained stable at 4.3%. The minister referred to efforts made by the government to improve transparency in financial management, such as the transfer of all budgeted petroleum revenue collected by the Société nationale de hydrocarbures (SNH) to the Treasury on a timely basis. He assured the CFCE that Cameroon remained committed to the ambitious timetable for its privatisation programme.

The opacity of the judiciary hinders FDI—

At a cabinet meeting in April the prime minister acknowledged that if Cameroon wanted to deepen the process of economic reform and encourage investment in non-oil sectors, it would need a more transparent and efficient judiciary better to guarantee due process and protect private property, particularly investments. Mr Musonge emphasised that the "consolidation of our young democracy" entailed the elaboration of a conducive environment to encourage foreign direct investment (FDI), which in turn called for a reduction in unemployment, corruption and poverty, all of which rested on an effective and independent judiciary. At the request of Mr Biya he called on the minister of justice, Esso Laurent, to make recommendations for strengthening the judiciary and improving the functioning of the judicial system. A common complaint among foreign investors in Cameroon is the absence of basic legal information relating to private investment and the apparently arbitrary nature of some judicial decisions.

—but an arbitration centre for commercial disputes is to be set up

Plans have been under discussion to establish an arbitration centre to settle commercial disputes between member firms or between member firms and their foreign partners, according to a statement published by the general secretariat of the Groupement inter-patronal du Cameroun, (GICAM), the private-sector business co-ordination unit. The centre will be based in Douala, the commercial capital, and will have a full-time staff.

Tax incentives are drafted to encourage oil exploration

A bill providing tax incentives for oil exploration was approved by parliament during its third session, which ended on April 1st. The main features of the new law are:

- The cost of dry wells can be offset against tax liabilities.
- An oil company's share of production will increase in proportion to the expenditure incurred on deep-sea exploration.
- The government may finance its own share of joint oil exploration costs directly, thus easing oil companies' cash flow.
- Under certain conditions in the research and development phase, oil companies and their sub-contractors may be exempted from the 15% special tax on income.

Despite the decline of the oil sector in the 1980s, as fields matured and new investment went elsewhere in the region, in 1996/97 oil still provided 40% of export revenue and 25% of government revenue, accounting for 9% of GDP. In the short run, the government expects the new tax incentives to boost oil exploration in the sedimentary basins; speed up the CFAfr30bn investment in exploration activities promised by foreign oil companies; and encourage the drilling of the Munge oil wells, estimated provisionally at CFAfr1.8bn. The tax incentives are also expected to enhance prospects for an extension of oil exploration activities in the Logone Birni basin, where SNH, the country's national oil company, is promoting its seismic campaign, and in the Douala and Campo deepwater basin. Despite depressed global oil prices, increased exploration for additional reserves is expected to push up Cameroon's oil production in the coming year. However, the lengthy process of moving from exploration and development to production means that the effect of any new investment in oil output will not be felt for some years.

Fuel prices rise

As part of the government's new policy of adjusting prices of refined petroleum products each month in line with international market fluctuations, the national oil refinery, the Societé nationale de raffinage (SONARA), has announced an increase of just over 1% for petrol and diesel from May 1st. Petrol rose from CFAfr365/litre (60 US cents) to CFAfr370/litre, and diesel from CFAfr280/litre to CFAfr285/litre. During the first quarter of 1998 the cost of refined petroleum products was successively lowered in line with the decline in international petroleum prices. This new flexibility to respond to international trends when setting domestic prices is one of the key requirements of the IMF-backed structural adjustment programme.

Agriculture and forestry

Privatised agriculture companies are performing well

According to the now privately owned Organisation camerounaise de la banane (OCB), the company has increased its annual production from 45,000 tonnes in 1990 to nearly 100,000 tonnes in 1997. The number of employees has risen from 500 to 2,000. OCB's French parent company has invested over CFAfr10bn ($16.7m) to enhance international competitiveness, which is reflected in OCB's increasing share of the EU banana market. The former state rubber company, Hevecam, which was sold to Panwell International of Indonesia in 1997, invested more than CFAfr5bn in 1997/98 and created some 1,500 new jobs. The company expects to double rubber production and expand its plantations by an extra 20,000 ha over the next 20 years. The success of privatised state agriculture companies in what has been a difficult international environment is likely to bolster the argument of those in government who call for swifter and more complete divestiture of remaining state corporations, although resistance to the process from vested interests is likely to remain an awkward obstacle.

Farm tractors are to be assembled locally

The Societé nationale d'investissement (SNI) and a Chinese company, Hualong Tractors Factory, have signed a joint-venture agreement to build an assembly plant for small farm tractors and agricultural machinery. The joint-venture company will have a capital of CFAfr120m, with Hualong owning the majority share of 60%, the Societé africaine de représentation industrielle 30%, and SNI

10%. Total investment for the project is estimated at over CFAfr1bn. The company has been granted a concessional loan of CFAfr1.4bn by the Export and Import Bank of China. It will be located in Kribi and employ some 40 workers. The small farm tractors assembled by the plant will be sold at a unit price of CFAfr1.4m, considerably cheaper than existing available imports but still beyond the means of most smallholders.

The national rice company is privatised

A private company has bought the state-owned Societé de développement du riz (SODERIM), a rice farming company located in the plains of Cameroon's Western province. Milla Assoute, the general manager of the now renamed Cameroon Rice Corporation (CRC), announced that the company will revive rice farming in the area to produce about 14,000 tonnes of rice within a period of between seven and ten years, and create 5,000 jobs over the next 15 years. Such targets are ambitious: SODERIM was never able to produce even 1,000 tonnes annually, although at the time of its incorporation 15 years ago it was projected to produce 12,000 tonnes per year. The progress of CRC will therefore be an interesting indicator of the relative performance of state and private-sector management.

Canada offers help for export diversification

New pledges of support have been made for projects to encourage export diversification by the Canadian government and Cameroon's largest private bank, the Banque internationale de commerce et d'épargne du Cameroun (BICEC), which are jointly to provide credit facilities for horticulture. Over 1,000 peasant farmers and groupings in the Douala and Yaoundé areas are expected to benefit from this facility. Given Cameroon's rich bio-diversity, the programme is expected to increase flower production and exports by 50% within five years. Cameroon exported only 117 tonnes of flowers in 1996/97. A senior official of the Canadian International Development Agency (CIDA), Barbara Brown, told Cameroon's minister of agriculture, Zacharie Peveret, on June 2nd that CIDA intends to invest more funds in the area of animal breeding and husbandry, efficient management of forest reserves, and the preservation of Cameroon's rich bio-diversity. CIDA also intends to re-launch a programme fund with the Cameroonian government for increasing the quantity and improving the quality of agricultural products exported to Europe and countries in the Central African region.

Sale of the state cotton company proves problematic

The troubled divestiture of the state cotton company, SODECOTON, continues to remain mired in controversy. The call for bids from prospective buyers has been delayed by a legal challenge to the government's decision to cancel the controversial sale of the company in 1995 to a local consortium, on the grounds that the privatisation was irregular and that the process lacked transparency. The sale of SODECOTON to this group had also been contested as illegal by the company's financial and technical partner, Compagnie française pour le développement des fibres textiles (CFDT). A new strategy for the privatisation of SODECOTON is now being drawn up with the assistance of the World Bank, and the launching of the tender for the selection of a private majority shareholder is expected before the end of December.

Energy and transport

Pecten pulls out of the Rio-del-Rey basin

Pecten Producing, an affiliate of Shell Exploration and Producing Company USA, has announced its decision to close down its subsidiary, Pecten Cameroon, and pull out of oil exploration and production activities in Cameroon. This follows a business strategy move to refocus the company's exploration activities in North America, specifically the Gulf of Mexico. In May 1998 Paul Ching, the president of Pecten Cameroon, officially informed Adolphe Moudiki, the executive general manager of the state-owned Societé nationale des hydrocarbures (SNH), that the assets of Pecten would either be transferred to the parent company, Royal Dutch-Shell, or sold to another company. Pecten Cameroon has been in oil exploration and production in the Rio-del-Rey basin for 22 years. It acts as operator on concessions shared with Elf and SNH which produce some 30,000 barrels/day (b/d), and has interests in Elf-operated blocks, which currently yield about 90,000 b/d. Royal Dutch-Shell will maintain its foothold in the Cameroonian energy sector through the marketing of petroleum products, where it controls nearly 30% of the domestic market, and keep its 34.6% shareholding in the Cameroon Oil Transportation Company (COTCO). COTCO is in charge of the construction and exploitation of the Chad-Cameroon pipeline, which will bring Chadian crude oil to international markets. Informed sources in Cameroon have indicated that Elf is likely to take over Pecten Cameroon's assets.

Electricity privatisation sparks foreign interest

The government, with the technical assistance of the International Finance Corporation (IFC), part of the World Bank group, has begun to examine alternative methods for the privatisation of the Societé nationale de l'électricité du Cameroun (SONEL). The tender is tentatively scheduled for publication before December 31st. Bouygues of France and Hydro-Québec of Canada are considering the creation of a joint venture, the Societé de production électrique du Cameroun (SOPEC), to bid for SONEL. Bolstered by cost-cutting measures and more efficient billing and revenue collection, privatisation should lead to a marked improvement in SONEL's financial viability and in the quality of services to its clients. Privately, SONEL officials admit that the company's 150,000 registered subscribers represent a fraction of the number of consumers using its electricity. In the Centre province, for example, only 60% of the electricity distributed is billed because of widespread fraud. This is perpetrated through direct connection to the electricity grid, particularly the overhead lines in the urban centres, as well as meter tampering, and results in an estimated annual loss of CFAfr20bn ($30m) to SONEL. This compares with annual sales of about CFAfr60bn. Independent analysts estimate that with a more efficient and dynamic management, the company could increase its annual turnover to at least CFAfr150bn. The main obstacles to the privatisation are concerns about staff reductions and the renegotiation of the contract under which SONEL supplies 50% of its total electricity production to the French-owned aluminium smelting company, Camerounaise de l'aluminium (ALUCAM), at CFAfr7/kwh, less than one-sixth of the price paid by domestic consumers. If the government succeeds in renegotiating the SONEL/ALUCAM contract, households could expect to see their electricity charges drop by up to 30%.

The state water company is put out to tender

The tendering process for the privatisation of the Societé nationale des eaux (SNEC), which has the monopoly on the treatment and distribution of water, has begun. Prequalification to bid for majority shareholding and management of the company was scheduled to close on June 15th. The qualifications required include a ten-year track record in water resource management, administrative and operational capabilities to handle over 300,000 clients (twice the current client base), and financial strength to make the requisite investment in the expansion of the distribution system. The operator selected will be subject to legal obligations to protect the public interest, which will be defined in the concession contract. The contract will specify the level of service to be provided by the concessionaire; for example, water quality and source, tariff structure and obligations and terms of connecting consumers. Created in 1967, SNEC's share capital of CFAfr6.5bn is owned by the Cameroonian government (93.85%), SONEL (5.15%), the Agence française de développement (0.85%) and local councils (0.15%) The company produces and distributes water from nine regional centres and 98 sub-centres, the most important being the urban areas of Yaoundé, Douala, Garoua, Maroua, Bafoussam, Kumba, Bamenda, Nkongsamba and Ngaoundéré. In 1996/97 the company produced about 74m cu metres of water, but it distributed only 42m cu metres to nearly 150,000 consumers and recorded a pre-tax turnover of CFAfr16bn.

A new gas bottling plant opens

The new plant for bottling gas for household users of the Societé camerounaise des dépôts pétroliers (SCDP), costing CFAfr2.7bn, opened on April 17th. The plant has a maximum production capacity of 1,200 bottles of gas per hour, but plans provide for an hourly production of only 700 bottles. Current domestic demand for household gas is about 25,000 tonnes per year, but potential demand in 1997 was estimated at 30,000 tonnes per year. SCDP has only 12 distribution centres, with a total storage capacity 266,350 cu metres, located in six of the country's ten provinces. The company's production capacity is now considered sufficient to meet the expected growth in domestic demand for household gas up to 2010.

The national railways company is on track for privatisation

In compliance with the Bretton Woods institutions' call for accelerated privatisation of economically significant state-owned companies, the government has moved ahead with the privatisation of the national railways company, REGIFERCAM. The results of the evaluation of the technical and financial proposals of the three prequalified consortia showed that the South African group COMZAR came out on top with 97.32 points out of 100, followed closely by the French group SAGA-Bollore, which scored 95.67 points. But in an unusual arrangement, rival bidders SAGA Bollore and COMAZAR can both claim victory. The former has been granted the railway track concession for 20 years while the latter was selected as "railway operator" on the basis of their respective strengths, according to the Ministry of Economy and Finance in May. Founded in 1911, REGIFERCAM has a rail network of about 1,110 km, employs 3,600 people and owns 71 locomotives and 1,360 wagons. In recent years the company has been plagued by poor management, insufficient maintenance and related technical problems, particularly derailment at an average of one incident per month. The total number of passengers and freight has dropped from 2,352,000 passengers and 1,280,000 tonnes in 1991/92 to 1,675,000 passengers and 1,138,000 tonnes in 1995/96.

Massive investment in transport infrastructure is proposed

A significant proportion of Cameroon's public investment programme of CFAfr650bn for the period 1997/98-1999/2000 will be allocated to improvements in the transport sector, according to a statement made by the minister responsible for public investment, Justin Ndioro, in late April. The principal donors contributing to the financing of the transport sector investment programme are the Agençe française de développement (AFD), the European Union, the African Development Bank (AfDB) and the International Development Agency (IDA). Among the larger ongoing road projects, Mr Ndioro referred to the rehabilitation of 1,400 km of rural roads in the Centre province (AFD); the Bamenda-Batibo and Eseka-Lolodorf paved roads and the Nditam-Ngambe-Tikar earth road construction (AfDB); and the Tikar plain road construction (EU). Studies are under way for the rehabilitation of the Yaoundé-Ayos road (EU) and the Ngaoundéré-Touboro-Moundou road in Chad (EU). Invitations to tender for the construction of the Bachuo-Akagbe and the Melong-Dschang paved roads (AfDB) as well as the Bertoua-Garoua Boulai earth road have been published. Future projects include the maintenance of rural roads (Stabex/EU) and the rehabilitation of rural roads in the Littoral province and the Yaoundé-Gabon border road (AFD). The government will be investing about CFAfr20bn-30bn in road maintenance during the coming three years, Mr Ndioro said. Other planned investments in the transport sector include rebuilding the Gashiga bridge (EU), repairing the railway bridge across the Dibamba river and the Makabaye bridge (AFD), as well as the rehabilitation of the port of Douala (AFD).

Foreign trade and payments

France presents a major debt-forgiveness package—

In mid-March France and Cameroon reached a debt-rescheduling agreement on "Naples terms" which stays within the framework of Cameroon's agreement with the Paris Club of official bilateral creditors, signed in late October 1997. The cancelled and rescheduled debt amounts to CFAfr210bn ($350m) in debt-service payments falling due between October 1st 1997 and August 31st 2000. The debt relief granted by France will save Cameroon around CFAfr57bn in debt-service payments.

Cameroon: French development assistance, 1997
(FFr m)

Fonds d'aide et de coopération	53
Assistance to universities	15
Assistance to revenue-collecting services	6
Social Development Fund (FSD)	6
Assistance to the gendarmerie	3
Sustainable forestry development	14
Regional agronomic research in the savannah area	5
Technical assistance for development	93
Scholarships	7

continued

Agence française de développement loans	552
of which:	
Ebolowa-Gabon road	227
Water supply	110
Financial sector loan	130
Urban sector	85
Structural adjustment loan	600
Total	1,679

Source: Cameroun Sélection.

—and remains Cameroon's most important development partner

During an official visit to Cameroon in April Charles Josselin, the French minister for co-operation, revealed that France remains the country's leading aid donor, with total development assistance in 1997, excluding debt relief, reaching close to FFr1.7bn ($250m).

Cameroon's trade with France grows

France enjoyed a FFr597m trade surplus with Cameroon in 1997, a sharp rise from FFr9m in 1997. Overall, trade between Cameroon and France grew by 8.2%, in nominal terms, from FFr4.2bn in 1996 to FFr4.5bn in 1997. The growth in trade was spurred by a 22.31% increase in French exports to Cameroon in 1997, which more than compensated for the 5.9% decline in French imports. Cameroon's ranking in French external trade with Sub-Saharan African countries improved from fifth place in 1996 to fourth in 1997, behind Nigeria, Côte d'Ivoire and South Africa. Cameroon also accounted for 26% of total external trade between France and the 22 francophone African countries in 1997. Despite this resurgence, Cameroon's overall trade with France is still below its 1984 level of around FFR12bn and accounted for less than 0.15% of total external trade in 1997.

Cameroon: trade with France
(FFr m)

	1994	1995	1996	1997
French exports	1,682	2,155	2,086	2,551
French imports	2,394	2,619	2,077	1,954
Total trade	4,076	4,774	4,163	4,505

Source: Cameroun Sélection.

The increase in French exports in 1997 was led by surging sales of industrial materials, particularly transport equipment, chemical products, pharmaceuticals, computers and software. French purchases from Cameroon, however, dropped to their lowest level for many years. Fruit and vegetables and aluminium accounted for about 27% and 23% respectively of total French imports from Cameroon.

Germany resumes aid—

A delegation from the German Ministry of Co-operation visiting Cameroon in May announced that it would grant DM30.4m ($55m) to fund development projects in 1999 and 2000. The projects are: primary healthcare (DM4.5m); maintenance of district hospitals (DM2.5m); advisory services in social policy (DM2.5m); economic advisory services to the Ministry of Economy and Finance (DM700,000); protection of virgin forest in the South-west province (DM3.8m); and equipment for Douala port. The funds for the project will come from undisbursed balances of aid already allocated to Cameroon. German aid to Cameroon was suspended in 1990 following differences over the depth and pace of political reforms, and dissatisfaction with the Cameroonian judiciary's handling of shareholders' disputes, particularly the legal dispute between a German investor and a local businessman over a major Cameroonian tobacco company.

—and also reschedules debt

The government signed a debt-rescheduling agreement with Germany in early June within the framework of the October 1997 agreement with the Paris Club. The rescheduled debt amounts to DM664m, of which 11.7% is made up of arrears on debt-service payments up to and including September 30th 1997, while the remainder constitutes debt-service payments falling due between October 1st 1997 and August 31st 2000. The rescheduling agreement provides for repayment over 25 years with a 16-year grace period. This is the fifth debt-rescheduling agreement between Germany and Cameroon; the last one was signed in 1996.

Central African Republic

Political structure

Official name	République centrafricaine
Form of state	Unitary republic
Legal system	Based on 1995 constitution
National legislature	Assemblée nationale, 85 members elected by universal suffrage serve a five-year term
National elections	August-September 1993 (presidential and legislative); next elections due by August-September 1998 (legislative) and 1999 (presidential)
Head of state	President, elected by universal suffrage to serve a six-year term
National government	The prime minister (nominated by the president) and his nominated Council of Ministers; the coalition government is dominated by the MLPC. Last cabinet reshuffle February 18th 1997
Main political parties	The Mouvement pour la libération du peuple centrafricain (MLPC) is usually supported by the two small liberal parties, the Parti libéral démocrate (PLD) and the Convention nationale (CN), and recently by the Mouvement d'évolution sociale de l'Afrique noire (MESAN), the Mouvement démocratique pour la renaissance et l'évolution de la République centrafricaine (MDRERC) and the Rassemblement démocratique centrafricain (RDC). Members of the coalition government include constituents of the grouping of 11 opposition parties, known as G11, principally: Alliance pour la démocratie et le progrès (ADP); Front patriotique pour le progrès (FPP); Mouvement pour la démocratie et le développement (MDD, formerly Mouvance David Dacko)

	President	Ange-Félix Patassé (MLPC)
	Prime minister	Michel Gbezera-Bria
	Minister of state for foreign affairs	Jean Mette Yapende (MLPC)
Key ministers	Agriculture	Timothé Augéné
	Defence, army reform & veterans	Pascal Kado (MLPC)
	Environment, water, forestry, fisheries & hunting	Joseph Gnomba (MDRERC)
	Family & social affairs	Eliane Mokodopo (MESAN)
	Finance & budget	Anicet Georges Dologuélé (MLPC)
	Human rights & democratic culture	Laurent Gomina Pampali (RDC)
	Justice	Marcel Metefara (MLPC)
	Mining & energy	Desiré Pendemou (MLPC)
	Post & telecommunications	Michel Bindho (RDC)
	Public works & infrastructure	Jackson Mazette (MLPC)
	Security & regional administration	General François N'Djadder Bedaya (MLPC)
BEAC governor	Jean-Félix Mamalepot	

Economic structure

Latest available figures

Economic indicators	1993	1994	1995	1996	1997[a]
GDP at market prices (CFAfr bn)	349	475	551	545	571
Real GDP growth (%)	–2.6	7.3	2.9	–2.0	4.6
Consumer price inflation (av; %)	–2.9	24.6	19.2	3.4	0.1
Population (m)	3.16	3.30	3.40	3.40	3.47
Exports fob ($ m)	133	146	181	159	190
Imports fob ($ m)	158	131	176	158	170
Current-account balance ($ m)	–13	–33	–16	–37	–12
Reserves excl gold ($ m)	112	210	234	232	187
Total external debt ($ m)	873	885	942	928	950
External debt-service ratio (%)	5.0	12.6	6.4	6.3	6.6
Diamond production ('000 carats)	495	529	484	490	540
Seed cotton production[b] ('000 tonnes)	15.9	27.5	32.0	42.0	n/a
Timber production ('000 cu metres)	311	299	326	n/a	n/a
Exchange rate (av; CFAfr:$)	283.2	555.2	499.2	511.6	583.7[c]

July 3rd 1998 CFAfr609.40:$1

Origins of gross domestic product 1995	% of total
Agriculture	46.5
Industry	13.3
Services	40.2
GDP at factor cost	100.0

Components of gross domestic product 1995	% of total
Private consumption	80.4
Government consumption	12.0
Gross domestic investment	14.6
Exports of goods & services	20.4
Imports of goods & services	–27.4
GDP at market prices	100.0

Principal exports 1996	$ m
Diamonds	64
Coffee	56
Timber	23
Cotton	13

Principal imports 1995[b]	$ m
Capital goods	31
Fuel & energy	16

Main destinations of exports 1996[d]	% of total
Belgium-Luxembourg	40.6
Côte d'Ivoire	5.3
Spain	2.9
Taiwan	2.9

Main origins of imports 1996[d]	% of total
France	31.0
Côte d'Ivoire	16.1
Cameroon	8.6
Japan	3.4

[a] Oficial estimates. [b] Crop years ending November 30th. [c] Actual. [d] Drawn from partners' trade returns, subject to a wide margin of error.

Outlook for 1998-99

The electoral cycle begins

Tensions are likely to build in the run-up to legislative election scheduled for August and September, especially in the capital, Bangui, where the legacy of the upheavals and army mutinies of 1996 and 1997 remains strong. However, the presence of UN peacekeepers is likely to ensure that calm prevails. While key powers are held by the presidency in the Central African Republic (CAR), the forthcoming polls are nevertheless certain to be keenly contested. The ruling Mouvement pour la libération du peuple centrafricain (MLPC) will be looking for a good performance to give its leader and president, Ange-Félix Patassé, a solid platform in his bid for re-election next year. Ethnically based support in the north should leave the party as the largest in the Assemblée nationale (parliament), while the southern and Bangui vote is more likely to be split between the Rassemblement démocratique centrafricain (RDC) of the former military ruler, André Kolingba, and more radical groups around the veteran opposition activist Abel Goumba. Lack of faith in the political process and an absence of confidence that even an elected government can solve the country's problems—sentiments sharpened by urban violence in recent years—could be reflected in a poor voter turn-out. While elections in neighbouring countries are usually associated with a rise in spending and inflation and a decline in foreign direct investment (FDI), FDI inflows in the CAR slowed to a trickle many years ago, and there is no money available to allow the government easily to embark on a rash vote-buying exercise. However, the imminent prospect of an enhanced structural adjustment facility (ESAF) agreement with the IMF (see The economy) could unlock donor support and boost the economy, just as Mr Patassé prepares his bid for re-election next year.

Despite calm in Bangui, rural security concerns will persist

The smooth transition from the regional intervention force, the Mission interafricaine de surveillance des accords de Bangui (Misab), to the new United Nations peacekeeping force, the Mission des Nations Unies en République centrafricaine (Minurca), is encouraging for the CAR. Most of the components in Minurca are already used to working together, and they now enjoy increased back-up support from the Canadian and French governments. Although the presence of foreign soldiers, who are paid regularly, will continue to cause some resentment, the goodwill engendered by maintaining peace in Bangui should gradually enhance the underlying stability in the capital. However, security conditions outside Bangui may actually deteriorate. The central African region is awash with weapons and it would be difficult even for large and well-organised security forces to curb the banditry which has been disrupting internal trade over the past year or two. Minurca has only 1,350 troops, and experts estimate that it would require at least 5,000 to make a significant impact on the security situation nationwide. Indeed, the problem of banditry is likely to worsen, following the departure of the French army (2nd quarter 1998, page 25). Troops at the Bouar base, in the west, were much involved in anti-poaching patrols and other security operations in support of the CAR national forces. They were well trained and equipped with modern air and road transport, and, unlike the erratically paid CAR national troops, they were much less vulnerable to bribery by poachers. Moreover, the effectiveness of the Minurca operation in Bangui could actually lead some armed factions or individuals to slip away from the capital and turn to rural banditry.

CAR fears a CFA devaluation

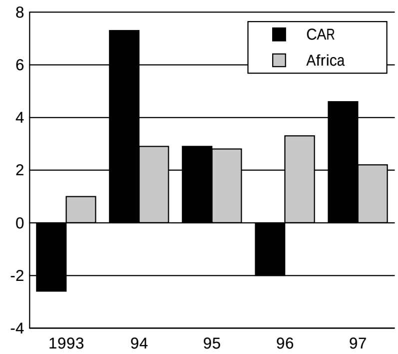
Speculation about a devaluation of the CFA franc, the West and Central African currency tied for decades to the French Treasury, has been especially feverish in the CAR, a landlocked economy with high fixed transport costs that is dependent on agricultural exports. Pressure for a devaluation is set to increase in the run-up to European economic and monetary union (EMU) at the start of next year, and the new relationship that will have be to be forged between the CFA franc zone and the new European currency, the euro. The coffee sector in the CAR is expected to be the most vulnerable in the absence of a downward adjustment, with a strong CFA franc likely to recreate the conditions of the late 1980s and early 1990s, when the very survival of coffee cultivation was threatened. Fears of a new devaluation are widespread, and many businesses and individuals have taken the precaution of converting their CFA funds into foreign currency. This is casting a mood of uncertainty over prospects for investment and may lead some foreign investors to hold back on new projects until the euro is well established. In the CAR this uncertainty has affected the private formal-sector businesses in particular. Their operations were looted in the 1996 mutinies, and they are now wondering whether they should set up shop in Bangui again.

Moreover, devaluation would have considerable political consequences, deepening the divide between a depressed and fractious capital city and a countryside on a tentative road to modest recovery. The incomes of coffee and cotton growers would be bolstered, while the urban population would face a fresh resurgence of inflation with the rising price of imported goods. That could stir fresh political instability, especially given the fact that government employees are already struggling with salaries that are many months in arrears.

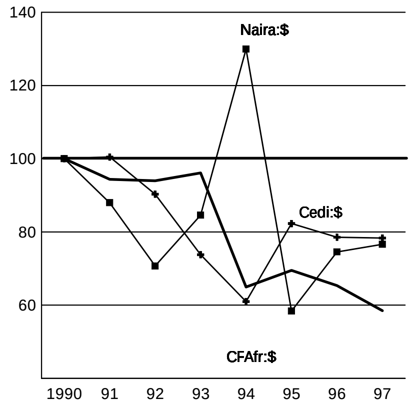
New measures are needed to boost the formal gem trade

The disappointing performance of the Bangui diamond exchange—its director, Olivier Malimbangar, has complained that it does not have enough stones to trade—is unlikely to be resolved by increased efforts to combat smuggling alone, despite recent legal action against a number of well-known companies. It may also be necessary to look at the fiscal regime. Low taxes can reduce the

CAR: gross domestic product
% change, year on year



CAR: real exchange rates (a)
1990=100



(a) Nominal exchange rates adjusted for changes in relative consumer prices.
Sources: EIU; IMF, *World Economic Outlook*.

incentive for smugglers to circumvent the rules. Guinea, for example, has been relatively successful in limiting smuggling, which it has done by holding the diamond export tax at a mere 2%, so that dealers can only save small sums of money by trading outside official channels. In addition, realising that it can never pay customs officers salaries that are high enough to combat the lure of bribes, the Guinean government gives them an alternative incentive to enforce the law: they are entitled to keep half of any seizures they make. Authorities in Conakry admit the system is not foolproof, but they believe they are steering the vast bulk of the diamond output into official channels. The CAR may need to look at a similar reorganisation of its diamond regime, perhaps combined with some training, credit and equipment support as incentives for artisanal miners to operate within official regulation.

Review

The political scene

The UN peacekeeping force takes over from Misab—

On April 15th the new UN peacekeeping force in the CAR formally began its mission with a flag-raising ceremony at its new headquarters, the Béal military camp in Bangui. The force, known as Mission des Nations Unies en République centrafricaine (Minurca), replaces the Mission inter-africaine de surveillance des accords de Bangui (Misab). The new operation draws on troop contributions from the seven countries involved with Misab—Gabon, Togo, Senegal, Chad, Burkina Faso, Mali and France—together with units from Canada, Côte d'Ivoire and Botswana. The UN had been anxious to avoid the traditional anglophone-francophone divide. Ghana initially agreed to participate but then pulled out. Botswana, whose troops were among the few to gain respect for their role in the debacle of the UN intervention in Somalia in 1993, agreed to step into the breach, providing 120 soldiers. However, having been asked at the last minute, the Botswanans were unable to send their contingent in time for the official start of the Minurca operation. Moreover, it was not entirely clear how one small unit of anglophone troops could be meshed into an overwhelmingly francophone operation, dominated by armies trained along French lines.

Officially, Minurca has a three-month mandate, but it is widely expected that this will be extended to cover the August-September parliamentary election to prevent any resurgence of latent political tensions in Bangui. Indeed, the UN has already budgeted $50m for the force, sufficient to keep it in the CAR for nine months. Unusually for a UN force, Minurca has been able to start its mission with troops already familiar with the area they are to patrol: about 700 former Misab troops were simply transferred to UN authority on April 15th, donning UN blue berets as a symbol of their changed status. Moreover, Minurca's military commander is the Gabonese general, Barthélemy Ratanga, who was the last commander of Misab.

—and stresses the need for economic development

To oversee the whole Minurca operation—and handle the delicate political relationship with the president, Ange-Félix Patassé, and the Central African authorities—the UN secretary-general, Kofi Annan, has appointed a Nigerian career diplomat, the 63-year-old Oluyemi Adeniji, as his special representative. Mr Adeniji, a disarmament and conflict prevention specialist, arrived in Bangui on April 15th and formally took office the next day. The official mandate under which Minurca operates not only orders it to maintain peace in and around Bangui, but also formally recognises the official status of the CAR national forces. Indeed, Minurca soldiers are explicitly mandated to help the official CAR military. Implicitly, this therefore views the army rebels—recently returned to barracks—as mutineers rather than as a separate opposition force of equal status with the national army. But while Mr Patassé may welcome that aspect of Minurca's mandate, he may feel less comfortable with the UN's equally strong public line on the need for economic reform, the lack of which is at the root of current financial problems and the pay arrears which provoked the mutinies in the first place.

In his first official statement as UN envoy to Bangui on April 16th, Mr Adeniji drew attention to the threat posed by the CAR's unresolved, profound economic problems, such as five months' public-sector pay arrears and unrepaired physical damage caused during the mutinies of 1996/97. In a bold departure from normal protocol, Mr Adeniji dipped into the domestic economic policy arena, declaring that the CAR had no choice but to reach an agreement with the IMF. This unusual move reflects the degree to which the UN considers economic problems—and, implicitly, Mr Patassé's economic mismanagement—to be a main cause of the instability of recent years. Mr Adeniji moved on to the need for Minurca to recover the many weapons held outside official hands; but he also explicitly linked this to economic issues, stating that "above all, it is necessary to disarm people's mentality, by delivering real social justice". For their part, the Bretton Woods institutions believe that the CAR has adequate resources to achieve basic financial viability, if managed properly.

The UN inherits a promising legacy

Unlike many other UN missions, Minurca has appeared on the scene when the most difficult initial task of restoring basic stability has already been achieved. Indeed, shortly before the handover to UN authority, Misab claimed to have recovered 94% of the heavy weapons taken by the mutineers, together with all the fighting vehicles, 57% of the light weaponry, 30,000 explosive charges and 500,000 rounds of ammunition. Misab set up 31 checkpoints in and around Bangui and carried out 400 patrols and interventions, mostly at night. The force also tried to foster local goodwill by setting up six health centres, providing basic treatment for common illnesses as well as combat wounds, and even offering maternity beds. But these efforts did not entirely overcome the suspicions of some Banguissois, who complained that the soldiers had lived a life of violence and debauchery. The mere fact that the Misab soldiers were paid regularly—though only one-sixth of the salaries of UN soldiers in Angola—and were thus able to spend some money on the comforts of life may have created some resentment in a city where many local people endure lengthy salary arrears and struggle to afford even the basic essentials. Misab's forceful tactics in crushing final rebel resistance in the middle of last year caused considerable local resentment. More than 100 civilians were killed in crossfire, while only a few mutineers died. During its 16-month mission, Misab lost eight of its own personnel, including the Gabonese general, Augustin Mombo-Moukagni—who, according to the Bangui rumour mill, was poisoned, although the official cause of death was a heart attack—while 25 were injured. The allocation of UN funding for Minurca will have come as a relief for those governments which contributed troops to Misab: the African member states were each spending more than CFAfr12m ($20,000) per month on maintaining their units in Bangui, while France, the main financier, spent more than CFAfr350m per month.

The French fly out as Minurca arrives

Just as the ceremony formally installing Minurca was taking place in Bangui, the last troops of the French bilateral military force in the CAR—the Eléments français d'assistance opérationnelle (EFAO)—were taking off from Bangui's M'Poko airport, bound for Libreville in Gabon. The end of the EFAO's 17-year operation is loaded with political symbolism in France, whose two major bases in the CAR had been a vital hub for Paris's political and military ambitions across Africa. However, the French are maintaining a 50-strong military aid team to help in the retraining of the CAR armed forces, while some 215 French troops have been assigned to Minurca, largely in logistical and support roles. The main task of frontline peacekeeping on the streets of Bangui will be left to African soldiers, partly because of the local resentments stirred by earlier French intervention in the CAR, and partly because all Western governments are keen to encourage their African counterparts to take on the task of peacekeeping on their own continent. The 45-strong Canadian unit is also confined to a supporting role.

Concern over illegal weapons remains

The first few weeks of the Minurca operation passed without major incident. The force mounted joint patrols of Bangui with CAR army personnel. Besides traditional peacekeeping, this also served to curb violent crime, which has become a serious problem in a country where so many weapons are still at large. However, in an assessment of Minurca's first month, Mr Adeniji said on May 13th that arms were being voluntarily handed in and that Minurca had managed to recover the main stocks originally looted from army depots during the mutinies. The danger of a serious armed rebellion thus appears to have been reduced. Mr Adeniji was, nevertheless, still worried by the large number of guns in the hands of individuals. General Ratanga also expressed concern that arms may be flowing in from surrounding states where instability persists—Chad, Sudan, Democratic Republic of Congo and Congo (Brazzaville). Indeed, of all the CAR's neighbours, only Cameroon enjoys relative peace.

Opposition parties remain sceptical on national reconciliation

Although there is undoubtedly strong popular support for national reconciliation and widespread resentment at political manoeuvring by party leaders, the leaders of the G11 alliance of opposition parties remain distrustful of the president. They insist that they signed the national reconciliation pact on March 5th (2nd quarter 1998, page 24) in good faith but have few illusions about the real prospects for change. For them, a key priority remains the implementation of the reform of the armed forces, decided at a special conference back in September 1996. This is supposed to transform the military into a professional non-political body, organised on non-ethnic and non-regional lines. Fears persist that Mr Patassé will try to maintain certain key units, such as the presidential guard, as the fiefdom of his own supporters from the north-west. This would risk aggravating a historical divide between northern savannah peoples and those of the southern forests and river valleys, which has its origins in the era of the slave trade, when southerners used to raid northern areas for captives to sell to foreign slave merchants on the coast. The modern CAR seemed to have largely overcome this heritage, but the ethnic and regional emphasis of Mr Patassé's approach to politics has revived old resentments. The government has created a "force for the protection of republican institutions", which is widely seen as a euphemism for a new loyalist force to protect the interests of the presidency. The scepticism of the Banguissois about the prospects for genuine reconciliation is well illustrated by the name given to the big riverboats on the Oubangui: *Mutinerie 1* and *Mutinerie 2*.

Controversy surrounds the proposed electoral commission

In late May the president issued decrees providing for the operation of the electoral commission, the Commission mixte électorale indépendante (CEMI), which is charged with organising the two-round legislative vote in August and September. However, his choice of Michel Adama-Tamboux to head the new body provoked immediate complaints from the G11 parties, which agreed that commission members should be left to choose their own chairman. Even the Parti social démocratique (PSD), which is actually represented in the governing coalition, protested that Mr Patassé's decrees were in breach of both the 1997 Bangui peace accord and the recently signed national reconciliation pact. There have also been complaints that the electoral law has been drawn up in a way that gives disproportionate influence to regions which are strongholds of support for Mr Patassé's Mouvement pour la libération du peuple centrafricain (MLPC).

The UN envoy, Mr Adeniji, also stepped into the debate. On June 3rd, at his weekly press conference, he said that he had warned Mr Patassé over delays in preparing for the election. He had met the G11 parties to see if they could be persuaded to accept the appointment of Mr Adama-Tamboux after all, and he had complained to Mr Patassé that the proposed membership of the commission discriminated against parties that were not already represented in the Assemblée nationale (parliament). He said the president had agreed to reconsider the membership of the commission to ensure that all legal parties were represented. Opposition leaders are, however, likely to remain distrustful, convinced that Mr Patassé will exploit any opportunity to slant the vote in his favour. Although the CAR's international partners share the general distrust of Mr Patassé, they have little sympathy for opposition hardliners who fail to make compromises. Mr Adeniji was not alone in feeling that the G11 should accept Mr Adama-Tamboux. On May 29th the French ambassador, Jean-Marc Simon, a firm ally of Parisian reformists who could certainly not be accused of indulging Mr Patassé's power-plays, actually spoke out on national radio in support of Mr Adama-Tamboux, praising his "neutrality and moral authority". A presidential decree issued on May 29th confirmed Mr Adama-Tamboux in office but did give the opposition a say in the choice of the other commission members, including the right to name the second vice-chairman.

Pre-election wrangles unsettle the Convention Nationale

Meanwhile, there were signs of grassroots anti-government feeling among minor coalition parties, indicating that the G11 grouping has not been alone in its mistrust of the president. In mid-May Eloi Anguimaté, the chairman of the Convention nationale (CN), the second largest party in the presidential majority, expelled a score of the CN's most prominent members, including all three parliamentary deputies and the party's two representatives in the government—the economics and planning minister, Christophe M'Bremaïdou, and the state secretary for regional administration, Gilbert-Didier Moussa-Labé. They were accused of factionalism and plotting against the leadership. Having been expelled, the two ministers were theoretically supposed to surrender their jobs, which were allocated to the CN, as a party, under the multiparty agreement forming a unity government. The deputies faced the prospect of joining another party or forming their own small bloc in parliament. However, all five refused to accept that they had been expelled. Underlying these petty squabbles was the more serious question of how the party ought to position itself for the forthcoming legislative election. Although the CN is nominally allied to Mr Patassé's MLPC in parliament, some key figures appear uncomfortable with a stance that would align them with the president in the new legislature and implicitly endorse his hopes of re-election in 1999. Mr Anguimaté accused the ministers and deputies of committing the party to unnamed alliances without his approval, apparently concerned that they might link up with new, anti-Patassé parties now emerging. Mr M'Bremaïdou was thought to be interested in the Parti de l'unité du peuple (PUP), planned by the former reformist prime minister, Jean-Paul Ngoupande, who was forced out of office by Mr Patassé in 1996, after launching an attack on the presidential patronage networks in the parastatal sector. Alternative political homes suggested by the Bangui rumour mill have included the Parti d'union nationale (PUN), recently set up by Gaston Makouzangba, or even the Forum démocratique pour la modernité (Fodem). All these groups could potentially take a significant slice of traditional MLPC support, given the personal and ethnic background of their leaders.

Charles Massi sets up his own party

Charles Massi, forced out of his ministerial post last December after granting a company exemption from diamond tax, has set up his own political party, Fodem. Mr Massi, a Gbaya from Baboua, near Bouar in the west, could eat into Mr Patassé's traditional electorate. He is now dismissing Mr Patassé as "a man without a political project who tries to block the path of those who do have ideas", although he had been a longstanding close associate of the president. Resident in France during the Kolingba era, he had set up a campaign committee to support Mr Patassé's bid for office. His reward came with the 1993 victory of his patron, who made him mines and energy minister. But by 1996 he was already the target of accusations linked to tax exemptions for a diamond company, and the reformist prime minister appointed that year, Jean-Paul Ngoupande, left him out of the new unity government. He was brought back into office last year by Mr Ngoupande's successor, Michel Gbezera-Bria—probably to placate Mr Patassé—but then fell foul of the new premier's drive to tighten up financial management. Though appointed as a compromise figure, Mr Gbezera-Bria has in fact taken up Mr Ngoupande's reformist agenda; for example, he has been campaigning vigorously against corruption in the diamond sector. Mr Massi's true position remains unclear. In spite of his critical remarks about the president, some people may suspect he is lending Mr Patassé his tacit support by building a new group which could mobilise support for him. Under the two-round electoral system it can make sense for second-ranking players to strike out on an independent course and gain bargaining clout. They are then well placed to sell their second-round support for a high price in jobs or influence. Mr Massi's break with the president's MLPC party is basically not very surprising as he never enjoyed overwhelming support within the party anyway (see below).

A second minister leaves over diamond-related issues

On May 30th the minister of energy and mines, Joseph Agbo, resigned after being accused of trying to obstruct legal action by the government against diamond-buying houses. Mr Agbo, who, like Mr Massi, is close to the president, had resisted heavy pressure from the prime minister, Michel Gbezera-Bria, to resign, but eventually he caved in. Two days earlier Mr Gbezera-Bria had complained about widespread corruption in the diamond sector. The enforced departure of Mr Agbo is an important victory for the prime minister, who appears to enjoy the confidence of the donors in his efforts to weaken the patronage links developed by Mr Patassé in the public sector over recent years. The departure of Mr Massi and Mr Agbo may also reflect internal struggles within Mr Patassé's MLPC. There are bitter divisions within the party, between long-time grassroots activists and members of the leadership who stayed in Bangui throughout the authoritarian Kolingba era, and those who only rose to prominence with the election of Mr Patassé in 1993, many of whom had been living abroad. The latter, typified by Mr Massi, are widely resented as "carpetbaggers". Long-time internal MLPC players, such as the parliamentary speaker, Hugues Dobozendi, are much less closely associated with the Patassé patronage system and have also been much more ready to support uncomfortable structural adjustment reforms that threaten the old-style clientelist networks. They have also been more ready to co-operate with the opposition. This part of the MLPC is a natural ally for Mr Gbezera-Bria and his reformist moves to liberalise the system and come to terms with the IMF. Replacements for the dismissed ministers were announced in early June: Timothé Augéné took over the agriculture portfolio, while Desiré Pendemou succeeds Mr Agbo as minister of mining and energy.

CAR signs a defence accord with the DRC

The president of the Democratic Republic of Congo (DRC, formerly Zaire), Laurent Kabila, paid a one-day visit to Bangui on May 11th for talks on security issues, just two months after he had been among regional leaders attending the national reconciliation conference. This new round of bilateral talks with Mr Patassé was concluded with the signature of a defence agreement between the CAR and the DRC. The two countries agreed to assist each other in enforcing both crossborder and internal security. The two presidents share a concern about security in the Oubangui river valley, which was the home area of the late president of Zaire, Mobutu Sese Seko, ousted by Mr Kabila in 1997, and on the northern side of the river, home of Mr Patassé's predecessor, André Kolingba, a cousin of the late Mr Mobutu. Some Mobutuist fighters are still thought to be at large in the area, while troops from Mr Kolingba's Yakoma ethnic group played a prominent role in the 1996 mutinies in the CAR. Both governments are also concerned about the presence of Rwandan Hutu refugees, who may include extremist Hutu *interahamwe* militia and other potential sources of instability.

The economy

The government is close to securing an ESAF—

By early July the government appeared close to securing IMF approval for a full three-year enhanced structural adjustment facility (ESAF). Staff at the Fund have been making preparations for the final approval by the executive board in the coming months. Despite considerable scepticism on the part of French aid officials and the World Bank, still smarting from Mr Patassé's failure to honour earlier promises made in writing to its senior management, the Fund is now of the opinion that an ESAF is worthwhile. In particular, it believes that Mr Patassé has genuinely surrendered much of the control over parastatal companies which he previously exercised. Although this has begun to undermine his base of economic and political patronage, he seems to have concluded that the continued absence of an ESAF, and the resulting lack of donor support, would have posed an even greater threat to his political prospects and ability to exercise power. In concluding that an ESAF is justifiable, the Fund has been less influenced by the letter of intent issued by the Gbezera-Bria government than by the prime minister's readiness to carry out a number of "prior actions" named by the IMF as preconditions for any new programme.

There were four specific issues on which the Fund demanded progress:

- a study of coffee taxation;
- revision of the 1998 budget;
- the establishment of a privatisation commission; and
- the actual launch of the privatisation programme.

The government has made considerable progress on all four fronts. By late June the study of the taxation of the coffee sector had been completed. Ministers had also revised the 1998 budget to place greater emphasis on revenue collection and administration, broadening the tax base and ending various politically motivated exemptions. Enhancement of current revenue is seen by the IMF as a key issue, because it believes that the CAR's economy can generate sufficient tax income to meet current expenditure needs. Unlike some less fortunate African states, the CAR need not be indefinitely dependent on aid to sustain basic services. By collecting current revenue effectively, the government would be able to reserve foreign aid for genuine capital projects and improvements or extensions to development programmes. A commission is also being established to handle all aspects of privatisation, which should end the confusion caused by the overlapping of ministerial responsibilities. The commission head will be directly answerable only to the prime minister, not the president. This will help to shield decisions on sell-offs from presidential influence and the risk that enterprises will be sold to political cronies on favourable terms.

—and the privatisation programme gets off the ground—

The privatisation process has already begun. First on the block is the fuel company Petroca, hitherto a key source of revenue and a much-contested pawn in past clashes between Mr Patassé and Mr Gbezera-Bria's reformist predecessor, Jean-Paul Ngoupande. The sale of the fuel distribution business is to be completed before the end of September and the government is already in an advanced stage of negotiations with a number of likely bidders. There has been considerable interest in Petroca, and potential investors are thought to include Total, Shell, Elf and Addax. Petroca's fuel stocking business is to be placed in the hands of a new company, Société de gestion des actifs (Sogal). The state will hold up to 25% of Sogal shares initially, but will sell its stake before the end of 2000. Privatisation of the power and telecommunications companies is to be carried through before the end of next year.

—but the World Bank remains more cautious

Despite the progress made with the IMF, the World Bank has been much more sceptical of the government's professed willingness to meet the conditions for Bretton Woods assistance. By late April it had formally suspended disbursements under existing credit programmes, apparently willing to hold back general budget support until there was much clearer evidence of Mr Patassé's readiness to accept real economic liberalisation. One symbolically crucial step towards this would be the abandonment of control over the politically strategic parastatal companies. The Bank and the Fund appear to have differed over how to handle the CAR: the IMF believes it is worth adopting a flexible line, taking a relaxed view of the conditions the government should meet in order to qualify for an ESAF programme, which would serve as a catalyst to generate aid flows from other donors. It seems to hope that once it has persuaded the government to sign up for an ESAF, conditions can gradually be tightened to deal with the political diversion of funds from the public sector. The Bank is much less convinced that Mr Patassé will ever really implement such reforms. It therefore wants to see much clearer evidence of his commitment before granting any assistance.

Banditry tarnishes a good coffee crop—

Better than expected rainfall has helped to ensure a good coffee crop in the 1997/98 harvest of around 17,000 tonnes, roughly similar to the 1996/97 crop. However, the full potential of the sector is far from realised. There is minimal logistical support, and only a limited supply of fertilisers is reaching the peasant growers who account for most of the output. The sector does get some aid from the European Union, but the Agence française de développement (AFD) recently decided against providing assistance because of the lack of logistical infrastructure. Moreover, journeys by private coffee traders who buy from smallholder farmers have been hampered by the deteriorating security situation in rural areas in the wake of France's military pull-out. Scores of people have been killed. Those attacked include peasants and even nuns, but it is traders, carrying large amounts of cash to pay farmers, who are particularly vulnerable.

—and the debate deepens on how to support cotton production

While the CAR's cotton sector continues to boast good harvests of around 50,000 tonnes per year, it continues to suffer from a lack of ginning capacity, with plants already operating at full capacity. This year the government has allowed a private firm, Cocecot—a subsidiary of the French firm Aiglon—to set up in competition with the parastatal Societé cotonière centrafricaine (Sococa), but Cocecot still depends on Sococa to collect the crop and transport it. Overall ginning yields—fibre as a proportion of raw cotton—are 42%. The relative success of the sector is important in development terms, because it delivers cash income to peasants in the fairly arid but more densely populated northern areas. However, this also makes it politically sensitive, especially for Mr Patassé, whose principal support is drawn from the cotton-growing north-west. The financing of the sector has therefore been the subject of some contention.

Earlier this year the government set a producer price of CFAfr170 (28 US cents) per kg for seed cotton for the 1998/99 season. The committee which runs the crop stabilisation fund had recommended a price of CFAfr160 on the basis of world market prices, and the Sococa management had budgeted for this. The company complained that the price of CFAfr170—representing a politically convenient CFAfr10/kg subsidy to farmers in an election year—was financially unsustainable and would cost it CFAfr500m. Moreover, pressures were exacerbated by the likelihood that the government might set a price of CFAfr175/kg for fertiliser, whose wholesale purchase cost to Sococa was actually CFAfr280, which would have meant a further CFAfr500m in extra cost for the company. The AFD, which has made loans to Sococa, has urged the government to reconsider these pricing issues and scrap the fertiliser subsidy. It sponsors a review mission to assess the CAR cotton sector and identify how financial support could best be targeted.

Chad

Political structure

Official name	République du Tchad
Form of state	Unitary republic
Legal system	Based on the Napoleonic Code. The 1989 constitution was suspended in December 1990. The national conference, held from January to April 1993, approved the transition charter, which was extended until April 1996, when a new constitution was adopted by referendum
National legislature	National Assembly, with 125 members elected by universal suffrage
National elections	June 1996 (presidential) and January-February 1997 (legislative); next elections due 2001 (presidential and legislative)
Head of state	President, elected by universal suffrage and sworn in on August 8th 1996
National government	The prime minister and his appointed Council of Ministers, sworn in on January 1st 1998
Main political parties	Mouvement patriotique du salut (MPS, with 65 seats in the National Assembly); Union pour le renouveau et la démocratie (URD, 29 seats); Union nationale pour la démocratie et le renouveau (UNDR, 15 seats); Union pour la démocratie et la république (UDR, four seats); Parti pour la liberté et la démocratie (PLD, three seats); Rassemblement pour la démocratie et le progrès (RDP, three seats)

	President	Idriss Déby
	Prime minister	Nassour Guelendouksia Ouaidou
Key ministers	Agriculture	Moctar Moussa
	Civil service & labour	Salibou Garba
	Communications	Haroun Kabadi
	Culture, youth & sports	Nassingar Massoungaral
	Defence & reintegration	Oumar Kadjallami
	Education	Abdelrahim Breme Hamit
	Environment & water	Mariam Mahamat Nour
	Finance, economy & territorial development	Bichara Cherif Daoussa
	Foreign affairs & co-operation	Mahamat Saleh Annadif
	Health	Younouss Kedellah
	Industrial development & trade	Djitangar Djibangar
	Interior & decentralisation	Abderrahman Sallah
	Justice	Limane Mahamat
	Mines, energy & petroleum	Abdoulaye Lamana
	Planning	Ahmat Hamid
	Post & telecommunications	Mahamat Ahmat Karambal
	Public works, habitat & transport	Ahmat Lamine
	Social affairs	Agnes Alafi
	Tourism	Pascal Yoadimadji
BEAC governor	Jean-Félix Mamalepot	

Economic structure

Latest available figures

Economic indicators	1993	1994	1995[a]	1996[b]	1997[b]
GDP at market prices (CFAfr bn)	292.0	461.0	505.0[c]	568.0[c]	666.9
Real GDP growth (%)	–15.9	10.2	0.9	3.5	6.5
Consumer price inflation (av; %)	–1.4	40.4	9.5	11.3[a]	5.6
Population (m)	6.3	6.4	6.6	6.8	6.9
Exports fob ($ m)	152	138	249	229[a]	248
Imports fob ($ m)	205	212	231	255[a]	245
Current-account balance ($ m)	–41.8	–35.1	–9.0	–126.3[a]	–97.0
Reserves excl gold ($ m)	39	76	150	165	123
Total external debt ($ m)	768	828	902	997	1,045
External debt-service ratio (%)	8.4	9.2	5.0	9.5	9.4
Seed cotton production[d] ('000 tonnes)	95	156	180	157[a]	n/a
Exchange rate (av; CFAfr:$)	283.2	555.2	499.2[c]	511.7[c]	583.7[c]

July 3rd 1998 CFAfr609.40:$1

Origins of gross domestic product 1995	% of total
Agriculture	41.8
Industry	15.2
Manufacturing	14.2
Services	28.8
GDP at factor cost	100.0

Components of gross domestic product 1995	% of total
Private consumption	92.6
Government consumption	11.3
Gross domestic investment	10.6
Exports of goods & services	28.5
Imports of goods & services	–43.0
GDP at market prices	100.0

Principal exports 1995[a]	$ m
Cotton	109
Livestock & meat	58

Principal imports cif 1991	$ m
Manufactures	262
Non-fuel primary products	85

Main destinations of exports 1996[e]	% of total
Portugal	34.7
Germany	11.3
Costa Rica	6.5
France	5.6

Main origins of imports 1996[e]	% of total
France	34.7
Cameroon	24.1
Belgium-Luxembourg	7.4
Nigeria	6.5

[a] Official estimates. [b] EIU estimates. [c] Actual. [d] Crop years ending November 30th. [e] Drawn from partners' trade returns, subject to a wide margin of error.

Outlook for 1998-99

The decision on the Doba-Kribi pipeline will come in September—

The prospects for Chad over the next two years have become ever more entangled with the future of the Chad-Cameroon pipeline, which, when completed, offers the potential for untapped oil wealth to transform the fortunes of an impoverished, landlocked Sahelian state with one of the lowest ratios of GNP per head in the world. The crucial moment at which the success of the project will be determined is the oil companies' final investment decision (FID), which will follow that of the board of governors of the World Bank, which is now expected around September. Although the Bank's own input into the project of $115m is only a very small proportion of the total of over $3bn, it is the pivot on which all other financing depends.

—with approval of the revenue management plan the key precondition—

Although due account has been taken of the environmental campaigners who have mounted a surprisingly strong campaign against the project, the key element which will influence the FID will be the approval by the Chad government, and the president, Idriss Déby, in particular, of the revenue management plan, which will ensure that the oil revenue accruing will be managed transparently and channelled to priority sectors identified by the World Bank with the objective of poverty alleviation. Concern about the possible misappropriation of oil revenue has been backed up by human rights campaigners who, much to the irritation of Mr Déby, have been asking the international community not to fund the project while abuses continue in Chad. However, the switch in financing to the commercial International Bank for Reconstruction and Development (IBRD) from the more political soft-loan International Development Agency (IDA), while delaying the final decision until September, may in the long run smooth the project's passage.

—although tensions in the south must also be resolved

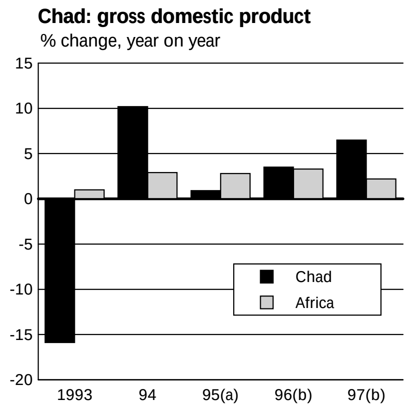
Potentially violent tensions pose an even more serious threat to the pipeline project than the concerns of human rights protesters or environmental activists. The new efforts to reach an accord with the renamed Front des alliances pour une république fédérale,which now adds "victimes d'agression" to its title (FARF-VA), were evidence of the government's new-found awareness of the vital need for stability in the south. Some claim that the real problem lies with Mr Déby's predominantly Zaghawa and northern personal guard for behaving in the south like a conquering army. Thus, any accord has to provide for their withdrawal from the region. The apparent agreement of the FARF leader, Laokein Barde, to go into exile may ease the government's problems, although without a genuine political initiative potential tensions are more likely to deepen than dissipate.

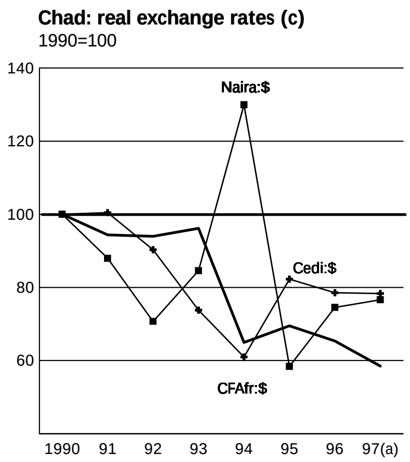
The IMF points to encouraging economic prospects—

Optimism on the part of the oil companies concerned that such issues can be resolved in the short to medium term is shared by the IMF, which produced a distinctly favourable economic forecast as part of the decision announced in April to approve the third annual tranche of around $22m for Chad under the enhanced structural adjustment facility (ESAF). The Fund predicts average real GDP growth of over 6% and average inflation of under 3.5% until 2000, brought about by structural reforms and sound financial management. However, the IMF warned that Chad is very poor, aid-dependent and economically fragile. The economy has benefited from hitherto favourable but nevertheless volatile global commodity prices. While the picture is encouraging, political and security factors continue to present a reasonably serious threat to the prospects of such healthy growth.

—but oil will change the parameters

The IMF concludes that Chad's medium-term balance-of-payments outlook will be affected by the developments in the oil sector. The external current-account deficit is expected to widen in 1999-2000 as the gains in terms of increased export volumes are expected to be more than offset by the sharp rise in imports connected with investment related to the exploitation of oil revenue. Overall financing requirements are expected to be mostly covered by official transfers and concessional loans.





(a) Official estimates. (b) EIU estimates. (c) Nominal exchange rates adjusted for changes in relative consumer prices.
Sources: EIU; IMF, *World Economic Outlook*.

Review

The political scene

Mr Barde's dissidence in the far south continues to make waves—

Chadian politics continue to revolve around the situation in the far south. The salient question has been whether the latest peace deal signed with the renamed Front des alliances pour une république fédérale-victimes d'agression (FARF-VA) would stick, which in turn hinged on the fate and intentions of the FARF-VA co-ordinator, Laokein "Frisson" Barde. After the blitz on the presidential guard in Moundou in late October (1st quarter 1998, page 35), Mr Barde fled and reportedly spent some time across the border in the Central African Republic. Some of his supporters have, however, continued to clash with the security forces who were sent into the south, confirming that as long as Mr Barde remains at large, there is a risk of serious instability that might even threaten the vital national project—the development of the Doba oilfields in Logone Orientale, one of the two provinces most affected by Mr Barde's dissidence.

—prompting a new reconciliation agreement—

Although an international warrant for Mr Barde's arrest was issued at the end of March, efforts were being made to win over his supporters. Since the beginning of the year discrete contacts had been established, using the good offices of the speaker of the Assemblée nationale (parliament), Wadal Abdelkader Kamougue. According to official sources, a new agreement was signed with the FARF-VA on May 6th at Donia, 50 km from Moundou near the CAR border. The accord was signed by a presidential emissary, Faki Badradine, and by the FARF-VA chief of staff, Major Ngarbaroum Djeramian. Reports suggested that Mr Badradine, who had been in the area for three months prior to the signature, had been the principal architect of the agreement. It made provision for a ceasefire between government forces and the rebels, a general amnesty for all "militants and sympathisers" of FARF-VA, and the withdrawal of the presidential guard and the nomad guard from the southern area. It also confirmed the terms of the previous accord of Moundou in mid-April 1997, which had not been properly applied and had been abandoned after the Moundou coup of October 30th 1997.

—although Mr Barde's fate remains a mystery

There was subsequently some delay in applying the accord, amid reports that Mr Barde had been held against his will or that he had even been executed. The presidency in the capital, N'djamena, issued a statement denying "this malicious information". It said that Mr Barde was in Moundou, where he was "completely free" and added that the government would refrain from any action which might threaten the "security and the physical or moral well-being of FARF-VA officials and activists". Mr Barde, who has become increasingly anxious about his own safety, did not attend the signing ceremony. According to the independent weekly *N'djamena-Hebdo*, Mr Barde took the decision to go into exile, quoting "sources" as saying that he had promised "never to take up arms again".

Mr Kamougue speaks on the southern problem—

In an interview with *Radio France Internationale* immediately prior to the signing of the accord, the parliamentary speaker revealed that contacts had been made with Mr Barde's organisation rather than with Mr Barde himself. Asked about the reported wave of atrocities in March, Mr Kamougue said that he condemned them, whether they had been committed by the government or the rebels of Mr Barde, because the latter were also responsible for acts that "provided strong arguments for the government's reaction". However, he acknowledged that "the government's reaction is sometimes disproportionate to the atrocities committed by Laokein Barde".

—while Mr Kebzabo leaves the government—

Concern in the south about the true intentions of the president, Idriss Déby, grew once again with the surprise cabinet reshuffle of May 11th, in which the minister of mines, energy and petroleum, Saleh Kebzabo, was abruptly removed—although he claimed (perhaps to save face) that he had resigned. He left the government with two other members of his party, the Union nationale pour le développement et le renouveau (UNDR), namely Laouna Gong Raoul, secretary of state for foreign affairs, and Simon Beasingar, secretary of state for finance. In a subsequent interview Mr Kebzabo, who had formerly, as a journalist, been a strong critic of the Déby administration, indicated that he welcomed his departure from the government. He found it unsurprising and in fact viewed it as part of Chad's political development.

—a victim of his own impressive qualities—

Nevertheless, the departure of Mr Kebzabo came as a shock as he had only been appointed to the key portfolio four months earlier and in March had gone on a

European tour on behalf of the government to explain the benefits of the Doba oil development in the face of environmental and political criticism. During the visit he had reportedly impressed those who met him—not just parliamentarians and non-governmental organisations, but also donors and the oil companies. He had also been of significant value to Mr Déby in the presidential election of 1996 when, after standing as a candidate in the first round, in which he came third, he switched his vote to Mr Déby in the second round, thus ensuring his election. Initially he was rewarded with the post of foreign minister, but after the parliamentary election of 1997, in which Mr Déby's Mouvement populaire du salut (MPS) obtained an absolute majority, his support was no longer needed. Thus his promotion to the key oil ministry had been a surprise, in view of his articulate command of the dossier and the general view of most observers that the oil ministry was a non-job, as the real business was conducted by the president's oil adviser, Abderrahmane Dadi.

—and is replaced by a veteran politician

Mr Kebzabo was replaced by a political veteran, Abdoulaye Lamana, also a southern Muslim, who had served as a minister under President Tombalbaye before 1975 and had been ambassador to Brussels under President Habré in the 1980s. With the advent of multipartyism in the early 1990s he had formed his own party, the Union nationale (UN). Although it was described as an opposition party, he had recently been an adviser to the head of state. Mr Kebzabo's two colleagues at foreign affairs and finance respectively were replaced by Sekimbaye Bessane, secretary-general of the Mouvement patriotique du salut (MPS), and Enoch Djondang, the former president of the Ligue tchadienne des droits de l'homme.

Mr Qadhafi takes the offensive—

On May 1st Chadians were surprised to discover that, with little warning, Mr Déby had organised a "day of prayer" to coincide with the first Friday of the Muslim New Year. Several other African heads were invited, among them the Libyian leader, Muammar Qadhafi, who in an address to the Chadian parliament said that if the US wanted to assist Africa, it was welcome, "because our projects are very clear and precise". Mr Qadhafi had already denounced US imperialism during prayers with several other African leaders. However, he deplored both US and European behaviour over oil exploration in Africa and stressed the need for south-south co-operation, suggesting that Libya could provide electricity to Niger and to Chad. Mr Déby also complained that Africa was suffering from "scandalous exploitation of its human resources" and derided the imposition of "turnkey democracy" on African states, saying that the continent should reflect on another form of organisation of society which "while preserving the essential value of liberty, should be more adapted to the contexts, realities and mentalities of our peoples". He also attacked human rights organisations which, with the help of the international media, "have orchestrated a vast plot" designed to prevent the exploitation of Chad's oil. In this context, he denounced the sanctions that had been imposed against Libya, Iraq, Iran and Cuba. During the summit, French military aircraft at N'djamena airport were moved to Abidjan.

—which worries the opposition

The fact that the Libyan leader arrived with a large number of troops in his delegation—figures vary between 800 and 2,000—was worrying to some

Chadians with memories of the Libyan invasion of 1980-81. A number of opposition parties signed a petition protesting against the visit and drawing attention to the perceived threat to the secular state as stipulated in the constitution, as well as to the impact on the peace process in Chad. A group of labour unions also said that the decision to hold the event on May 1st was "an act of contempt for the lot of the workers".

Trouble is reported on the border with Nigeria

Meanwhile, there were reports from both Chad and Nigeria on May 1st of violent clashes between the two countries' armies in the vicinity of Lake Chad. According to Nigeria, Chadian troops unexpectedly removed the Nigerian flag from Tetewa island, reported to be rich in fish and oil resources, which provoked a response from the Nigerian troops in the vicinity. Calm is said to have returned following the intervention of senior military officers on both sides. However, Chad's foreign minister, Mahamat Saleh Annadif, dismissed it as a "minor incident", saying it was limited to a given area and had nothing to do with any border dispute. New islands are reported to have appeared in the lake because of exceptional weather conditions associated with the El Niño oceanic current, which has brought extreme heat and drought to many parts of Sub-Saharan Africa in recent months.

The economy

The economy records healthy growth—

New figures prepared by the Chadian authorities as part of arrangements for the disbursement of the third tranche of the enhanced structural adjustment facility (ESAF) of $22m indicate a quickening pace of average annual real GDP growth, from just 0.9% in 1995 to 6.5% in 1997. Real GDP growth is expected to reach 6% this year and to remain equally robust thereafter, even without the advent of oil revenue. This performance is the result of a relatively intense programme of economic reform in Chad, which has met a series of predetermined targets agreed with the IMF as part of the ESAF. These include average annual real GDP growth of at least 6%, reducing average annual inflation to 3.5% and lowering a historically burdensome current-account deficit to initially no more than 17% of GDP, with the budget deficit below 9% of GDP. The government's 1998 spending programme forecasts a small budget surplus of 0.7% of GDP on the basis of an increase in total revenue by 36% to 9% of GDP, up from 7.3% of GDP in 1997. This reflects improvements in the efficiency of revenue collection, tightening controls on exemptions, and strengthening the customs directorate and computerising its operations. Average consumer prices, after rising from 9.5% in 1995 to 11.3% in 1996, fell to 5.6% in 1997. Government officials indicated that they expect the downward trend to continue, with average inflation expected to be no more than 3.5% in 1998.

Chad: selected economic indicators

	1995	1996	1997	1998[a]
Real GDP (% change)	0.9	3.5	6.5	6.0
Consumer prices (av; %)	9.5	11.3	5.6	3.5
Overall budget deficit (excl grants) (% of GDP)	11.9	11.0	9.9	8.6
Current-account deficit (% of GDP)	18.9	19.2	20.2	17.0
Gross official reserves (months of imports)	4.0	4.3	3.1	3.0

[a] IMF estimates. [b] IMF forecasts.

Sources: Chad authorities; IMF staff estimates and projections.

—but reforms must address social needs

The focus of the ESAF-supported reform programme, which is now in its third year, will fall on restructuring the health and education sectors. A comprehensive reform of the civil service will also be initiated. Structural reforms are to be pursued to enhance the efficiency of the productive sectors of the economy and improve government revenue. In this context, the government will pursue plans "to restructure the cotton, sugar, electricity, water and communications sectors, which will include the privatisation of state-owned corporations". The programme also stipulates that "actions are being taken to strengthen the banking system and increase competition", notably through the privatisation of the two remaining state-owned banks. The government will "continue to implement social policies to achieve a substantial reduction in poverty ... which will aim in particular at expanding the education and training system, expand health services, control population growth, and strengthen the role of women". The government has announced that it will introduce labour-intensive public-works projects, improve urban lighting and household refuse collection, and increase access to safe drinking water in rural areas.

The IMF remains satisfied—

On 29th April Chad's continued pursuit of financial rectitude was given a new seal of approval by the IMF when it was announced that the third annual loan under the ESAF programme, worth SDR16.5m. ($21.9m), had been approved and would be disbursed in two bi-annual instalments to support Chad's economic programme for 1998-89. In its statement the IMF commended the adoption by the Chad government in 1995 of a medium-term recovery strategy "designed to establish the basis for sustainable economic and social development".

—and commends the reforms achieved so far—

In its analysis of the state of the Chadian economy, the IMF points to the comprehensive reforms that have been undertaken since 1995. It praises government measures which have focused on revamping indirect taxation and customs tariffs, and on strengthening and modernising the administration of the tax system. The IMF also refers to Chad's structural reforms aimed at liberalising the economy and foreign trade, as well as privatising or liquidating 25 public enterprises, abolishing import and export licences, streamlining the labour code, liberalising most prices and implementing a new mechanism for determining the producer price for cottonseed.

—but warns of the challenges ahead

These reforms, according to the IMF, have allowed Chad to make significant progress towards achieving a sustained economic recovery, with real GDP growth averaging 3.6% over the past three years despite unfavourable weather conditions, and annual inflation reduced to 5.6% in 1997. The IMF is nevertheless cautious about being overly optimistic on the economy, warning of the dependence "on an insufficiently diversified agricultural sector", the narrowness of the industrial sector and weak trade and transport sectors. The Fund also points out that Chad remains hampered by a poor infrastructure and a shortage of skilled resources, while the position of its public finances is still fragile.

A letter of intent is signed on the pipeline contract

Progress in the oil sector—the Chad-Cameroon pipeline and the development of the Doba oil wells—has continued to be slow but ineluctable. An important milestone at the end of March was the reported award of the contract for the 1,050-km pipeline from Doba in Chad to the port of Kribi in Cameroon to a consortium headed by Willbros of Tulsa (US) and including the French contractor, Spie-Capag, of the Schneider group. Because the final investment decision (FID) by the Exxon-Shell-ELF consortium, which runs the whole project, has not yet been taken, the award has assumed the form of a letter of intent, although some work has begun on the logistics of the pipeline's route. However, according to the Paris-based journal *African Energy and Mining*, the physical construction of the pipeline will not start before the end of the year or early 1999. Nevertheless, the provisional award of the contract is a sign of confidence on the part of the consortium and the two governments involved.

Pipeline funding switches from the IDA to the IBRD

There has also been a further delay (from June to September) in the date for consideration of the project by the World Bank board, which will form the basis on which the consortium, though already committed, will make its FID. The reason for this slippage was reportedly not pressure from environmental lobbyists but a decision by the Bank to switch the financing of the project from its soft-loan arm, the International Development Association (IDA), to the more strictly commercial International Bank for Reconstruction and Development (IBRD). This has been a serious disappointment for the Chad government, which as one of the poorest countries is used to dealing with the IDA. However, in the eyes of the World Bank this is as a commercial project involving big multinational companies.

The revenue management plan is crucial—

Even under the direction of its new president, James Wolfensohn, the World Bank has become particularly sensitive to non-governmental organisations (NGOs) and to environmental issues. The four different reports on the pipeline's environmental impact (including the resettlement of some 60 to 150 households in the Doba area) are likely to come under close scrutiny. These reports have now been completed and will form part of the Bank's review, along with further consultation with both international and Chadian NGOs. But the key report, which has yet to be approved by the president, is the Chad government's own revenue management plan. Without that, say sources, it will be difficult for the Bank to make its decision. According to some reports, the World Bank is seeking the creation of a separate and independent oil development fund, which would not be under exclusive Chadian control and would provoke resistance, even from anti-Déby southerners.

—with a refinery already promised

There are a number of indications that plans for a refinery in N'djamena, using oil from the Sedigui field near Lake Chad, are now to go ahead. This was the earliest oil to be discovered in Chad, and although the quantities are much smaller than in Doba, its proximity to the capital is thought to make it suitable for refining for domestic purposes. In 1992 the World Bank had rejected an earlier financing proposal because of objections at that time to Chad's macro-economic management. It has now reportedly been agreed that it should be financed by the private sector. According to one official quoted by the Paris-based *Jeune Afrique Economie*, the new national refinery company, the Societé des raffineries du Tchad (SEERAT) will be owned jointly by the Swiss company, Cotecna, with 51%, and the Chad government, with 49%. Before he left office in May, the minister of mines, energy, and petroleum, Saleh Kebzabo, insisted that SEERAT was by no means a "white elephant" because the fuel would be used for a 132-mw central power station for N'djamena, fed by a 300-km pipeline from Lake Chad. Although the cost would initially make the electricity very expensive, it was up to Chadians to make it viable, he said. In fact, events have conspired to make the exploitation of the Sedigui oilfields for refining purposes more attractive: since the beginning of the year Chad has been suffering from an acute fuel shortage, caused by insufficient supplies from Nigeria and Cameroon and exacerbated by an El Niño-inspired period of intense heat.

Quarterly indicators and trade data

Cameroon: quarterly indicators of economic activity

		1995	1996				1997				1998
		4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
Mining production	Prodn/day										
Crude petroleum	'000 barrels	100	90	90	90	100	100	100	100	100	100
Prices	Monthly av										
Consumer prices:	1990=100	152.7	155.5	154.9	156.4	157.1	159.2	165.4	165.9	160.8	163.7[a]
change year on year	%	6.7	5.1	5.3	5.4	2.9	2.4	6.8	6.1	2.4	n/a
Money	End-Qtr										
M1, seasonally adj:	CFAfr bn	318.0	327.7	306.9	322.0	312.6	335.1	357.3	395.2	421.4	396.9
change year on year	%	–11.6	–2.9	–5.7	9.4	–1.7	2.3	16.4	22.7	34.8	18.5
Foreign trade[b]	Qtrly totals										
Exports fob	$ m	506	533	586	591	550	607	690	719	n/a	n/a
Imports cif	"	316	269	291	303	319	297	326	311	n/a	n/a
Foreign exchange	End-Qtr										
Central Bank	$ m	3.2	1.9	1.2	0.9	2.1	1.0	0.8	0.7	0.3	1.3[c]
Exchange rate											
Market rate	CFAfr:$	490.0	503.2	515.3	517.2	523.7	564.4	587.8	593.3	598.8	618.5[d]

Note. Annual figures for most of the series shown above will be found in the Country Profile.
[a] January only. [b] *DOTS* estimate; figures are subject to revision. [c] End-February. [d] End-May 1998, 598.0.

Sources: *Oil & Gas Journal*; IMF, *International Financial Statistics*; *Direction of Trade Statistics*, yearbook.

Central African Republic: quarterly indicators of economic activity

		1995	1996				1997				1998
		4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
Prices	Monthly av										
Consumer prices[a]:	1990=100	140.0	142.1	142.6	147.4	145.0	143.8	148.0	146.1	145.6	142.2[b]
change year on year	%	8.2	1.7	2.8	6.9	3.6	1.2	3.8	–0.9	0.4	n/a
Money	End-Qtr										
M1, seasonally adj:	CFAfr bn	113.86	101.99	111.78	116.54	119.15	117.04	109.54	107.56	109.37	109.11
change year on year	%	7.4	–14.1	–2.5	1.3	4.6	14.8	–2.0	–7.7	–8.2	6.8
Foreign trade[c]	Qtrly totals										
Exports fob	$ m	45.5	52.4	68.1	70.3	57.9	69.3	65.8	78.7	n/a	n/a
Imports cif	"	38.0	49.7	42.6	41.4	40.6	38.7	42.4	42.1	n/a	n/a
Foreign exchange	End-Qtr										
Central Bank	$ m	233.48	210.32	230.76	237.25	232.09	211.40	196.70	184.53	78.43	169.45[d]
Exchange rate											
Market rate	CFAfr:$	490.0	503.2	515.3	517.2	523.7	564.4	587.8	593.3	598.8	618.5[e]

Note. Annual figures for most of the series shown above will be found in the Country Profile.
[a] "African" households, Bangui. [b] Average for January-February. [c] *DOTS* estimate, figures are subject to revision. [d] End-February. [e] End-May, 598.0.

Sources: IMF, *International Financial Statistics*; *Direction of Trade Statistics*, yearbook.

Chad: quarterly indicators of economic activity

		1995	1996				1997				1998
		4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr
Prices	Monthly av										
Consumer prices:	1990=100	149.0	148.2	161.2	169.8	166.7	163.5	172.8	176.7	170.7[a]	n/a
change year on year	%	8.3	6.6	15.4	15.6	11.9	10.3	7.2	4.1	n/a	n/a
Money	End-Qtr										
M1, seasonally adj:	CFAfr bn	87.61	102.21	107.15	103.03	116.68	110.27	102.46	95.01	111.02	100.19
change year on year	%	42.3	99.7	100.1	43.5	33.2	7.9	–4.4	–7.8	–4.9	–9.1
Foreign trade[b]	Qtrly totals										
Exports fob	$ m	47.8	49.1	41.1	20.0	15.0	19.8	31.1	20.5	n/a	n/a
Imports cif	"	54.5	65.0	44.8	58.3	48.4	42.9	41.4	50.1	n/a	n/a
Exchange holdings	End-Qtr										
Foreign exchange	$ m	142.07	189.10	180.72	175.96	163.84	121.42	103.76	119.85	135.44	116.48
Exchange rate											
Market rate	CFAfr:$	490.0	503.2	515.3	517.2	523.7	564.4	587.8	593.3	598.8	618.5[c]

Note. Annual figures for most of the series shown above will be found in the Country Profile.
[a] October only. [b] *DOTS* estimate; figures are subject to revision. [c] End-May, 598.0.

Sources: IMF, *International Financial Statistics*; *Direction of Trade Statistics*, yearbook.

Chad: direction of trade[a]

($ m)

Exports fob	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Imports cif	Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996
Portugal	18	18	41	43	France	61	56	64	75
Germany	13	13	25	14	Cameroon	29	37	44	52
Costa Rica	4	5	6	8	Nigeria	11	11	13	14
France	7	8	10	7	Belgium-Luxembourg	5	5	21	12
US	n/a	2	3	7	Portugal	n/a	n/a	n/a	12
Spain	1	2	5	6	UK	3	3	3	6
Total incl others	67	83	124	125	Total incl others	138	139	197	217

[a] *DOTS* estimate.

Source: IMF, *Direction of Trade Statistics*, yearbook; quarterly.

Cameroon: foreign trade

Imports cif[ab]	$ m Jan-Dec 1987	Jan-Mar 1988	Jan-Dec 1989	Jan-Dec 1991
Food	202.68	54.80	179.57	314.29
Beverages & tobacco	47.42	9.08	21.03	27.45
Crude materials	42.65	12.20	47.88	162.63
Chemicals	258.91	47.16	193.89	339.62
Paper etc & manufactures	43.96	7.75	36.27	81.50
Textile yarn, cloth & manufactures	94.16	19.87	41.03	80.42
Non-metallic mineral manufactures	70.59	11.37	49.04	69.67
Iron & steel	36.57	8.91	41.87	105.97
Metal manufactures	89.87	17.78	78.42	163.97
Machinery incl electric	362.62	70.99	233.42	469.03
Transport equipment	263.90	45.94	158.52	156.81
Total incl others	1,749.02	352.36	1,273.33	2,306.23

Exports fob	CFAfr bn Jul-Jun 1991/92	Jul-Jun 1992/93	Jul-Jun 1993/94	Jul-Jun 1994/95
Coffee	31.5	13.1	38.0	60.5
Cocoa & products	34.1	25.9	55.8	61.5
Wood	37.5	49.9	104.7	153.5
Cotton, raw	19.8	20.2	27.0	37.9
Petroleum, crude	262.1	195.6	253.4	293.2
Total incl others	543.0	444.0	825.2	1,018.2

Exports fob[c]	$ m Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Imports cif[c]	$ m Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996
Italy	200	286	330	393	France	378	338	476	443
Spain	288	285	277	367	Germany	48	54	65	90
France	342	383	466	352	Belgium-Luxembourg	55	50	82	82
Netherlands	129	119	163	148	US	50	59	50	78
Germany	98	106	102	123	Italy	39	37	57	63
Nigeria	62	75	89	102	UK	27	38	44	59
US	101	55	48	64	Japan	54	38	48	35
Total incl others	1,612	1,823	2,117	2,261	Total incl others	951	851	1,140	1,182

[a] Source: UN. [b] Figures for 1990 are not available. [c] *DOTS* estimate.

Sources: UN, *International Trade Statistics*, yearbook; national sources; IMF, *Direction of Trade Statistics*, yearbook; quarterly.

Central African Republic: foreign trade

Imports cif	$ '000 Jan-Dec 1980	Jan-Dec 1989
Meat & products	758	1,156
Dairy products	2,005	2,788
Fish & products	718	1,423
Cereals & products	5,400	8,192
Fruit, vegetables & products	820	1,105
Sugar & products	901	6,232
Beverages	4,396	1,991
Tobacco & manufactures	739	3,715
Petroleum & products	1,184	10,390
Chemicals	9,490	22,239
Rubber manufactures	1,525	2,412
Paper & manufactures	1,813	3,325
Textile fibres & manufactures, incl clothing	4,589	7,118
Miscellaneous non-metallic minerals manufactures	3,418	6,780
Iron & steel	1,187	1,852
Metal manufactures	4,764	5,939
Machinery incl electric	14,090	28,491
Transport equipment	13,153	24,385
of which:		
road vehicles	13,120	23,638
Total incl others	80,461	159,124

Exports fob	CFAfr bn Jan-Dec 1989	Jan-Dec 1990
Coffee	8.5	2.7
Wood & cork & manufactures	6.3	9.2
Cotton, raw	3.9	4.5
Diamonds	22.6	19.7
Total incl others	47.2	41.2

Exports fob	$ m Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996[a]
Belgium-Luxembourg	73	65	75	102
Côte d'Ivoire	n/a	n/a	n/a	13
Spain	n/a	1	n/a	7
Taiwan	n/a	n/a	n/a	7
Italy	n/a	n/a	n/a	6
Total incl others	110	143	187	249

Imports cif	$ m Jan-Dec 1993	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996[a]
France	68	55	70	54
Côte d'Ivoire	1	n/a	1	28
Cameroon	6	8	12	15
Malaysia	n/a	n/a	n/a	7
Japan	11	10	46	6
Belgium-Luxembourg	3	2	6	5
Total incl others	126	132	189	174

[a] *DOTS* estimate.

Sources: National sources, UN, *International Trade Statistics*, yearbook.

Cameroon, Central African Republic and Chad: French trade
($ '000)

	Cameroon			CAR			Chad		
	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996	Jan-Dec 1994	Jan-Dec 1995	Jan-Dec 1996
French exports fob									
Cereals & preparations	22,725	33,646	38,416	5,797	7,544	8,607	5,072	5,188	8,247
Sugar & preparations	7,336	4,255	7,841	15	32	1	621	1,575	4,199
Beverages	3,748	5,841	6,204	554	590	817	239	392	306
Chemicals	66,889	85,137	82,298	12,189	10,859	8,393	9,720	6,222	10,863
Rubber manufactures	5,075	5,242	5,798	685	741	564	818	1,171	1,179
Paper, etc & manufactures	7,852	13,424	13,312	1,322	1,263	1,045	1,363	1,626	1,576
Textile fibres & manufactures, incl clothing	8,845	11,585	11,476	981	1,358	1,240	486	692	627
Non-metallic minerals manufactures	6,983	9,122	9,003	163	407	246	466	471	471
Iron & steel	2,025	5,060	6,930	308	224	224	932	601	931
Non-ferrous metals	2,690	7,160	4,881	138	544	58	110	153	142
Metal manufactures	15,002	20,189	16,033	1,976	2,134	1,544	1,984	2,241	2,702
Machinery incl electric	80,406	123,718	103,352	14,928	17,000	13,212	14,919	22,378	23,856
Road vehicles	26,883	30,462	30,336	6,561	7,805	5,846	8,806	6,966	5,604
Other transport equipment	8,820	7,247	4,496	717	119	143	163	309	271
Scientific instruments, etc	5,484	8,273	10,341	1,232	1,203	920	1,840	1,557	1,417
Total incl others	305,143	431,713	407,331	52,546	59,649	49,332	51,829	57,521	68,590
French imports cif									
Fruit & vegetables	106,490	114,071	99,413	10	0	0	0	52	23
Coffee, cocoa, tea & spices	45,694	62,029	74,511	5,241	13,824	3,811	0	0	0
Tobacco, unmanufactured	0	0	73	608	138	70	0	0	0
Rubber, crude	16,097	16,944	15,806	21	41	0	0	0	0
Wood & cork & manufactures	107,144	103,162	81,832	312	276	460	0	1	0
Textile fibres & waste	1,164	0	80	109	616	203	196	1,200	54
Petroleum & products	73,930	113,231	21,413	0	0	0	0	0	0
Textile yarn & manufactures	4,933	4,527	3,001	0	0	0	0	0	0
Non-ferrous metals	68,309	105,418	102,569	0	0	0	0	0	0
Total incl others	431,252	526,164	405,508	8,457	15,276	5,007	9,236	10,462	7,240

Source: UN, *External Trade Statistics*, series D.

