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"INVESTMENT OPPORTUNITIES IN CENTRAL AFRICA"

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0. INTRODUCTION

In their medium and long-term common vision, the six Member States of the Economic and Monetary Community of Central Africa (*CEMAC*) intend to make this sub-regional space an integrated economic space by 2015 and an emerging economic one by 2025. It is this vision that underlies the elaboration – and almost finalization – of the Regional Economic Programme.

The medium and long-term vision of the *CEMAC* takes the critical challenges that the Sub-Region must confront into account to create the conditions for this Program to succeed, namely: preserving peace and security; to be able to affront the financial crisis and the international economic crisis, protecting the environment and its ecosystems. It seems feasible considering the enormous potential of the Sub-Region to sustain the expected average growth of 8.5% between 2009 and 2015, and roughly 11% between 2015 and 2025, compared to an average of 4.8% over the last decade. These growth objectives should allow – with the implementation of appropriate social policies in the States – raising the living standards for *CEMAC* citizens and reducing the poverty rate from 53% currently to 25% in 2025. The *CEMAC* States should thus leave the unenviable ranks that they now occupy in the IDH ranking, moving toward the Millennium Development Goals (MDGs).

The five main growth forces which the ambitions of the *CEMAC* are based are then Energy, Agro-industrial and Forestry Economy, Husbandry and Fisheries, Mining and Metallurgy sectors. The *CEMAC* counts on building a competitive regional environment so as to attract massive private investments towards these five pillars.

India, which in a few decades has successfully surmounted the status of developing country to become an emerging one, and will soon reach the rank of a developed country, positioning it well to accompany the *CEMAC*'s ambition in the context of a win-win partnership, particularly through partnerships between the Indian private sector and *CEMAC*. But it is understood that since *CEMAC* Member States are also members of the *CEEAC* (Economic Community of Central African States), the long-term vision adopted for *CEMAC* development shared with the four other members of the *CEEAC*, including the Democratic Republic of the Congo.

Presenting the current theme, which concerns “Investment Opportunities in Central Africa”, will be carried out through the following topics:

- 1. Brief presentation of the Central African Area**
- 2. Central Africa – an area full of investment opportunities**
- 3. Favorable evolution of the business environment**
- 4. Conclusion**

1. BRIEF PRESENTATION OF THE CENTRAL AFRICAN AREA

The Central African area is considered here first of all as consisting of the six (6) *CEMAC* States (Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea et Chad). This geographical area extends over more than 3 million sq. km., or 14% of the Sub-Saharan land area. It has almost 40 million inhabitants. Two Member States are without a marine coastline: Central African Republic and Chad.

Being the successor of the Central African Economic and Customs Union (*UDEAC*), the *CEMAC* (with its seat in Bangui in the Central African Republic) began its operations in 1999, with the following main objectives:

- a. to strengthen the competitive capacity of its economic and financial activities;
- b. Converging towards sustainable performance through coordinated economic policies and by harmonizing national budgetary policies with the common monetary policy;
- c. Creating a common market based on the free circulation of goods, services, capital and populations;
- d. Coordinating sector-based policies.

The six *CEMAC* countries have a common central bank, the Central African States Bank (*BEAC*) and employ the CFA Franc (XAF). They are also members of the Economic Community of Central African States (*CEEAC*, headquartered in Libreville, Gabon), which has similar objectives to those of the *CEMAC*. According to a synchronization and coordination process launched in 2005 between the *CEMAC* and the *CEEAC*, the overall goal is to create a unique Central African Regional Economic Community. Excluding the six *CEMAC* members, the other *CEEAC* Member States are Angola, Burundi, the Democratic Republic of the Congo and Sao Tome and Principe, cumulating a current population

of about 110 million inhabitants, over a land area of over 6,641,000 sq. km..



CEEAC AREA

2. Central Africa – an area full of investment opportunities

By virtue of its diversified natural resources, the CEMAC possesses considerable potential, whose exploitation requires significant investments from within, but also direct foreign investments.

The sectors to which the CEMAC has decided to direct its public and private investments over the period 2009-2015 are the following:

a. Transportation and telecommunications infrastructures: the CEEAC area has endowed itself with a Consensual Guiding Plan for Transport in Central Africa (*PDCT-AC*). 55 priority projects from this Plan are currently being developed, leading to a meeting of backers and sectorial experts near the end of 2009. A number of these projects will be carried out in the framework of a public/private partnership. The BDEAC, which is chairing the Secretariat of the Operational Follow-up Committee of this Plan may provide useful information to concerned businessmen. It is the same for investors that are interested in investing in the capital of the regional airline *Air CEMAC*.

Developing telecommunications and New Information and Communication Technologies (*NTIC*) is growing rapidly in the CEMAC area. Investment opportunities are still considerable.

b. Electrical Energy: The dense water system of the Sub-Region presents ideal conditions for creating a dynamic energy centre, providing quality electricity at low cost and developed particularly in the context of public/private partnerships. Developing of energy centres and transportation infrastructures constitutes a needed condition for developing other mainstays adopted by the *PER*. Electrical codes in most States present a context for diversifying production and distribution. Besides, the strong potential for developing alternative energy sources has not yet been exploited on a large scale.

c. Agriculture and Agro-industry: the CEMAC possesses the enormous potential of 184 million hectares of farming land, out of which only roughly 14 million hectares are being exploited. The average size of cultivated land is 2.5 hectares per family. The CEMAC covers highly varied ecosystems, from tropical forests to savana, Sahelian and Saharan areas – adapted to a large variety of vegetable production. The main food crops are: maize, meal, sorgho, rice, ground nuts, cassava roots, market crops, etc.. Fruit

crops are bananas, plantains, mangos, citrus fruits, pineapples, papayas, guavas, safou, etc..

The main crops intended mostly for export or to be processed by agro-industry include: coffee, cocoa, tea, cotton, rubber, palm oil, sugar cane, tobacco and gum Arabic.

Investment opportunities apply to producing (requiring the development of irrigation in certain cases) as well as to conserving and transforming products for domestic as well as export consumption. They also concern producing adapted inputs and tools.

d. Forestry Economy: Central Africa provides a habitat for the Congo basin tropical forest, with a land area of approximately 2 million sq. kms.. It ranks second after the Amazon forests and plays a significant role in absorbing greenhouse gases (*GES*). Its rational exploitation will henceforth need to be carried out in the context of sustainable development. Six Central African countries are the partial habitat for this forest: Cameroon, CAR, Congo, Gabon; Equatorial Guinea and the Democratic Republic of the Congo. Producers are obliged to transform the bulk of their production of logs locally prior to exporting them, requiring investments on the transformation level.

e. Husbandry and fisheries: Four out of six *CEMAC* countries possess a maritime coast in the Guinea Gulf. The water system offers a large potential for inland fishing from aquaculture. Husbandry, particularly cattle, pork, goats and camels offers development and transformation opportunities. Raising poultry, currently handicapped by supply constraints – the lack of day-old chicks and supplies - could rapidly experience a boom.

f. Mines and metallurgy: Excluding oil, natural gas and a number of minerals that soak up a large portion of direct foreign investments in the *CEMAC* area, the *PER* – in order to sustain the development programme for transportation infrastructures – decided to accentuate the production of building materials. The needs are enormous for investments in new cement plants, exploiting quarries and large-scale metallurgical units.

g. Other promising sectors: tourist trade and property. Investment needs for developing tours in around nature sites and building adapted hotel infrastructures are important, as well as the property sector where the accelerated growth of cities reveal a great lack in decent lodging. The various *CEMAC* governments wish to invite national and foreign private investors to intervene in these sectors.

3. Favorable evolution of the business environment

The developing business environment in the *CEMAC* area is moving in the direction of more secure private investments, particularly for direct foreign investments.

National investment charters are under the supervision of the *CEMAC* Investment Charter, coordinating the framework for creating and establishing businesses in the area. They provide for durability guarantees for foreign or national investments, fiscal exemption systems for periods of several years, according to the scale, means provided and investment sectors. Duty-free areas offer significant advantages in facilitating the establishment of some enterprises.

Besides, to facilitate the creation of business concerns and reduce delays in passing merchandise through customs formalities, the practice of single windows is spreading, saving precious time for investors and limiting a number of fraudulent practices.

Business rights in the *CEMAC* area are framed by *OHADA* (Organization for Harmonizing Business Rights in Africa). This unified framework offers investors the assurance as to the security of his investments.

As for the banking and financial system, stricken from the end of the 1980s, it has been stabilized and restructured. It is developing fully, with the setting up of new banks and the emergence of two stock exchanges – one national in the Cameroon: the Douala Stock Exchange, and a Sub-Regional one in Libreville: the Stock Exchange for Investments in Central Africa (*BVMAC*). The real functioning of these stock exchanges will constitute a withdrawal solution for investors who wish to disengage themselves.

CEMAC economies are very open to the world marketplace. Installation in the *CEMAC* area could serve as a relay in reaching European or American markets, particularly in the context of agreements between these markets and Central African countries.

Current scores for countries in the Central Africa area on the 'Doing Business' hierarchy of the World Bank should be significantly improved with the system planned by the *PER* to better the business climate in the *CEMAC* area.

4. CONCLUSION

Central Africa - similar to other parts of the Continent – is developing. The political will of the Highest Authorities to implement the required reforms in facilitating the economic take-off of the Sub-Region is also accompanied by resource mobilization and internal energies.

With an eye to the needs to be satisfied and the nature of investments to be accomplished, a strong mobilization of Public Assistance to Development and Direct Foreign Investment is essential. In this context the *CEMAC* area request that Indian businessmen share their experiences with those of Central Africa and invest in a number of promising sectors that we have attempted to enumerate above.

To conclude, we find it important to stress to the businessmen present here – from India and the *CEMAC* area – that the BDEAC, in conformity to its basic texts, is willing to financially accompany effective projects that will be set up in the context of joint ventures or direct investments in its operational area. A favorable regime has been reserved by the Bank to projects that carry the label of 'economic integration project', through the allotment of its owner equity, by the origin of their supplies in raw materials or through the structure of their export markets.

I thank you for your attention.