

Five Business Friendly Reforms in the 2025 Budget

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Introduction

The 2025 budget was approved on the same day by parliament and consists of CFA7,250.8 billion for the general budget and CFA66.9 billion for Special Allocation Accounts (CAS). Compared to last year, these amounts show an increase of 0.5% for the general budget and 1.5% for the CAS. What are the main reforms in the budget, and how will this impact economic development in the coming years? This article provides. A brief overview of key reforms in the budget with possible implications on local economic development.

Business-Friendly Reforms in the 2025 Budget

The 2025 budget has several business-friendly reforms designed to stimulate economic activity and improve the investment climate in Cameroon. These reforms focus on tax incentives, customs duties, and support for specific sectors. The finance law acknowledges that SMEs play a crucial role in the economic landscape of Cameroon, and the 2025 Finance Law recognizes this by ensuring that some local products are purchased without consumers having to pay value-added tax.

1. Reduction of Import Duties on Animal Feed Supplements

One of the notable reforms is the **50% reduction in the taxable import value** of animal feed supplements that are not produced locally. This measure is designed to support the livestock sector by making essential inputs more affordable for farmers. According to Section Five of the finance law, this reduction will apply to vitamins, essential amino acids, and mineral salts intended for use in feed preparations. **Cameroon still relies a lot on imported beef and chicken; this initiative is expected to enhance livestock productivity and contribute positively to food security in Cameroon.**

2. Support for Green Energy Promotion

In line with the Sustainable Development Goals (SDGs) and the Paris Climate Agreement, which requires us to reduce our emissions, the 2025 budget includes provisions for promoting green energy. Electrically powered vehicles and motorbikes will benefit from a **50% reduction** in their taxable value for **24 months**. This reform is outlined in Section Six of the finance law and will encourage the adoption of environmentally friendly transportation methods, such as E-bikes that are already present in Douala. By reducing import duties on electric vehicles and their components, the government seeks to foster a greener economy while also reducing dependency on fossil fuels.

3. Customs Clearance Simplifications

The budget also proposes simplifications in customs clearance processes for imported goods. Specifically, Section Eleven outlines measures that allow civil engineering machinery and equipment used in public works to be cleared based on transaction value rather than market value. This will expedite project timelines and reduce costs associated with public infrastructure development.

Furthermore, by streamlining customs procedures, the government aims to attract more foreign investment into critical infrastructure projects. These reforms collectively aim to create a more conducive environment for business operations in Cameroon, thereby stimulating local production and attracting foreign investments.

4. Zero Import Duties for Agricultural Inputs

The finance law outlines specific sectors that are exempt from paying import duties, which can significantly impact local economic dynamics. For instance, agricultural inputs such as seeds and fertilizers are often excluded from import duties to promote domestic agriculture.

Implications:

- **Encouragement of Local Production:** By exempting certain agricultural inputs from import duties, local farmers are incentivized to increase production levels.
- **Price Stabilization:** The absence of import duties can lead to lower prices for consumers as producers can pass on savings from reduced costs.
- **Increased Competition:** Exemptions can also foster competition among local producers who may benefit from lower input costs compared to foreign competitors.

However, the government must monitor these exemptions closely to ensure they do not lead to unintended consequences such as market distortions or over-reliance on imported goods. We should equally try to boost local production to ensure balanced development in the sector.

Conclusion

The adjustments in the 2025 budget reflect a strategic approach by the Cameroonian government to stimulate economic growth through targeted tax relief measures, such as suspending import duties for vital agricultural inputs, while encouraging local consumption of cassava flour. At a time when inflation is falling but still well above the CEMAC 3% threshold, lower VAT rates are a welcome development.