The flagship of the Franco-Camerounese colonial project in the Southern Cameroons is a dying cash cow. In fact, since 2013, the National oil refinery, popularly known by its French acronym SONARA, has been in dire financial straits but the corona virus-2019 seems to have caused a downturn from which it might not recover. With the potential fall of SONARA, the economy of Cameroun would likely go with it. This Top 3 company in terms of annual turnover as per the Technical and Rehabilitation Commission (CTR) has since 2014 been in financial dire straits and near-bankruptcy.

Business in Cameroon reports that “In H1, 2019, the national debt committee (CNDP) authorized SONARA to agree to a $160 million loan Vitol was offering. This loan was to refund what the refinery owed crude oil suppliers since 2013 and fund its operating costs, which increased when SONARA’s production capacity rose from 2.1 million to 3.5 million tons. The loan increased the budgetary risk of SONARA, whose short term commitments were XAF898.38 billion.” With six commercial banks, several suppliers, contractors and more than half the Cameroun’s investments, SONARA’s inability to meet its commitment to this loan would spell financial disaster for the embattled Reublique du Cameroun.

The fire incident of 2019 further exacerbated the financial situation of SONARA in spite of assurances given by its CEO to staff in June 2019. As of February 2020, for the first time in the company’s over 40-year history staff salaries went unpaid. Unfortunately, with La Republique’s very poor fiscal discipline comprising a total debt to GDP of 37.3% at XAF8,424 billion and increased liquidity tightening due to a confluence of priorities, the possibility of another loan for a SONARA bail-out is looking bleak.

This is easy to understand when one considers the falling prices of crude oil from US$50 to US$30 dollars per barrel due to the COVID-19 related downturn. In fact, the company currently owes short term loans of almost 900 billion XAF. Note, this is just shy of one quarter of LRC’s 2019 annual budget of 4800 billion CFA and the debt figure does not include its long term loans. With operating losses representing about 57% of the LRC state investment portfolio since 2013, it is doubtful that the company will ever turn things around. Moreover, given that the rogue state itself bears a total debt OF 8,424 billion XAF (i.e. 37.3% of its GDP) at present, only an economic miracle can save SONARA.

For la Republique du Cameroun, things are not only compounded by its having to sponsor an annexationist
war in the Southern Cameroons, but it equally may not find favour with its habitual donors this time around. The go-to lender for African dictators, China, is not very generous nowadays, having spent a lot to combat the Corona virus pandemic. If China is interested, it may have a different approach altogether by seeking to repossess the company as has been feared for some of its defaulting East African debtor nations (Addis Ababa-Djibouti and Mombasa-Nairobi railways). With other donors still battling to contain the ongoing global pandemic of COVID-19. One wonders how she is going to bear the burden of white elephant projects like the AfCON stadia, Douala-Yaoundé highway, all designed for the prestige of its dictator, after 37 years in power.

All the bribery, corruption and lobbying of international actors is sponsored from there. Although, Biya can still count on money from the offshore rigs, SCCOP has continued to point to the fact that the final nail on the coffin of the colonialist state would be crippling its economy. For us to get to this point, we must attract intellectuals and strategists to show the kind of leadership we currently need to engage at an international level. The rebuilding of our economy when the time comes would require the best of expertise and that includes being able to rebuild what would be left of SONARA. Join us every other Saturday and chart the road map.

BY WILLIAM NDI
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What does this represent for Southern Cameroons?

The drowning of this edifice in the Southern Cameroons is a big boost for our liberation quest. Gradually, Cameroun no longer looks like a profitable accomplice in the French neo-colonial project in the Southern Cameroons. Although SONARA is presently only 4% owned by France through TOTAL, the symbolism is powerful. But this is not the biggest victory. La Republique du Cameroun holds tight to the Southern Cameroons because of the limitless amount of money they have been able to divert from the oil into secret vaults in tax havens like Switzerland. It is this money that has been the secret to Biya`s longevity.