



Embassy of the Republic of Equatorial Guinea  
in the United Kingdom



# Equatorial Guinea Investment Guide 2015



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# I INTRODUCING EQUATORIAL GUINEA



## Location

Equatorial Guinea is located in Western Central Africa, bordering the Bight of Biafra, between Cameroon and Gabon. Equatorial Guinea is in the northern hemisphere lying between 4°N and 2°S, and longitudes 5° and 12°E.

## Business hours

Normal working hours in some sectors are from 8am to 1pm and 4pm to 7pm.

## Currency

The currency used in Equatorial Guinea is the Communauté Financière Africaine franc (XAF), with the Bank of the Central African States being the responsible authority.

## Climate

Equatorial Guinea has a tropical climate with seasonal wet and dry periods, which vary throughout the country. From June to August, the mainland area of Río Muni is dry while the Bioko Island is wet. This is reversed from December to February with gradual transitions between seasons.

Typical temperatures at sea levels in Malabo and Bioko range from 16 °C (61 °F) to 33 °C (91 °F), but can be about 10 °C cooler at higher altitudes. Rainfall in coastal areas is relatively high with annual rainfall in Malabo being 19.3 cm per year. In the mainland area of Río Muni, the average annual temperature is 27 °C (81 °F) and rainfall is somewhat less.

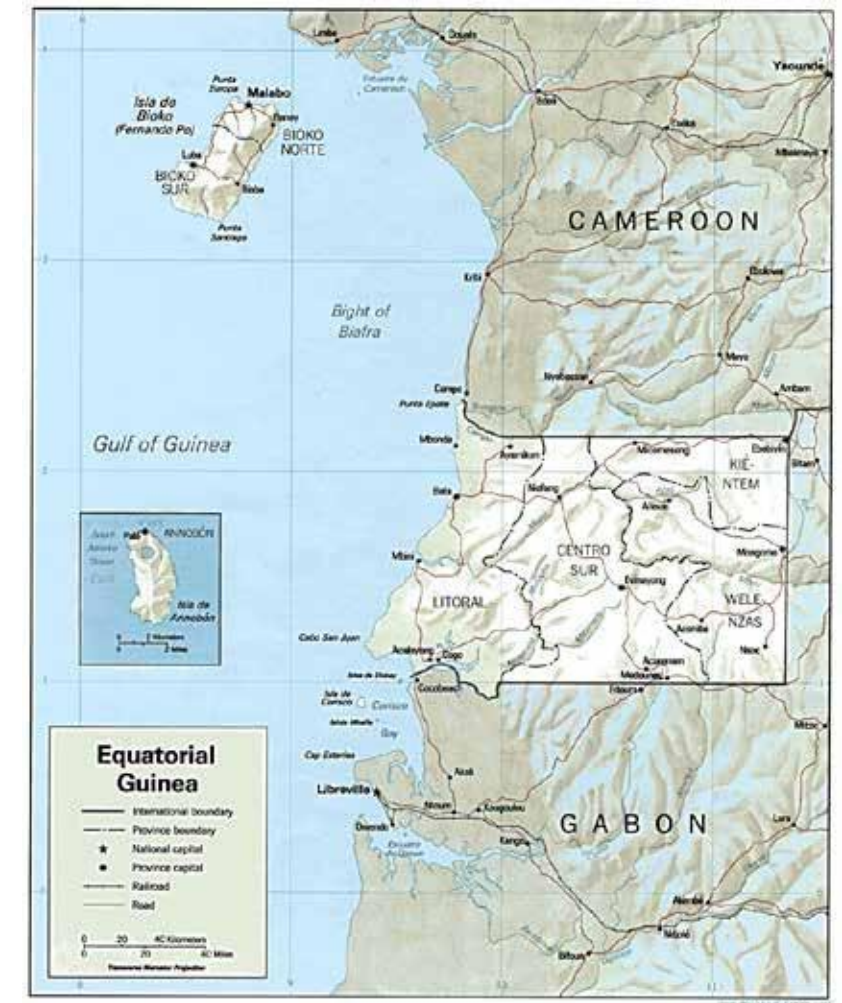
## Government

Equatorial Guinea is a semi-presidential republic with two legislative chambers. The last reform to the Constitution was approved in 2011 by referendum, which limits the presidential mandate to two seven-year terms and created the Senate, the position of Vice President and new government institutions such as the Court of Auditors and the Office of the Ombudsman.

## Topography

Equatorial Guinea has coastal and mountain territory ranging from 0 meters above sea level to its highest point of 3,008 m at Pico Basile. Bioko and Annonbon are volcanic islands that are part of a range stretching from the Cameroon Highlands to St. Helena. The mainland of Equatorial Guinea has coastal areas and an interior plateau that is shaped by rivers. The greatest rivers are the Muni and Ntem, which drain the entire Río Muni area.

The predominant vegetation is tropical rainforest; however, on Annonbon volcanic rock is prevalent and the Muni islands are estuarial and sandy.



Republic Of Equatorial Guinea	
OFFICIAL NAME	Republic of Equatorial Guinea
POLITICAL SYSTEM	Unitary semi-presidential republic
HEAD OF STATE	H.E. Teodoro Obiang Nguema Mbasogo
HEAD OF GOVERNMENT	H.E. Vicente Ehaté Tomi
CAPITAL CITY	Malabo
AREA	28,051 sq km
ARABLE LAND	880,000 Ha. (32%)
POPULATION	736,296 *
POPULATION DENSITY	24.1/sq km
GDP PER CAPITA	USD 24,036 (2012)

## Religion

The country's major religions are based in Christianity, with Catholicism being particularly prevalent. Tolerance among different religious groups is widespread.

## Language

Spanish is the official administrative and educative language. French is the second official language, and nearly all the ethnic groups speak the languages referred to as Bantu.



# THE OPERATING ENVIRONMENT



Crime in Equatorial Guinea has historically been low, with the highest personal and property security in the subregion of Central Africa.

## 2.2 Economic Environment

Equatorial Guinea has grown its economy spectacularly over the past two decades with the goal of becoming a leading African economy by 2020. The size of this growth is seen with Equatorial Guinea's GDP growth which grew from 154 million USD in 1992 to 17.7 billion USD in 2012, showing some of the strongest GDP growth rates in the world. While the most significant driver of economic growth has been oil production, this growth has also led to political, economic, and infrastructural development that paves the way for economic diversification and continued growth towards the objectives of the Horizon 2020 National Development Plan.

Oil and gas production is Equatorial Guinea's most crucial sector. The Gulf of Guinea produces roughly 5% of oil globally with Equatorial Guinea being the top oil supplier for the CEMAC region and the third largest African supplier. The oil and gas sector currently contributes nearly 90% of GDP and virtually all foreign exchange earnings. The adoption of open trade policies has allowed the Equatoguinean economy to rise with international oil markets, benefiting both citizens and trade partners.

Despite the fact that Equatorial Guinea has just entered a recession in 2013 with -1.4% GDP growth (after having +5.3% GDP growth in 2012) due to slight decreases in oil production and a fall in oil revenue, Equatorial Guinea's infrastructural development and strong trade partnerships allow it to continue the diversification of its economy.

## 2.1 Political Environment

A former Spanish colony, Equatorial Guinea has been a constitutional democratic republic since 1968. The country's constitution underwent its last reform in November 2011. It provides for a multi-party political system.

Equatorial Guinea has a bicameral parliament comprised of the House of People's Representatives and the recently-created Senate. Executive power is vested in the Prime Minister and the President of the Government.

The president is elected for a seven-year term by the people. The House of People's Representatives (Cámara de los Representantes del Pueblo) has 100 members, elected for a five-year term by proportional representation in multi-member constituencies.

A November 2011 constitutional reform approved through a referendum by a large majority (97.7% of the voters) limited presidential terms to two, instituted a position of vice-president and institutionalised five organisations: the Senate, the Court of Auditors, the Council of State, the Council for Economic and Social Development and the Ombudsman (UNDP).

A new government came into office in 2013 after legislative elections were held in May 2013 and won by the ruling PDGE (*Democratic Party of Equatorial Guinea*).

### GDP by sector (%) 2014

Hydrocarbons, Mining and Quarrying	76.7
Construction	5.2
Agriculture, Forestry and Fishing	15.0
Public Administration	0.9
Electricity and Water	0.7
Financial Services	0.8
Other services	0.3
Manufacturing	13.3
Transport and Communications	0.2



The Economist Intelligence Unit forecasts a 1.1% real growth for 2014 and -1.3% for 2015. The main growth source will be the development of the service sector with 6% growth in both years.

Three decree projects are now being finalised. They involve the creation of the Holdings Equatorial Guinea 2020, which will manage and capitalise all public investments, and the creation of the Co-Investment Fund (FCI), to allocate \$1 billion over the next three years to support foreign investment aimed at diversifying its energy-dependent economy into new areas.

Infrastructure is an additional valuable contributor to the Equatorial Guinean economy. Road transportation is a significant focus of infrastructural development with the African Development Bank and Chinese government assistance in road-building projects.

Fisheries, agriculture and ranching are also valuable components of Equatorial Guinea's economy. Agriculture accounts for 1.1% of GDP, which currently supplies 30% of local food needs. Fishing, although only a small component of GDP, produces 170,000 kilogrammes of diverse fish and marine products at national ports, as well as what is exported directly overseas.

Over the past ten years Equatorial Guinea's average annual inflation rate ranged from 2.8% in 2007 to 7.8% in 2010. Since 2010, inflation has decreased to 3.4% in 2012, 5% in 2013, and is expected to remain between 5% and 6% in 2014 and 2015.

In 2014, the official (marginal) exchange rate in the interbank foreign exchange market is XFA BCEAO 481.93 to USD 1, which is fixed to the Euro at XFA 655.96 per 1 Euro. The international exchange value of the CFA France has been relatively stable since 2010, ranging from 440 to 1 USD in early 2010 to a high of 550 later the same year.

### 2.2.1 Horizon 2020 and PEGI

In 2007, the Government approved a long-term development plan named Horizon 2020. The plan serves the dual purpose of accelerating the reduction of poverty and creating a basis for the transformation of Equatorial Guinea into a modern, prominent country

within the African continent. The plan focuses on the diversification of the economy as a condition to create jobs and reduce dependence on hydrocarbon extraction. The plan consists of two phases:

- The first phase, through 2012, will focus on improving the country's infrastructure and public services as a means of supporting private sector development and the improvement of human capital;
- The second phase, between 2012 and 2020, focuses on the investment of the country's reserves in international assets that can ensure a future performance.

As the main tool for Horizon 2020's second phase, the Equatorial Guinea Industrialisation Plan (PEGI), was designed and implemented in 2011 to industrialise the country and help diversify the economy. PEGI was presented during the National Industrialisation Conference with the following milestones:

- Develop an invitation to domestic and international investors to participate in the industrial sector of the country;
- Introduce normative-legislative improvements to encourage investment in the industrial sector.

## 2.3 Trade and Investment

### 2.3.1 Trade

Equatorial Guinea has an active, liberal trade and investment regime. With the development of the oil industry in the 1990s, the Government implemented policies for a public investment programme and lifted restrictions on non-tariff protection, many trade licencing requirements, and restrictions of imports. Within the framework of the National Economic and Social Development Plan (Plan Nacional de Desarrollo Económico y Social), Equatorial Guinea continues to promote and realise opportunities in foreign trade.

Equatorial Guinea's economy is highly dependent on trade and investment. Exports as a percent of GDP over the past ten years have ranged between 82% in 2007 and 96% in 2008. In 2013, exports contributed to 85% of GDP and are expected to contribute 82% in 2014-2015.

Hydrocarbons, primarily oil, have been the greatest driver of trade and investment in Equatorial Guinea. Oil, with production making up 89% of GDP, is Equatorial Guinea's greatest export commodity. Oil production grew from the 1990s until 2012, when it first began to decrease. Crude oil exports grew from FCFA 4.7 billion in 1992 to FCFA 1.3 billion in 2002 and FCFA 5.6 billion in 2012. Crude oil exports are expected to be FCFA 4.6 billion in 2013 and FCFA 4.3 billion in 2014.

There are still proven oil reserves of 1.2 billion barrels of oil equivalent, which can support ten years of continued production at current rates. However, recognising the need to continue developing its natural resources, Equatorial Guinea is also diversifying its energy market to natural gas production, which is expected to account for half of hydrocarbon production by 2016.

Next to crude oil, methanol and other converted gases are Equatorial Guinea's greatest exports. In 2002 export earnings from methanol and other gases were FCFA 63 million, which grew to FCFA 3.1 billion by 2012. Like crude oil production, methanol and other gas exports are expected to decrease modestly in the future.

### 2.3.2 Foreign Direct Investment

In 2012, Equatorial Guinea was the second largest foreign direct investment recipient in Central Africa in terms of inbound FDI stocks (USD 13.5 billion), directed largely towards the oil sector, but the Government has put in place additional measures to supplement the already healthy investment environment.

A decree for the creation of Holdings Equatorial Guinea 2020 was drafted in May 2012. This entity will manage all public assets and investments. In addition, the House of People's Representatives just finalised a decree for the creation of the Co-investment Fund (CRF) of 500 billion CFA francs (\$1 billion) for the next three years. This fund will support foreign investment inflows and enhance economic diversification towards non-energy sectors, including agriculture and ranching, fisheries, petrochemicals and mining, tourism and financial services. Also, this year, the Ministry of Planning is finalising the design of the Equatorial Guinea Investment Agency, which will help promote and channel private investment, primarily foreign direct investment.

Foreign Direct Investment	2010	2011	2012
FDI Inward Flow (million USD)	2,734	1,975	2,115
FDI Stock (million USD)	9,412.6	11,387.6	13,502.6
FDI Inwards (in % of GFCF****)	38.0	27.8	28.5
FDI Stock (in % of GDP)	79.7	70.6	77.6

Source: UNCTAD





## 2.4 Infrastructure

### 2.4.1 Telecommunications

In 2010 Equatorial Guinea had 15,091 fixed and 633,360 mobile lines. These figures have been gradually increasing to date. With the advent of new ACE cable linking West Africa to Europe, a substantial improvement of telecommunications services in the country is expected. As a primary outcome, the state-funded Back Bond provides fibre optic cable to the entire continental region. Currently there are three mobile telecommunications operators (Getesa - Orange, Gecomsa and Muni), an operator of fixed telephony (Getesa - Orange), and several Internet service providers (IPX, Guineanet, Gecomsa, Getesa - Orange).

Available services include telephone, telex, fax, internet, television, digital data transmission, and post-paid cellular phones. All regional cities and towns are connected by a direct microwave link and have cellular phone services.



### 2.4.2 Road transport

Equatorial Guinea's road network is modern and in better condition than that of neighbouring countries. The core network is now almost entirely paved, with 1,372 km of gravelled roads and 2,484 km of asphalted roads. The network includes the current construction of two highways, one in Bioko and one in the mainland, joining the main urban centres and connecting the mainland to Gabon and Cameroon.

### 2.4.3 Air Transport

To enhance connectivity in the diverse geography of the country, the Government of Equatorial Guinea created the Ministry of Civil Aviation and fostered the rapid development of Ceiba Intercontinental, the national airline company. This Ministry has helped build a dynamic air transport sector with the participation of eight other international commercial airlines.

Since 2007, Ceiba Intercontinental has provided domestic and international flights, with 14 destinations. Ceiba Intercontinental services include both passenger and cargo transport in its international and domestic routes. Its domestic flights connect all main cities and islands in the country whereas its international routes link Malabo to 10 international destinations including Madrid, Douala, Libreville, Lome, Sao Tome, Pointe Noire, Brazzaville, Cotonou, Abidjan and Accra. Future routes being negotiated include Lisbon, Dakar, Louanda, Johannesburg, Casablanca, Peking, Dubai and Houston. In addition to Ceiba Intercontinental, other airlines have flight schedules to and from Malabo including Lufthansa, Air France, Iberia, Ethiopian Airlines, and Royal Air Maroc, among others. Companies also offering cargo services are Air France, DHL, Ethiopian Airlines and Lufthansa.

The Malabo Airport, used by over 600,000 travellers in 2013, has benefited from a public infrastructure investment that has upgraded all airports in the major islands, as well as the Bata International Airport in the continental region. This investment seeks to transform the capital into an air hub for the subregion and for the continent, with the aviation sector forecasted to be worth USD 860 million by 2020.

### 2.4.4 Seaports

The Port of Malabo has a deck over 480 feet long, and a 400 meter breakwater. It also has 60,000 square meters available to deposit shipping containers. Thanks to its natural depth of up to 16 meters, the port can accommodate large vessels such as Panamax and Superpanamax. It is currently being expanded to store more goods and to allow additional vessels to dock at the same time.

Also on Bioko Island, the port of Luba has a free zone of 100 hectares, specialising in logistics and oil vessels services. An additional dry port, KM5, where the containers arriving at the island can be stored, completes the sea infrastructure on Bioko Island.

The Port of Bata in the continental region is also being expanded. The ports of Malabo and Bata are part of the key infrastructure for developing the Government's strategy of making the country a logistics "hub" within the Gulf of Guinea. The Port of Bata has a 310 feet long dock, with 4 berths in width. The draft on the inside is 11 meters and the outer is over 11 meters.

Other ports in the country are the Cogo Corisco and Annobón.

## 2.5 Financial Services

The BEAC (Bank of States of Central Africa) is the central bank for the CEMAC member countries, which include Equatorial Guinea, Gabon, Cameroon, Congo, the Central African Republic and Chad. All commercial banking activities are regulated by the Banking Commission in Central Africa (COBAC), a body within BEAC that hails its Bad Loans Ratio of less than 5%.

The number of banks operating in the country reached five in 2011, forming a stable financial system. These include the state-owned Bank of Equatorial Guinea (BANGE) with 14 branches, followed by CCEI Bank with 6 branches, BGF Bank with 6 branches, Societé General with 6 branches and Ecobank with 2 branches. The quality of the bank portfolio is healthy and compliant with the CEMAC prudential ratios.

Available financial services include savings and checking accounts, short-term loans, foreign-exchange transactions, cable and money transfer services (both domestic and international), credit and debit cards, equity investments and guarantees.

The regulatory regime of the insurance sector was recently overhauled. The total number of insurance companies operating in the country is three (Egico, Chanas Assurances and Africaine des Assurances), as well as three insurance brokers including Ascoma, Mobi Guinea and Guinea Broker.



## 2.6 Taxation

Law 4/2004 regulates and delineates the tax system of Equatorial Guinea. The tax system is influenced both by Spanish legislation as well as CEMAC agreements and directives. Its operation is similar to the European Union's existing regulatory directives of major taxes, as well as its agreement to avoid double taxation between member countries (1966 Fiscal Convention). The directives are developed by member countries as part of their domestic legislation.

The Directorate General of Taxes and Contributions of the Ministry of Finance and Budget is responsible for the analysis and policy design of the tax system, as well as the implementation of CEMAC harmonised and non-harmonised standards. It is structured in different bodies of territorial management in Malabo and Bata.

### 2.6.1 Direct Taxes

The individual income tax is general, direct, personal, regular and progressive, and is taken out of the total net income of individuals in Equatorial Guinea. It is regulated by Law 4 /2004 and the CEMAC directive of 30 July, 2004.



Current personal income tax rates:

Annual Taxable Income	Rate
From 0 to 1M XFA	Exempt
From 1 to 3M	10%
From 3 to 5M	15%
From 5 to 10 M	20%
From 10 to 15M	25%
From 15 to 20M	30%
More than 20M	35%

For people living in the country, taxes will apply to income earned globally; for non-residents, taxes will apply to income earned in Equatorial Guinea. A resident is defined as any person residing and operating in Equatorial Guinea for more than 3 months in a calendar year or six months in two years. Absences of less than 30 days are not taken into account.

### Corporate taxation

The corporate income tax is a general, direct, personal, regular and proportional tax, levied on profits or net income obtained through establishments or profit-driven operations of global corporations, at a rate of 35%. Before presenting the Statistical and Tax Statement, all domestic and foreign companies are also subject to payment of a minimum tax fee of 1% of their turnover. Companies can deduct depreciation, provisions, employee salaries, health insurance premiums, costs for branch offices, taxes, and fees such as patents. Tax losses can be compensated during the following three years.

#### 2.6.2 Indirect Taxes

##### Tax system

The value added tax (VAT) is harmonised with other CEMAC member countries, according to the CEMAC directive of 17 December 1999. This tax applies to the sale of goods or transfer of assets, services, the consumption of goods and services, the operations performed by persons or bodies in their business and professional and individual activities including extractive activities and imports.

The standard tax rate is 15% but will be reduced to 6% in the case of commodities listed in Annex II of Law 4 /2004.

Companies can benefit from the following deductions:

- Raw materials, supplies and services in the value added production of goods and services;
- Property, goods, and operations equipment, excluding passenger cars.

The following are exempt:

- Authorities and public bodies are not taxable.
- The following operations in case they are subject to specific taxes:
  - Sale of products from extractive activities;
  - transfer of property made by individuals who do not qualify as real estate developers;
  - Interest on foreign loans and deposits of non-professional clients in financial institutions;
  - and travellers in solitary small imports when the value of the goods does not exceed 500,000 FCFA
- Consumer staples included in Annex I of the Act: certain pharmaceuticals and medical-hospital equipment, corrective lenses, fertilisers, insecticides, livestock and fishing supplies, etc.;
- Capital goods listed in Annex I of the Law;
- Certain international transit operations;
- For capital goods involved in the exploration, prospecting, or research phases, a duty voucher may be granted to companies in the mining, oil, and forestry sectors.

## 2.7 Labour and Human Capital

The labour legislation in Equatorial Guinea observes international conventions and legal commitments ratified by the Government (i.e. the abolition of forced and child labour, anti-discrimination, among others), and allows for relations between workers and employers to be peaceful, cooperative and harmonious. Labour law is consistent with investment policy. Specific pathways exist within the Ministry of Labour to obtain work permits for expatriate employees.

Nominal hours of work fixed by labour laws are eight hours per day and forty hours per week. Work exceeding these hours is considered overtime. The law sets a minimum inter-professional salary; other minimum salary schemes are skills-based and also depend on the sector. Final salaries will result from negotiations between the employer and the employee. Labour disputes are resolved through the application of the law, collective negotiations, work rules and employment contracts.

The active promotion of employment has materialised in the recent creation of the National Employment Office in 2012, which helps publicise job offers and connect employers with job seekers to ensure the linkage between the rapid development of the country and access to employment.

The Government is also prioritising human resource development policies such as the creation of vocational and specialised training schools, along with other private initiatives. The number of skilled workers in Equatorial Guinea is very quickly increasing. Apart from the yearly promotions at the National University of Equatorial Guinea (UNGE), a relatively large number of young nationals travel abroad to obtain higher education. Furthermore, a significant number of nationals that emigrated decades ago are now returning to the country.

This, among other historical reasons, explains why Equatoguineans are also a multilingual labour force (with individuals speaking an average of 2.5 languages).

Equatorial Guinea is also focusing its efforts on training middle and senior managers to offset existing deficiencies and enhance young people's employability. These efforts are supported by an ongoing training programme jointly funded by the African Development Bank, which also entailed the 2012 introduction of a ministerial department for vocational training.





# Areas of Opportunity

All development policies implemented in Equatorial Guinea belong to the Horizon 2020 framework, whose first phase focused on infrastructure, human capital, good governance and social wellbeing which ended in 2012. The second phase of Horizon 2020 focuses on the diversification of the economy. The main tool of this second phase is PEGI—the Industrialisation Plan for Equatorial Guinea. The areas with most promising potential for investment in the country today are the following:

## 3.1 Agriculture and Ranching

Both the climate and geography of Equatorial Guinea are great advantages for agriculture and ranching. This sector currently offers opportunities for growth along the entire agriculture & livestock value chain since it represents 1.1% of GDP and meets only 30% of the domestic demand, through subsistence farming, which is the predominant occupation in the country.

### 3.1.1 Agriculture

Equatoguinean soil possesses abundant minerals, which allows for the development of tropical and subtropical crops with high commercial value. Out of the entire arable land—770,000 hectares in the continental region and 80,000 hectares in the island region—only 26% is currently in production. The climate, with an average of 2,156 mm/year of precipitation, an average temperature of 29 degrees Celsius, high humidity rates (70-99%) and internal hydric resources of 26 cubic km, Equatorial Guinea meets all necessary criteria for competitive production.

Opportunities in the agriculture sector can be divided into two groups:

- Cash crops for exportation: industrial crops such as cocoa, coffee, sugar cane, abaca, coconut and palm oil, avocado, mango, papaya, pineapples, and citrus fruits.

- Crops meant for domestic and subregional demand: horticulture (in the regions of South Bioko; and in Evinayon, Akonibe and Mongomo in the mainland) including numerous kinds of vegetables such as tomatoes, carrots, lettuce, yucca, cocoyam, bananas, peanuts and sweet potatoes.



The Equatoguinean agriculture sector has recently moved forward in the Agricultural Productivity Program in West Africa (PPAA0), which is designed to increase current productivity. This support will further help Equatorial Guinea in its efforts to produce its own supply and reduce imports.

The Government has already taken measures to facilitate the entry of new investors, including the modernisation of existing production facilities, establishing transformation units, developing rural funding mechanisms, creating support mechanisms for SMEs and cooperatives, and refurbishing the local market facilities. As the sector develops, opportunities include:

- Transformation of feed and fertiliser
- Cocoa and coffee processing
- Soap manufacturing
- Juices and derivatives processing
- Cassava flour mills
- Salted fish industry
- Sugar and salt factories
- Agriculture farms
- Transformation of palm oil and coconut oil
- Other canning initiatives (tomatoes, etc.)





### Cocoa

Cocoa led the economy of the country during the colonial era, but current production has been gradually decreasing. Given the growing price trend for cocoa beans, the Government has formulated a programme whose first phase will reactivate farms and establish a replanting strategy to achieve 2000-4000 tons of cocoa in the next ten years. The program will initially focus on Bioko Island and then extend to the continental region (in Niefang, Mikomiseng, Ebibeying and Nsok Nsomo). The Government is encouraging companies specialising in cocoa plantations to participate in this programme.

Opportunities include: starting plantations through land concessions, providing consulting and training, providing distribution support for small and medium size farmers that will generate employment and providing modern equipment that will help upgrade plantations.

### Coffee

The Government has given priority to the continental region for coffee crops. The main objective is to develop the local varieties in Equatorial Guinea and to position them in the international market. The Government is currently providing opportunities for numerous farms. It has also set up nurseries to find new short-cycle varieties previously achieved in pilot initiatives.

Investment opportunities include technical support for the implementation of new plantations and the provision of modern equipment to help upgrade existing plantations.

### 3.1.2 Ranching

Equatorial Guinea's competitive advantages for ranching lie in its excellent conditions for animal feed growing, the climate and the extension of available land. The Government has recently conducted several pilot programmes throughout the country which have confirmed opportunities for short-cycle livestock (poultry, swine, goats and cattle). Opportunities include: establishing farms and providing training, consulting and other kinds of technical support, with a strong focus on technology transfer.



### 3.1.3 Timber

As for timber production, exports in 2012 amounted to 116 million euros, representing 1% of the country's exports. The wood comes mostly from the coastal area of the Rio Muni region with 2.2 million hectares of forest, of which only about 625,000 hectares are suitable for commercial use. Current production is over 400,000 m3 per year of 82 forest species, with 5-10% ending up in the national market. The main types of wood produced are okoume and resinous, exported mainly to Asia, followed by dabema, okan and ilomba.

In December 1997, legislation for the forestry sector was adopted in order to maintain sustainable exploitation, the preservation of the environment and to increase revenue from concessions. The National Forestry Replanting Plan and the National Forestry Development have also included additional provisions (Decree 61/2007) to limit the exports of logs and to gradually increase the percentage of wood transformed in the Equatoguinean territory.

Opportunities include the provision of modern equipment, maintenance and additional machinery for existing production units. Given the new legislation and Government support, additional opportunities lie throughout the value chain in the transformation, processing, distribution and product development initiatives.



## 3.2 Fisheries

Equatorial Guinea has 410 kilometres of coastline and 314 square kilometres of exclusive fishing space and territorial waters which, with increasingly favourable market prices, make fisheries a valuable developing sector of the economy. Currently, the fisheries sector features active trade partners in Equatoguinean waters, as well as Equatorial Guinea developing its own capacity for fisheries production with investments in training, fish preservation and trade infrastructure. The Government has also recently created Sonapesca, a state-owned company that promotes fisheries trade.

As one revenue stream, Equatorial Guinea partners with foreign fishing vessels and companies from countries such as Spain, Gabon and Cameroon. Foreign companies focus on high market priced fish such as tuna, which at current international prices make long-haul fishing in Equatorial Guinea lucrative. Ships focusing on these markets take over 90% of their production directly to international markets.

The other, more expansive fishing market in Equatorial Guinea is the national production of fisheries. Presently these ships offload 170 tonnes of diverse fish and other marine origin products at national ports. This market is capable of producing 73,430 metric tonnes of fish and 700 metric tonnes of shellfish and other seafood per year. Equatorial Guinea is looking to continue to develop the national production of fisheries with investments in port and fish preservation infrastructure, developing trade markets and labour force training, which are all areas of opportunity for investors.

In addition, Equatorial Guinea has signed fishing agreements with Nigeria, Ghana, Morocco, Benin and Angola, which increase Equatorial Guinea's ability to manage and facilitate a developing fisheries industry.

In developing a framework for infrastructure, Equatorial Guinea now seeks opportunities for fishing businesses in training, infrastructure, and the production of fishing vessels and other equipment. Additional opportunities lie in providing technical assistance to perform studies and evaluations on fisheries stocks, which are of great importance to the success and sustainability of the industry.



### 3.3 Petrochemicals and minerals

Many investment opportunities in the petrochemical and mining sectors lie in Equatorial Guinea's oil, natural gas and mineral reserves. Over the past two decades, oil production has been the greatest and most expansive industry in Equatorial Guinea, growing from 5,000 barrels of oil equivalent per day in 1992 to 410,000 in 2012. As these oil reserves have matured, Equatorial Guinea has worked to diversify its petrochemicals sector, developing a natural gas industry that is expected to account for half of fuel energy production in 2016. As the country looks towards further diversifying its resource production, mining exploration studies have shown significant, valuable gold, diamond, bauxite, tin, tungsten and coltan deposits. By focusing on current, present oil production as well as growth potential in natural gas and minerals, Equatorial Guinea is developing and realising opportunities in a diversified economy for which it is currently seeking foreign public and private investment and partners.

#### 3.3.1 Oil

Oil is currently the staple of Equatorial Guinea's economy. With numerous oil fields having production of over a billion barrels of oil, Equatorial Guinea is the top supplier in Central Africa and the third largest supplier of oil in Sub-Saharan Africa. Some of the most active international oil production companies in Equatorial Guinea include: Triton-Hess Energy Limited, ExxonMobil, Marathon Oil Corporation and Noble Energy. There are now proven reserves of 1.2 billion barrels of oil equivalent. Noble Energy, and other medium-sized oil companies from China and Europe, are now diversifying the oil sector and playing an increasing role in the country's development.

Eight new oil exploration contracts have been signed recently, with four of them onshore (including on the Rio Muni mainland), of which three are likely to give rise to their first perforations by the end of 2014. Now, Equatorial Guinea is moving to develop its entire petrochemical value chain and is working with the private sector to create a highly developed and vertically integrated domestic industry.



#### 3.3.2 Natural Gas

A key strategy of the Equatoguinean Government is to diversify its energy production towards its natural gas resources. With the rapid growth of global natural gas demand, Equatorial Guinea has been developing its natural gas sector, which includes the production of butane, propane, methanol, and liquefied petroleum gas and natural gas. The growth opportunities in the production of these gases can be seen from 2006 to 2009, where natural gas production grew nearly four-fold from 37,000 to 143,000 of gas equivalents per day.

Plans for natural gas development include utilising existing infrastructure, as well as developing new infrastructure. Current production includes the Atlantic Methanol Production Company, a consortium of Marathon Oil, Samedan Oil Corporation and SONAGAS, which has been in operation since 2001. It produces 1M tonnes of methanol per year, and ships to markets around the world. Major projects underway include a liquefied petroleum plant producing propane, butane and natural gas condensate, as well as a new liquefied natural gas plant that produces 3.4 million tons of natural gas per year.

The Government of Equatorial Guinea has recently signed a Memorandum of Understanding with the Ivory Coast and Ghana in order to establish a gas company in the region, which will benefit from the participation of the private sector.



#### 3.3.3 Minerals Mining

Spreading throughout the mainland of Equatorial Guinea are minerals reserves that have been historically mined, and then recently explored. The Ministry of Mines, Industry and Energy has identified extraction opportunities in gold, diamonds, columbo-tantalite as well as other mineral potential. Mines and their prospective production depend on mineral types, regional geographies and their exploration. Gold in the rivers of Rio Muni drew a local, artisanal rush in the mid-1970s which, without commercial mining, produced a recorded 2300 kilograms of gold.

Mining in Equatorial Guinea is still in a developing state. However, studies have shown significant clustering of valuable minerals. Opportunities lie in providing technical assistance for further and specialised studies. Equatorial Guinea is now working to create a business climate that facilitates commercial exploration as well as streamlines regulation for mining and minerals processing. Additional opportunities lie in professional training and resource management planning.



### 3.4 Tourism

Equatorial Guinea has tourist attractions that vary from protected rainforest parks (which account for 20% of the national territory), to tropical island beach resorts. The diversity in tourism features makes Equatorial Guinea a unique destination in Central Africa that is only recently being discovered and is increasingly accessible to international travel markets.



#### Ecotourism

There are 13 key areas with ecotourism potential that the National Tourism Development Plan has identified.

Bioko, Annobón and Corisco are the most well-known island destinations. Corisco, known for its white sand beaches, also hosts the most important archaeological finding in Central Africa—ancient pottery and jewellery. Annobón Island is the most remote island in the Gulf of Guinea with a small, warm town, beautiful beaches and coastline, and a volcano crater lake. Bioko Island has volcanic views, inland and coastal wildlife such as sea turtles and unique primates. Bioko also hosts a scientific reservation and the Pico Basile National Park.

On the mainland, additional attractions that draw international tourists are the Altos de Nsork National Park and four additional natural reservations. Monte Alen National Park, a protected area of 1400 square kilometres, is home to over 100 registered mammals including gorillas, chimpanzees and elephants, as well as 2,300 types of birds. The biodiversity of this region, and the national commitment to preserve it, creates lasting opportunities for ecotourism development.

#### Convention and Exhibition Tourism

Bioko Island is home to the capital of Equatorial Guinea, Malabo, and Malabo International Airport with direct flights to Europe and other African capitals. In addition to its well-preserved colonial architecture and its recently inaugurated promenade, Malabo is situated only 10 kilometres away from Sipopo, which hosts a state-of-the-art convention centre with a luxury resort, mall, golf course, and a 14-mansion complex. These facilities have already hosted international events such as the Cup of African Nations 2012, the African Union Summit in 2011, the World's Miss Tourism Pageant 2013, and numerous international ministerial meetings. The city of Mongomo hosts the hospitality and cuisine school, established in 2011, that offers specialised professional training.

Mainland attractions include the city of Bata, which is a transportation hub and home to the mainland's biggest airport. Bata is a colonial town that boasts a touristic charm with plenty of hotels, restaurants, bars and local attractions along the longest promenade seafront in Central Africa.



### 3.5 Financial services

Equatorial Guinea has both the demand and the capacity to become Central Africa's major financial centre. The banking system has a significant liquidity base from the oil industry, a strong focus on international investment in the four above industries, and a growing need for SME and microenterprise banking.

However, only five banks operate in the country and the range of services available shows significant room for further development of products and services in areas such as real estate, insurance, credit cards and online banking. Opportunities include consulting and financial services training. Additional opportunities exist for non-banking entities such as currency exchange bureaus; opportunities may also include the provision of further financial services such as factoring and leasing are also available.



## IV The Legal Framework

### Legal and Judicial System

The Government of Equatorial Guinea enacts legislation, upheld by the judiciary, which reinforces the public sector's support and guarantee to the private sector. It does this through the execution of planned development programmes and the creation of advantages, which are necessary elements in expediting Equatorial Guinea's economic development. The purpose of this legislation is to enhance the economic development of Equatorial Guinea by creating an attractive business environment and increasing job opportunities and national participation in the production and exportation of goods and services.

The legal system depends on codified laws, including civil, penal, commercial and maritime codes. All proclaimed laws are published in the Government's Official Newsletter (BOE). In the administration of the judicial system, courts are directed by internationally accepted principles of justice as well as by the laws of the Republic of Equatorial Guinea.

Equatorial Guinea is a member of the World Intellectual Property Organization (WIPO) and the Multilateral Investment Guarantee Agency (MIGA). Equatorial Guinea has also concluded bilateral investment treaties (BITs) with a number of countries, as well as ratified additional investment related instruments (Appendix I).

Foreign investment, except for mining and hydrocarbon activities, is subject to Law 7/1992 on the Investment Regime, subsequently amended by Law 2/1994. Both laws represented a reform of the previous Foreign Capital Investment Act (1979) required to join the Economic and Monetary Community of Central Africa (CEMAC) in 1984. On the other hand, Law 16/1995, which regulates and promotes national small and medium enterprises, establishes different incentives.

The Decree 127/2004 provides additional rules that promote national ownership in businesses. In particular, it states that any company operating in the country should have at least three local partners with a minimum stake of 35%.

Investments in mining and hydrocarbons are governed solely by the Hydrocarbons Law 8/2006 and the Mining Law 9/2006. Therefore, they are not subject to other regulations governing foreign investment.

The basic legislation governing land acquisition by foreign persons in Equatorial Guinea is the Decree 140/2013. This decree states that the rural or urban lands of the Republic of Equatorial Guinea are the property of the State, which shall be granted temporarily or permanently to individuals and entities for various purposes. The decree also provides that any non-national who intends to buy land will need authorisation of the President of the Republic



## Registration and firm types

Law No 127/2004 provides that there must be a local partner with a minimum stake of 35%. National ownership shall not be fewer than three local partners. Nationals must represent a minimum of one-third of the members of the Board of Directors. Foreign companies based in the country conducting public works will reach agreements with the nationals on profit share in the public markets and investments made in the country by establishing a national coefficient ranging from 5-10%.

According to the OHADA business law, Equatorial Guinea will accept the following types of companies.

- General Partnership, in which all partners are traders and respond indefinitely and severally for the debts. The partnership is designated by a name, which must be immediately preceded or followed by the words “partnership” or the acronym CNS.
- Limited partnership, in which one or more partners will be responsible for company debts and denominated “general partners”, with one or more partners responsible for the debts within the limits of their

contributions called “limited partners” and whose capital is divided into shares.

- Limited liability company, the most common type of firm, in which partners will only be liable for the debts to the amount of their contributions and whose rights are represented by shares. The share capital must be at least one million (XFA 1,000,000), divided into equal shares and with a nominal value no less than five thousand (XFA 5,000).
- Corporation, in which shareholders are only liable for the debts to the amount of their contributions and in which the rights of shareholders are represented by shares. The minimum share capital for this type of company is set to ten million (XFA 10,000,000), divided into shares of an amount no less than ten thousand (XFA 10,000).
- Joint venture, in which the partners agree that the initiative will not be registered at the Commercial and Credit Register and it will not be legally constituted.
- Economic Interest Group, which serves the sole purpose of utilizing, during a given period of time, all possible means to facilitate or carry out the business activities of its members and to improve or increase the results of such activities.

## Advantages of legislation Remittance of Capital for investors

According To Law 2/1994, which introduced certain amendments to the Law 7/1992, on investment legislation, foreign companies investing in Equatorial Guinea are entitled to the following tax benefits:

- Companies creating new jobs will benefit from a 50% reduction of the taxable income related to salaries for nationals during the taxable year;
- Companies providing training to national employees will benefit from a reduction of their taxable income of 200%, the amount dedicated to training of nationals and not related to their salaries;
- As an incentive for the export of non-traditional products, companies will receive a credit certificate for the payment of any tax or customs duties equivalent to 15% of foreign currency received on account of non-traditional exports in commercial banks in Equatorial Guinea in XFA;
- To promote regional and local development, companies running projects approved in areas or locations away from large urban centres will benefit from:
  - Total amortisation of infrastructure spending paid and applicable to the corresponding tax year, with the right to report the amortisation of the loss that may occur the following years;
  - Total exemption from payment of taxes applicable to activities in remote areas, with the exception of Income Tax, Sales Tax, custom duties and other applicable fees.
- Companies with nationals sharing the capital will benefit from a reduction in their taxable income for their Income Tax equalling the amount obtained 1% of the excess of 50% of the national capital.



## Industrial Property (Trademarks, Patents and Licences)

Equatorial Guinea is a member of the African Intellectual Property Organization (OAPI), comprised



of 15 member states whose goal is to have uniform intellectual and industrial property legislation complying with existing international standards.

The necessary documentation for the registration of a trademark, patent or design is the following:

- Completion of the M 301 Form
- A document certifying the payment of the corresponding fees and taxes;
- A legal power, if the applicant was to be represented by an agent;
- Reproduction of the trademark as required by the M 301 Form; and
- When applicable, a priority document.



# V Appendices

## I Bilateral Investment Treaties

No.	Partners	Status	Date of signature	Date of entry into force
1	China	Signed	20/10/2005	
2	Ethiopia	Signed	11/06/2009	
3	France	In force	03/03/1982	23/09/1983
4	Morocco	Signed	05/07/2005	
5	Portugal	Signed	16/01/2009	
6	Russian Federation	Signed	06/06/2011	
7	South Africa	Signed	17/02/2004	
8	Spain	In force	22/11/2003	22/11/2003

## Other Investment Agreements

No.	Short title	Parties	Date of signature	Date of entry into force
1	Cotonou Agreement	ACP (African, Caribbean and Pacific Group of States), EU (European Union)	23/06/2000	01/04/2003
2	AU Treaty	AU (African Union)	03/06/1991	12/05/1994
3	ECCAS Treaty	ECCAS (Economic Community of Central African States)	18/10/1983	18/12/1984
4	CEMAC Convention on Liberalization	CEMAC (Economic and Monetary Community of Central Africa)	22/12/1972	22/12/1972
5	CEMAC Investment	CEMAC (Economic and Monetary Community of Central Africa)	14/12/1965	01/04/1966

## Investment Related Instruments

No.	Short title	Date of adoption	Level	Type
1	MIGA Convention	1985	Multilateral	Intergovernmental agreements
2	UN Code of Conduct on Transnational Corporations	1983	Multilateral	Draft instruments
3	UN Guiding Principles on Business and Human Rights	2011	Multilateral	Guidelines, principles, resolutions and similar
4	ILO Tripartite Declaration on Multinational Enterprises	2006	Multilateral	Guidelines, principles, resolutions and similar
5	ILO Tripartite Declaration on Multinational Enterprises	2000	Multilateral	Guidelines, principles, resolutions and similar
6	World Bank Investment Guidelines	1992	Multilateral	Guidelines, principles, resolutions and similar
7	ILO Tripartite Declaration on Multinational Enterprises	1977	Multilateral	Guidelines, principles, resolutions and similar
8	New International Economic Order UN Resolution	1974	Multilateral	Guidelines, principles, resolutions and similar
9	Charter of Economic Rights and Duties of States	1974	Multilateral	Guidelines, principles, resolutions and similar
10	Permanent Sovereignty UN Resolution	1962	Multilateral	Guidelines, principles, resolutions and similar

## II Characterisation of the procedure for starting an enterprise

1. Copy criminal record, 1 day at no cost;	
2. Notary legalizes the articles of association, 3-14 days, 3-6% equity, although not required by law, lawyers do this and there is only a notary in Malabo and one in Bata;	
3. Bank account opening and bank certificate, legally the company must deposit the minimum capital before registration of the company which is not possible before registration is required by the bank, takes 1 day free of charge;	
4. Solvency certificate, 2 days, (stamp);	XAF 10,000-15,000
5. Certificate of fiscal solvency, 2 days, XAF 5000-10000 (stamps) Ministry of Finance,	XAF 5000-10000
6. Authorization by the Prime Minister, explaining the business value to society often prepared by a lawyer, depending on the sector, may be referred to the relevant sector ministry, accompanied by two certificates of solvency, 1-2 months XAF 2000 (stamp).	XAF 2000
7. Application of tax registration. Presentation of copy includes Prime Minister, approved, and approved notary statutes. Payment rates at bank and then presented in the treasury for tax identification number. 1 day simultaneous with previous procedures, 1% of capital (NIF tax identification No.) + XAF 2000. Ministry of Labor.	XAF 2000
8. Notification of commencement of operations, 1% of wages paid to the Worker Protection Fund, workers pay 0.5%, 1 day, XAF 300 (form), 6,750 (small) XAF and 12.500 (medium) XAF.	XAF 300 (form), 6,750 (small) XAF and 12.500 (medium) XAF.
9. Registration Social Security. You must register employees in the first month they receive salaries that are 21.5% of salary to the employer, 4.5% for the worker. Special forms up to 13 pages, to be purchased, 1 day, XAF 300 per page.	XAF 300 per page.
10. Application for registration in the SME Department of the Ministry of Economy, Trade and Business Promotion. Annual rate varies by company, 1 day, XAF 150,000.	XAF 150,000.
11. Ministry of Development and Planning. The rate varies according to the company, 1 day, XAF 150,000.	XAF 150,000.
12. Payment of fees in the treasury account, 1 day.	
13. Obtain confirmation of receipt Treasury; see Procedure 3-5 days, no charge.	no charge.
14. Get Tax ID No. FRS, 2 days, including in the process.	
15. Get registered at the Ministry of Labor, 1 day.	
16. Get Social Security Number. Get licensed by the Department.	
17 SMEs, 14 days.	
18. License from the Department of Commerce, 14 days.	
19. License from the Ministry of Development and Planning, 14 days.	

Some of these activities are carried out simultaneously with other procedures. Also, some terms thereof are variable.

### III Tips for foreign Investors

#### Visas

Visas for both tourism and business purposes are issued by Equatoguinean embassies or missions. Among other documents, visitors will need a letter of invitation from a national or an Equatoguinean entity, which will also be certified by National Security.

The arrival card will be provided by the airline and must be completed upon arrival and submitted along with the visitor's passport at Passport Control. When leaving the country an exit card must also be completed, which will be provided at the airport facilities.

A vaccination card reflecting vaccination against yellow fever will also be required.

#### Public holidays

Day	Public holidays
May 11	Labour Day
June 5	President of the Republic's birthday
August 3	Freedom Coup Day
October 12	Independence Day
December 8	Immaculate Day
December 10	Human Rights Day
December 25	Christmas Day
January 1	New Year's Day

Good Friday and Corpus Christi are also observed national holidays.

#### Business hours

Business days are Monday through Saturday. Office hours within the public administration are 8:00am to 4:00pm; general business hours are usually from 8:00am to 6:00pm, with two hours for lunch, usually from 2:00pm to 4:00pm, although some companies will have French lunchtime, from 12:00pm to 2:00pm. Banks are open from 8:00am to 2:00pm, while most shops are open from 9:00am to 7:00pm closing between 1:00pm and 4:00pm.

### IV SOURCES OF FURTHER INFORMATION

Entity	CONTACT
Embassy of the Republic of Equatorial Guinea in the United Kingdom	13 Park Place, London, SW1A 1LP. Tel: +44 (0)20 7499 6867. Fax: +44 (0)20 7499 6782 Email: equinembassy.uk@gmail.com
Ministry of Labour and Social Security	C/Rey Malabo s/n, MALABO +240 333 09 21 14
Ministry of Public Works and Infrastructure	C/ Argelia s/n frente La Luna (333090070)
Ministry of Transport, Posts and Telecommunications	Autovia Aeropuerto-Ela Nguema, 11 s/n opposite PDGE, MALABO Tel: +240 333 096544
Ministry of Mines, Industry and Energy	Autovia Aeropuerto-Ela Nguema, MALABO 11 s/n Tel: +240 333 09 35 87 / 18 89 / 25 92 www.equatorialoil.com
Ministry of Agriculture and Forestry	Avenida Hassan II s/n opposite SEGESA, MALABO Tel: +240 222 25 00 37
Ministry of Fisheries and Environment	Autovia Aeropuerto-Ela Nguema, 11 s/n opposite PDGE, MALABO
Ministry of Foreign Affairs and International Cooperation	C/ Mauritania 375 opposite Hotel Yoli y Hnos., MALABO Tel: +240 333 09 34 37 / 31 32 / 28 40 www.mae-ge.org
Ministry of Finance and Budget	Autovia Aeropuerto-Ela Nguema, MALABO 11 s/n
Ministry of Planning, Economy and Public Investment	Autovia Aeropuerto-Ela Nguema, 11 s/n opposite PDGE, MALABO Tel: +240 333 09 29 35 / 33 52 / 60 97
Department of Culture and Tourism	Barrio Nzalang, MALABO +240 222 19 82 21
President's Office	Autovia Aeropuerto-Ela Nguema, MALABO 11 s/n Tel: +240 333 09 13 33 www.presidencia-ge.org
Ministry of Civil Aviation	C/ Annobon, s/n MALABO Tel: +240 333 09 15 82
Ministry of Justice	Autovia Aeropuerto-Ela Nguema, MALABO 11 s/n opposite National Treasury
Ministry of Defence	C/ Acacio Mañé Ela s/n, President's Office Building, MALABO Tel: +240 333 09 27 92
Ministry of Commerce and Business Development	Autovia Aeropuerto-Ela Nguema, MALABO 11 s/n Tel: +240 222 27 27 45
Ministry of the Interior and Local Associations	Autovia Aeropuerto-Ela Nguema, MALABO 11 s/n

#### OTHER SOURCES

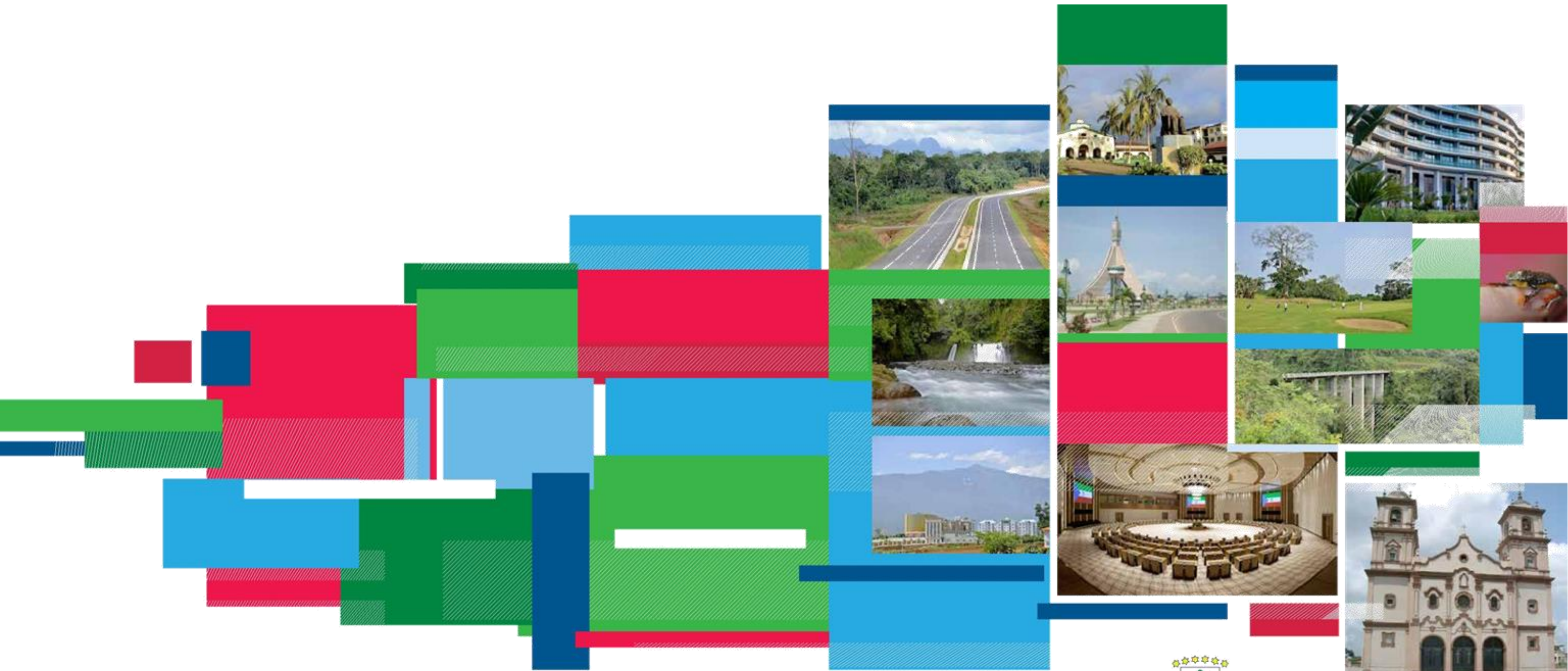
Official Web Page of the Government of the Republic of Equatorial Guinea	www.guineaequatorialpress.com
CEMAC	www.cemac.int
Banque des Etats de l'Afrique Centrale	www.beac.int
La Gaceta de Guinea Ecuatorial	www.lagacetadeguinea.com



#### REFERENCES

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Guía País Guinea Ecuatorial 2014, Secretaría de Estado de Comercio, Gobierno de España Doing Business 2013 - smarter regulations for small and medium-size enterprises: comparing business regulations for domestic firms in 185 economies. Banco Mundial World Investment Report 2013. Equatorial Guinea - Country Strategy Paper 2013- 2017. Banco Africano de Desarrollo; 2013 African Statistical Yearbook. Banco Africano de Desarrollo





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