EQUATORIAL GUINEA

Equatorial Guinea’s economic freedom score is 42.0, making its economy the 175th freest in the 2018 Index. Its overall score has decreased by 3.0 points, primarily because of a plunge of 27-plus points in the fiscal health indicator. Equatorial Guinea is ranked 45th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Oil was the major source of high economic growth in recent years, and the government was criticized for its lack of transparency about and misuse of oil revenues. Now that Equatorial Guinea’s hydrocarbons boom has ended, the government cannot rely on debt-financed investment to support growth. Overall, economic development has been uneven, and poverty remains daunting. Persistent institutional weaknesses impede development of a more vibrant private sector. The rule of law is weak. Pervasive corruption and onerous regulations are major hurdles for foreign and domestic investment.

**ECONOMIC FREEDOM SCORE**

![42.0](42.0) (▼ DOWN 3.0 POINTS)

**REGIONAL AVERAGE**

(Sub-Saharan Africa Region)

54.4

**WORLD AVERAGE**

61.1

**NOTABLE SUCCESSES:**

Monetary Stability

**CONCERNS:**

Rule of Law, Fiscal Health, and Open Markets

**OVERALL SCORE CHANGE SINCE 2014:**

–2.4

**BACKGROUND:** Equatorial Guinea gained independence from Spain in 1968. President Teodoro Obiang seized power in 1979 and won reelection to another seven-year term in 2016 with 93 percent of the vote. The opposition protested the result as fraudulent. The government is trying to develop agriculture, fishing, financial services, and tourism to diversify the economy. It renewed diplomatic ties with Israel in July 2016 and joined OPEC in May 2017. During its oil boom, Equatorial Guinea was one of Africa’s fastest-growing economies and sub-Saharan Africa’s third-largest oil producer, but its economy is now in decline. In 2014, U.S. authorities seized more than $30 million in assets from Obiang’s son (and vice president) Teodorin, who faces charges in France for money laundering and embezzlement.

**QUICK FACTS**

| POPULATION: | 0.8 million |
| GDP (PPP): | $31.7 billion |
| Inflation (CPI): | 1.4% |
| FDI INFLOW: | $54.0 million |
| PUBLIC DEBT: | 21.7% of GDP |

| UNEMPLOYMENT: | 7.3% |
| FIVE-YEAR COMPOUND ANNUAL GROWTH: | –2.8% |
| $38,639 per capita |

2016 data unless otherwise noted. Data compiled as of September 2017
Property rights are severely threatened. The state can and does seize property with very little, if any, due process. The judicial system is not independent; the president is the chief magistrate, and judges regularly consult with him on their decisions. Equatorial Guinea has one of the world’s most corrupt governments. Graft and nepotism are rampant. Private domestic firms without links to the regime are viewed with suspicion.

The top personal income and corporate tax rates are 35 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 24.3 percent of total domestic income. Over the past three years, government spending has amounted to 36.1 percent of total output (GDP), and budget deficits have averaged 14.2 percent of GDP. Public debt is equivalent to 21.7 percent of GDP.

Entrepreneurs in Equatorial Guinea have to deal with corruption and a burdensome, inefficient bureaucracy. A high percentage of the workforce participates in the informal economy, partly because of outmoded labor regulations. The government can no longer afford the generous subsidies it used to fund for fisheries, agriculture, and ecotourism now that oil receipts have plummeted.

Trade is significant for Equatorial Guinea’s economy; the combined value of exports and imports equals 99 percent of GDP. The average applied tariff rate is 15.6 percent. Nontariff barriers impede trade. Government openness to foreign investment is below average. The financial sector remains subject to state interference. Access to financing is limited. The government controls long-term lending through the state-owned development bank.