

GABON

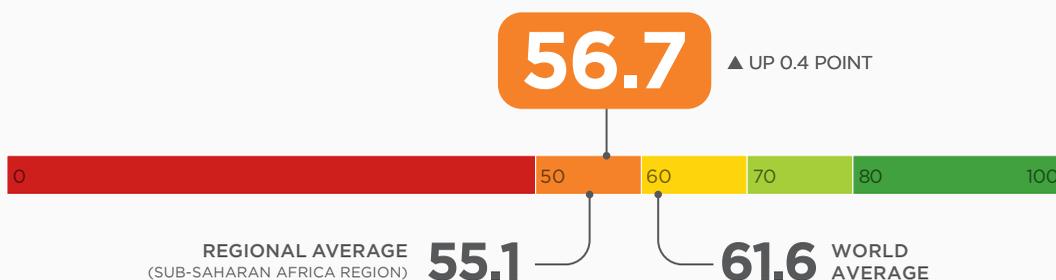
Gabon's economic freedom score is 56.7, making its economy the 118th freest in the 2020 *Index*. Its overall score has increased by 0.4 point, helped by a slightly higher **property rights** score. Gabon is ranked 16th among 47 countries in the Sub-Saharan Africa region, and its overall score is slightly above the regional average and well below the world average.

With the exception of one year (1999), Gabon's economy has been in the mostly unfree category since the inception of the *Index* in 1995. GDP growth in the past five years has been feeble by developing-country standards but understandable in the context of an oil-based economy and lower global oil prices.

Recent political instability has further dampened already dim prospects for economic reform in Gabon. A ruling elite sustained by oil-sector revenues has little incentive to undertake regulatory reforms that might improve the business climate for entrepreneurs or increase labor freedom. Declining judicial effectiveness and levels of corruption that are among the worst in the world reflect the perilous state of the rule of law.

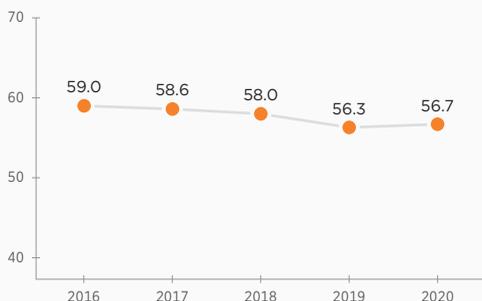
WORLD RANK: **118** | REGIONAL RANK: **16**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -0.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.1 million

GDP (PPP):
\$38.0 billion
1.2% growth in 2018
5-year compound annual growth 2.4%
\$18,496 per capita

UNEMPLOYMENT:
19.5%

INFLATION (CPI):
4.8%

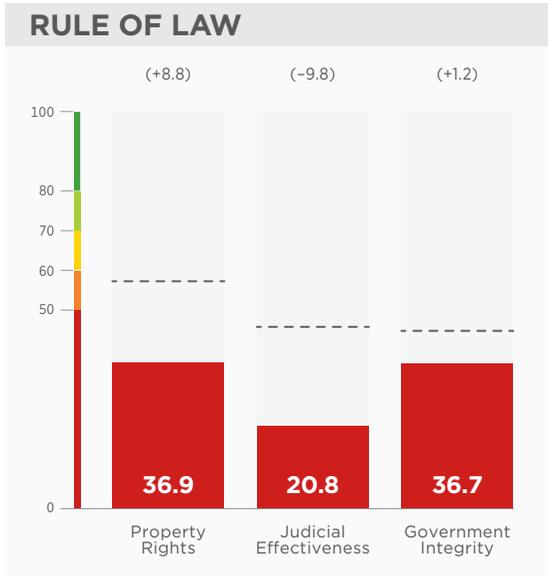
FDI INFLOW:
\$845.8 million

PUBLIC DEBT:
58.2% of GDP

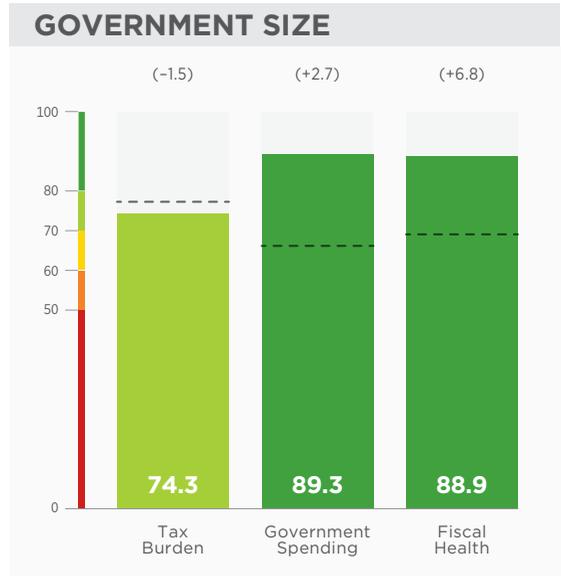
2018 data unless otherwise noted. Data compiled as of September 2019

BACKGROUND: Gabon gained independence from France in 1960 and was ruled by Omar Bongo for more than 40 years until his son, Ali Bongo Ondimba, became president in 2009. Opposition leaders accused the Bongo family of electoral fraud to ensure dynastic succession. Bongo secured his second seven-year term in disputed 2016 elections. He suffered an apparent stroke in 2018, and this was followed by an attempted military coup in 2019. Despite abundant natural wealth, poor fiscal management and overreliance on oil have stifled the economy. Power cuts and water shortages are frequent. Gabon has one of Africa's highest average per capita incomes, but oil wealth is held by few, and most Gabonese live in poverty.

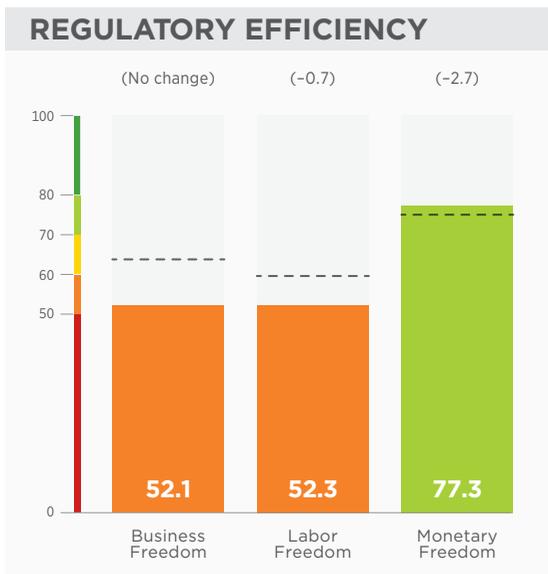
12 ECONOMIC FREEDOMS | GABON



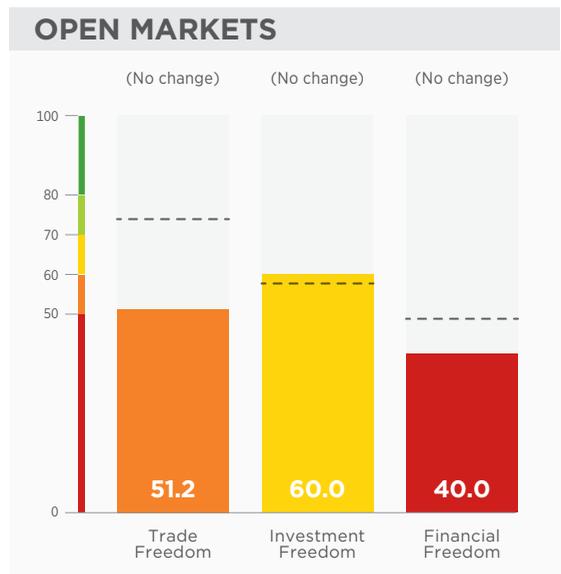
At least 85 percent of Gabon's land area is legally owned by the state. Enforcement of contracts and property rights is weak, and the process for property registration is lengthy. The judiciary is inefficient and not independent. Dispute resolution takes nearly three years on average. Corruption and impunity remain major problems. Authorities have reportedly used anticorruption efforts to target opponents of the regime.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax. The overall tax burden equals 21.1 percent of total domestic income. Government spending has amounted to 18.9 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 1.7 percent of GDP. Public debt is equivalent to 58.2 percent of GDP.



Rules regarding business practices lack transparency. The levying of the new special solidarity contribution tax and the tax for professional training has made running a business more costly. Rigid labor regulations prevent more vibrant employment growth. In recent years, rates of inflation have been at generally low levels of less than 3 percent due to government subsidies on many basic goods, including food staples.



The total value of exports and imports of goods and services equals 75.1 percent of GDP. The average applied tariff rate is 16.9 percent, and two nontariff measures are in force. Political influence and inadequate infrastructure impede dynamic investment growth. The underdeveloped financial sector is controlled by the state. Credit costs are high, and the state-owned development bank controls long-term lending.