EQUATORIAL GUINEA

Equatorial Guinea’s economic freedom score is 49.2, making its economy the 163rd freest in the 2021 Index. Its overall score has increased by 0.9 point, primarily because of an improvement in fiscal health. Equatorial Guinea is ranked 41st among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The economy of Equatorial Guinea remained repressed this year. To establish the basic conditions required for greater economic freedom, the government would need to adopt policy reforms to improve the regulatory environment while also implementing deep, broad, and well-institutionalized reforms to improve property rights, judicial effectiveness, and government integrity.

IMPACT OF COVID-19: As of December 1, 2020, 85 deaths had been attributed to the pandemic in Equatorial Guinea, and the economy was forecast to contract by 6.0 percent for the year.

BACKGROUND: Equatorial Guinea gained independence from Spain in 1968. President Teodoro Obiang, currently Africa’s longest-serving leader, seized power in a 1979 coup and won reelection to another seven-year term in 2016 with 93 percent of the vote. The opposition protested the result as fraudulent. The ruling party controls 99 of 100 parliamentary seats. In 2018, the Supreme Court approved the dissolution of the main opposition party and 30-year prison sentences for nearly two dozen opposition members. Obiang later declared a total amnesty for political prisoners. Equatorial Guinea was once one of Africa’s fastest-growing economies and sub-Saharan Africa’s third-largest oil producer, but its economy is now in decline because of corruption, falling oil revenues, and lack of diversification.

**ECONOMIC FREEDOM SCORE**

- **World Rank:** 163
- **Regional Rank:** 41
- **Economic Freedom Status:** Repressed

- **Score:** 49.2
- **Change:** Up 0.9 point

**ECONOMIC FREEDOM STATUS:**

- **Regional Average (Sub-Saharan Africa Region):** 55.7
- **World Average:** 61.6

**HISTORICAL INDEX SCORE CHANGE (SINCE 1999):** +4.1

**RECENT FREEDOM TREND**

**QUICK FACTS**

- **Population:** 1.4 million
- **GDP (PPP):** $28.2 billion
  - 6.1% growth in 2019
  - 5-year compound annual growth -7.1%
  - $19,327 per capita
- **Unemployment:** 6.4%
- **Inflation (CPI):** 0.6%
- **FDI Inflow:** $452.3 million
- **Public Debt:** 43.9% of GDP

**POPULATION:**

**GDP (PPP):**

- 6.1% growth in 2019
- 5-year compound annual growth -7.1%
- $19,327 per capita

2019 data unless otherwise noted. Data compiled as of September 2020

**BACKGROUND:**

Equatorial Guinea gained independence from Spain in 1968. President Teodoro Obiang, currently Africa’s longest-serving leader, seized power in a 1979 coup and won reelection to another seven-year term in 2016 with 93 percent of the vote. The opposition protested the result as fraudulent. The ruling party controls 99 of 100 parliamentary seats. In 2018, the Supreme Court approved the dissolution of the main opposition party and 30-year prison sentences for nearly two dozen opposition members. Obiang later declared a total amnesty for political prisoners. Equatorial Guinea was once one of Africa’s fastest-growing economies and sub-Saharan Africa’s third-largest oil producer, but its economy is now in decline because of corruption, falling oil revenues, and lack of diversification.
Property rights are enforced selectively, and the government can seize land with very little if any due process. The judicial system is not independent, as the president is also the chief magistrate. Graft and nepotism are rampant. Money laundering occurs often through cross-border currency transactions and illegal international cash transfers. The government has not yet ratified the United Nations Convention Against Corruption.

The costs associated with getting electricity have recently become higher, as has the paid-in minimum capital requirement needed to start a business. Publicly published labor laws are applied inconsistently. Taking advantage of lower world oil prices, the government is committed to reducing costly fuel subsidies.

Equatorial Guinea has one preferential trade agreement in force. Its most recent publicly available average tariff rate is 15.6 percent. Equatorial Guinea is not a member of the World Trade Organization. Onerous regulations, exacerbated by other institutional shortcomings, impede trade and foreign investment flows. High credit costs limit access to financing. The government controls long-term lending through the state-owned development bank.