



## *Casa África – Business Opportunities*

### **Republic of Equatorial Guinea**

The economy of Equatorial Guinea continues to be dominated by hydrocarbons and is still suffering the consequences of the economic recession caused by the fall in oil prices in 2014, although the contribution of non-oil activities is increasing. Overall, the economic outlook remains negative and a recession was expected in 2020 along with a decline in oil sector activity, the situation of which will be exacerbated by the current global health crisis.

A 4.1% reduction in GDP was estimated for 2019 due to lower activity in the oil sector in previous years. Inflation is low at around 1.4% for 2019, and cuts in public capital spending have improved tax revenue collection, with non-oil revenue increasing by 7.2%. This improvement in finances is also due to the implementation of benchmarking program measures by the IMF and the government, whose main objective is to maintain macroeconomic stability and strengthen the banking sector, while promoting social welfare and economic diversification. The budget balance became a surplus in 2018 with 0.5% of GDP, and grew in 2019 to 1.3%. The current account deficit also improved, falling to 5.6% of GDP in 2019 thanks to an improvement in the trade balance resulting from a reduction in imports of capital goods.

The external sector is key to the country's economic activity, and hydrocarbons account for almost all of its exports. On the other hand, its imports enjoy a wide variety, since they import practically all its consumer goods, highlighting the food and beverage, capital goods, vehicles and construction elements and machinery sectors. In 2017, Spain was the country's main supplier of goods with a great diversity of products, followed by China and the United States. In terms of exports, China is in first place, followed by India and South Korea. In general, Equatorial Guinea is a country that offers great commercial opportunities for Spanish companies, as its products already have a strong presence in the country and its citizens are very familiar with Spanish branded products. Among the main sectors of opportunity are consumer goods, building maintenance, engineering and architectural services and training services.

Despite the data, in recent years the small gains experienced in oil have allowed the country to modernize its infrastructure over the last two decades and programs are being implemented that cover a wide variety of new and well-maintained infrastructure (roads, ports, airports, water and electricity supply). Economic diversification remains a key objective for long-term growth and economic stability. Given the geographical characteristics of the country, the agricultural sector and in particular fisheries and aquaculture have great potential for the country and could be an important source of diversification, but their contribution to the national economy is still very low. At the institutional level, structural weakness hinders their capacity to manage public finances and economic and social transformation.

AEO: <https://www.afdb.org/en/documents/african-economic-outlook-2020>

ICEX: <https://www.icex.es/icex/es/navegacion-principal/todos-nuestros-servicios/informacion-de-mercados/paises/navegacion-principal/exportar-a/sectores-de-oportunidad/index.html?idPais=GQ>

MAEC: [http://www.exteriores.gob.es/Documents/FichasPais/GUINEAEQUATORIAL\\_FICHA%20PAIS.pdf](http://www.exteriores.gob.es/Documents/FichasPais/GUINEAEQUATORIAL_FICHA%20PAIS.pdf)