Economic assets

BEYOND PETROLEUM...

Equatorial Guinea has, excluding petroleum, many economic assets which it intends to develop through a wise investment of its oil rent.

What will be the profile of the economy for Equatorial Guinea in twenty years? Hard to say with certainty, but something is sure: it will have an economy less focused on the oil sector. Whether it's about industry, agriculture or services, Equatorial Guinea has undertaken to develop the country. The reason for such a step is simple, as explained in a recent report of the major international financial institutions: "*Authorities are still concerned about a possible "Dutch Disease" syndrome following the oil boom: a situation in which the development of the natural resources sector would lead to an increase in the real exchange rate that could affect the export potential of other productive sectors. The fast development of the petroleum sector led to a significant increase of the effective real exchange rate over the past decade, which may have affected all other productive sectors such as cocoa, the main export product before the petroleum boom, or wood, now the main raw material export product after petroleum and gas. Given the membership of Equatorial Guinea to the monetary union of the CEMAC, characterized by a fixed exchange rate with the euro, and with the significant weakening of the euro during the 2010 year, tensions on the real exchange rate may subside in 2011*."

Since most programs are closely related to petroleum revenues, the first sector to be able to generate added value, besides that of petroleum, is infrastructure. Effects deriving from the massive investment by the Head of State Teodoro Obiang Nguema Mbasogo in infrastructure are numerous. In addition to the strengthening of the economy's competitiveness, there has been a transfer of technology and a critical path for training of local human resources, thus endowing the country with well-trained people to lead the development of new sectors. Similarly, the availability of financial resources enabled this country to be almost at the forefront of the continent in terms of acquisition and implementation of new technologies, many assets that should serve the development of other segments of the economy.

In terms of agriculture and fisheries, it is necessary to value the important land resources that are suitable for agriculture and to develop a local agro-industry that could create many skilled jobs and fuel a potentially significant external demand, including for organic farming. In addition, investors are free to exploit the vast coastline and territorial waters rich in fish resources. Added to this is a forestry sector as rich as devoided of any operation. Here too, all the intelligence of the authorities will consist of promoting local processing, not only in order to give added value to wood exports but also to develop local expertise in this domain and to promote the establishment of specialized companies, be it SMEs or multinationals.

Still besides petroleum, but thanks to oil resources, Equatorial Guinea, which touristic assets are well established, intends to pair seaside tourism to ecotourism. If the seaside resort of Sipopo and its impressive facilities are a proof that in this field Equatorial Guinea wants play in the big league, one should note that the country does not intend to neglect its ecotouristic assets, especially in terms of the sightseeing of sites and rare species, or touristic safaris. Moreover, when walking along the seaside with its skillfully arranged promenade, we picture ourselves elswhere than under Equatorial Africa. All these are signs of the authorities' determination to develop this other sector.

All these programs besides petroleum, should be based upon a service sector that is efficient and innovative. For the time being, service providers are abundant in the banking sector and in insurance, where pioneers are naturally taking the lion's share. But other sectors remain unexploited, and the government policy in terms of promoting outsourcing will undoubtedly contribute to develop these economic sectors where local investors are beginning to emerge.

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