

*Where to invest?***BUOYANT SECTORS**

The hydrocarbon sector is on the roll: the level of production of black gold and gas makes the country more attractive for investors, particularly in terms of foreign direct investment (FDI). Since 2006, they represent over a third of investments carried out in Central Africa.

The wealth of Equatorial Guinea increased twenty times over the last ten years. This is a unique performance in the African continent. To be the first producer of black gold in the Franc zone means storing up exceptional fiscal revenues – a decisive factor to attract private and public capital as well as domestic and foreign capital. So it is no accident that FDI flows have boomed since 2006. Precisely, a report by the United Nations Conference on Trade and Development (UNCTAD) dated from 2007 shows that alone, Equatorial Guinea “represents more than a third of FDI’s made in Central Africa”, that is to say 3.7 billion dollars at that time.

Naturally, the hydrocarbon sector is booming. The two national companies, Guinea Ecuatorial Petroleos and Sociedad Nacional de Gas (Sonagas) are key actors in this sector. Founded in 2001, GEPetrol is involved in all exploration projects; it manages the Government ownerships in the production sharing contracts and is responsible for the petroleum sector downstream activities, that is to say the import, processing, transport, storage, distribution and sale of hydrocarbons. In 2013, with the two new oil fields (see our article Oil p. 44) exploited by the major Noble Energy (United States), production should reach the mark of 400,000 barrels per day, which would consolidate Equatorial

Guinea in its position as the third largest black gold producer in sub-Saharan Africa, just behind Angola and Nigeria.

As for Sonagas, it arrived in 2005 and is associated with all the large gas projects, owing all shares in companies dealing with the Equatoguinean gas: Equatorial Guinea - Licuado Natural Gas (EG LNG), Atlantic Methanol Production Company (AMPCO), Alba Plant, etc.

Eager to diversify its revenues, Equatorial Guinea quickly understood the importance of opting for the processing of its natural gas, since its gas reserves are estimated at about 127 billion cubic meters and the production of the Alba and Zafiro fields alone is about 1,092 billion cubic feet per day, which represents almost half the production of nearby Nigeria. The Equatorial Guinea gas is converted into several products: methanol, propane, butane, liquefied petroleum gas (LPG) and liquefied natural gas (LNG).

On the one hand, AMPCO, in partnership with Marathon Oil and Noble Energy as well as Sonagas (10%), produces 1 million tons of methanol per year on the petrochemical site of Punta Europa, near Malabo. On the other hand, Alba Plant, in partnership with Marathon Oil (52%), Noble Energy (28%) and Sonagas (20%) produces LPG. However, LNG remains the key product in this sector:

Equatorial Guinea is one of the world’s fifteen countries that are equipped with high quality facilities in terms of liquefaction and transportation of natural gas. The authorities are committed to transform their country into a regional gas hub, and to that effect they are considering building a second unit that is expected to be operational around 2016. The export of Equatoguinean gas production, i.e. more than 153 billion cubic feet, is directed to Japan at 41%, South Korea at 36% and Taiwan at 16%.

Beyond hydrocarbons, there are other flourishing sectors for investment. Such is the building and works industry, which is considered as the most advanced sector, because it accounts for the largest presence of foreign companies. Indeed, while only a dozen Equatoguinean companies emerge from the rest, there are many European companies in the sector, particularly French companies such as Bouygues through its building, works and excavation subsidiaries, and Sogec Guinea, Sogea-Satom, Razel, etc. Let’s also mention the fisheries sector, even if it remains a largely underdeveloped activity given that the country has an important network of rivers and a capture potential estimated at 80,000 tonnes of fish and shellfish per year.

Catherine Demy

In 2013, with the two new oil fields exploited, production should reach the mark of 400,000 barrels per day, which would consolidate Equatorial Guinea in its position as the third largest black gold producer in sub-Saharan Africa.