

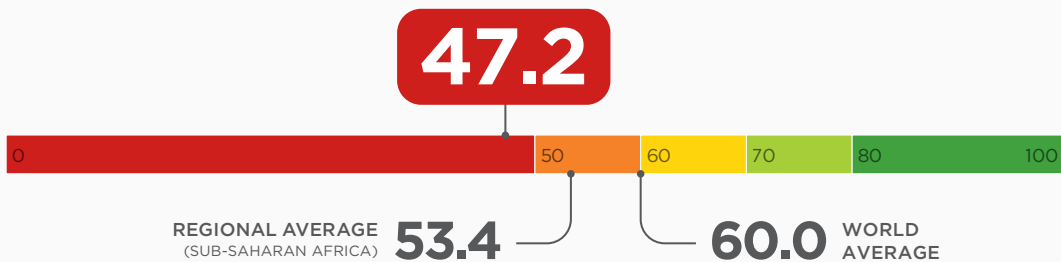
EQUATORIAL GUINEA

Equatorial Guinea's economic freedom score is 47.2, making its economy the 163rd freest in the 2022 *Index*. 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.

Over the past five years, Equatorial Guinea has experienced negative economic growth each year, but the contraction had begun to ease by 2021. Economic freedom has been very weak but uneven over the same period. With international donor assistance, scores for **government spending** and **fiscal health** increased, helping Equatorial Guinea to record a 2.2-point overall gain of economic freedom since 2017, but the country remains in the "Repressed" category. Monetary freedom is relatively strong, but the rule of law is exceptionally weak.

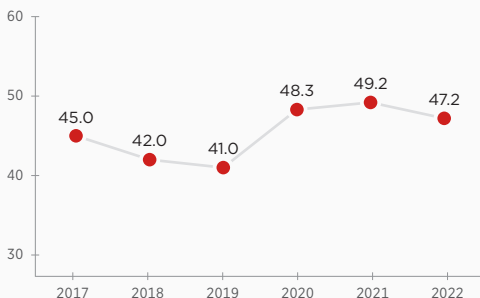
IMPACT OF COVID-19: As of December 1, 2021, 175 deaths had been attributed to the pandemic in Equatorial Guinea. The economy contracted by 5.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +2.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 million

GDP (PPP):
\$25.0 billion
-5.8% growth
in 2020
5-year compound
annual growth -6.4%
\$17,788 per capita

UNEMPLOYMENT:
9.2%

INFLATION (CPI):
4.8%

FDI INFLOW:
\$530.0 million

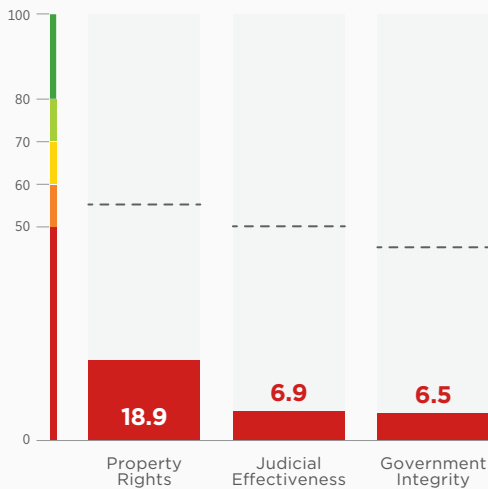
PUBLIC DEBT: 51.1%
of GDP

2020 data unless otherwise noted. Data compiled as of September 2021

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 country's 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.

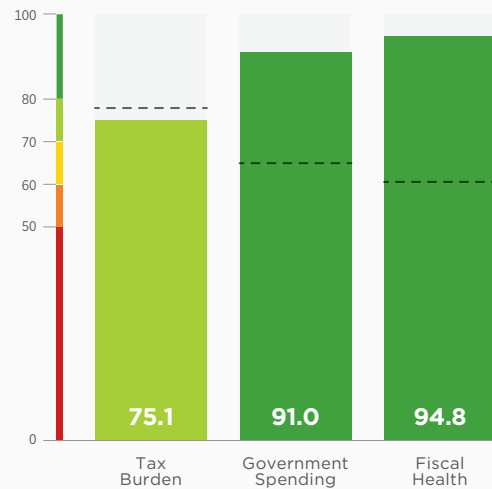
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RULE OF LAW



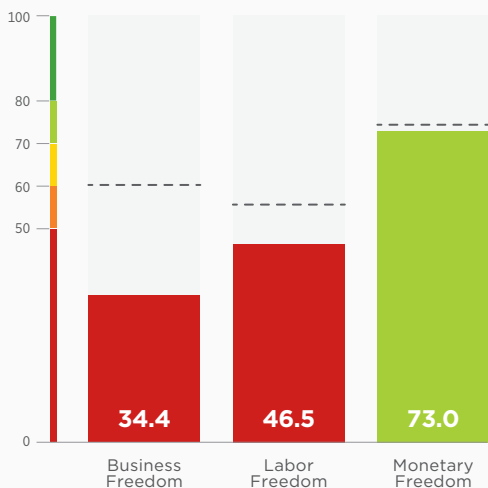
Property rights are enforced selectively, and the government can seize land with very little if any due process. The judicial system is not independent, as the president is also the chief magistrate. Graft and nepotism are rampant. Money laundering occurs often through cross-border currency transactions and illegal international cash transfers. In 2021, assets were seized from the president's corrupt son and used to buy COVID vaccines.

GOVERNMENT SIZE



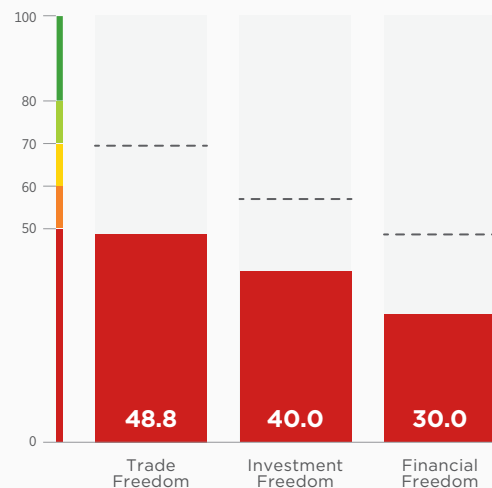
The top personal income and corporate tax rates are 35 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 6.3 percent of total domestic income. Government spending has amounted to 17.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.1 percent of GDP. Public debt is equivalent to 51.1 percent of GDP.

REGULATORY EFFICIENCY



Businesses operate in an opaque regulatory environment that is characterized by heavy, inefficient bureaucracy and legal uncertainty. Administrative procedures take much longer if one lacks political or familial connections. Dismissing an employee for any reason is very difficult. The government subsidizes at least eight state-owned enterprises in the energy, housing, fishing, aerospace and defense, and information and communication sectors.

OPEN MARKETS



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. Foreign investment in several sectors of the economy is restricted, and state-owned enterprises distort markets. The financial system remains very underdeveloped. Capital markets are nonexistent, and long-term financing is hard to obtain.