



# MASTERING YOUR MARKET UNDER AFCFTA - EQUATORIAL GUINEA



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## OVERVIEW OF EQ. GUINEA

A country in central Africa, Equatorial Guinea is situated between Gabon and Cameroon to the north and south, respectively. As of 2021, this coastal nation had a population of roughly 1.5 million people, with Malabo serving as its capital. Originally known as the colony of Spanish Guinea, its post-independence moniker refers to its proximity to both the Gulf of Guinea and the Equator. Before gaining its independence, Equatorial Guinea supplied timber, coffee, and cocoa, primarily to Spain, its colonial overlord, but also to Germany and the UK. The 1996 discovery of significant oil reserves and the subsequent exploitation of those reserves led to a sharp rise in government revenue. Equatorial Guinea ranked third in Sub-Saharan Africa for oil production as of 2004. The World Bank reports that Equatorial Guinea has the highest GNI



## ECONOMIC SNAPSHOTS

A small coastal nation with more than 200 kilometers of coastline, Equatorial Guinea. The nation of sub-Saharan Africa is one of those in Africa's upper middle-income income group of nations. She shares this status with Cape Verde Island as one of the few nations in Africa. Equatorial Guinea's Gross Domestic Product (2019 est.) is above \$10 billion, and it is ranked 178 (41.1%) in terms of how easy it is to do business there. Equatorial Guinea has a GDP ranking of 131 and a 136 on the economic complexity index. Spanish is the official language of the nation, and 67.6% of the population speaks it. French, Fang, Bubi, Portuguese, and other languages are also spoken. The majority of people in the country are Christians, however, there are also Muslims and other faiths. Equatorial Guinea's industry generates petroleum, natural gas,



## ECONOMIC SNAPSHOTS

and sawmills mills, while its agriculture produces coffee, cocoa, rice, yam, cassava, banana, palm oil, livestock, and tubers. Almost 57% of the population is under 25 years old, according to the age distribution. Agriculture contributed 2.5%, industry 54.6%, and services 42.9% to the GDP in 2017.



## MARKET CHALLENGES

Given that the oil industry has dominated the economy since the 1990s, the government has little need to preserve the integrity of the free market. To realize free entry, oil and other hydrocarbons continued to dominate in 2019. The world's highest number of procedures—16—was still needed to register a firm as of 2019. Despite slight advances, there are still temporary, structural, and infrastructure obstacles. Owners are not required to disclose acquisitions to shareholders, which under-

mines the protection of minority investors and discourages capital formation through private investment. Additionally, due to infrastructure issues, new enterprises should still anticipate paying hefty registration costs, waiting 106 days to get energy, and paying 892% of GNI per capita (a minor improvement) for a connection. There is also an issue of judicial independence as there is no effective separation of powers or system of checks and balances.

## IMPORT PRODUCTS

In 2020, the total import volume of Equatorial Guinea amounts to about \$1.2 billion. Some of the items imported and the amount include the following:

1. Transportation -	\$426m
2. Machine -	\$182m
3. Food Stuff-	\$130m
4. Metal -	\$121m
5. Animal Product.-	\$68m
6. Chemical Product-	\$56.6m
7. Plastic & Rubber -	\$34m
8. Veg. Product-	\$30.6m
9. Miscellaneous -	\$28.9m
10. Stone & Glass-	\$25.7m
11. Mineral Product-	\$20.3m
12. Instrument-	\$20m
13. Textile -	\$18.9m
14. Paper Goods-	\$15.5m
15. Animal Bi-Product-	\$12.3m
16. Foot & Head Ware-	\$7.16m
17. Wood Products -	\$2.97m
18. Animal Hides-	\$1.35m
19. Arts & Antiques -	\$294k
20. Precious Metals—	\$260k





## MARKET OPPORTUNITIES

The massive investments made in recent years with the emergence of numerous cities, such as Malabo II, Oyata, and other significant projects, have sparked the need for an effective public transportation system, the need for businesses providing various services, the development of schools and academies, etc. Equatorial Guinea is really a gem in the rough.

Primary industries like agriculture, livestock, and fisheries require the knowledge of other businesses with extensive experience in those industries. This includes the use of cocoa production, which is presently all but abandoned after serving as the primary negotiating tool for the entry of other goods into the nation in the past. One of the most promising investment areas is the development of the nation's beautiful geographical and climatic features for tourism and

renewable energy. Other promising investment areas include the opening of new restaurants, cinemas, shops, and banks; the establishment of logistics firms; engineering, consulting, and security firms; the creation of training centers; and the opening of private clinics, hotels, and schools. building factories and industries as a source of income and employment. No matter how small the nation is, it has a great deal of potential to draw in businesses ready to expand and invest. Equatorial Guinea has prospects in agriculture, arts and crafts, automobiles, beauty, construction, education, entertainment, fashion, food business, import and export, manufacturing, oil and gas, real estate, tourism, and transportation, thus now is the greatest time to invest there.

## MARKET ENTRY

The majority of foreign businesses use local advisors or middlemen in Equatorial Guinea. Being able to deal with people who are familiar with the local laws makes this an excellent approach to break into the market. Also, it can help businesses create different business endeavors, gain access to important decision-makers, and enter the local market more quickly.

According to my experience, the Equatorial Guinea consulting firm can benefit your company provided you hire the correct kind of firm or consultant

and have good rules in place for managing their job.

On the other hand, your company's liability will increase if you don't hire the correct kind of consultants or intermediaries in Equatorial Guinea. Certain clients frequently gripe that the tedious due diligence procedure hinders their quick introduction into the market. It might be the most invasive and potentially irritating element of the entire process of hiring a local consultant or intermediary, but it works and I have results to prove it, so in my opinion, it is the most crucial step in enter-

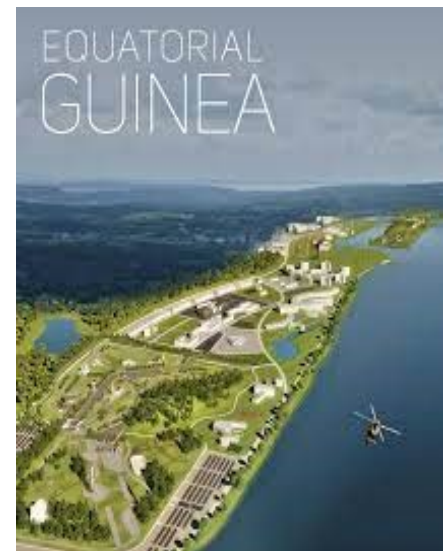
ing the Equatorial Guinean market.

In Equatorial Guinea, it is important to explain why you are working with local partners, conduct background checks, seek references, sign contracts, provide anti-bribery clauses, inform the intermediary of the company's bribery policy, provide ongoing training, and provide documentation for compliance. This is the best method of compliance and will serve as the best proof if any problems arise.

## IMPORT DOCUMENTATIONS

Companies must submit a request for import to the ministry of trade in order to import goods. In order to clear customs formalities and comply with all laws and regulations, the importer must ensure that they have created all of the necessary import documentation. Knowing the appropriate paperwork is crucial for efficient import and export processes. Almost everywhere in the globe, the documentation process for importing items is the same. In practically all areas,

all WTO countries have the same certificates and licenses that are necessary for the importing of products and services. Ammunition, explosives, and weapons cannot enter the country without a permit. Dogs and other animals must have a rabies vaccination certificate in order to enter the country. Imports of used vehicles are prohibited unless two specific authorizations, given by the Ministry of Mines and Customs Administration in Malabo.



## SELLING FACTORS

Christians make up about 88.7% of the population of Equatorial Guinea, and their influence on local corporate culture may be seen in the manner in which they conduct business. Portuguese is the official language of the nation, however many significant traders are also able to conduct business in other favored languages including French and Spanish. There are two government-owned radio stations in Equatorial Guinea that

broadcast in Fang, Bubi, and Combe in addition to Spanish, French, and other languages. One television station exists and is likewise owned by the government. There is also cable television available. Equatorial Guinea lacks true media plurality. The RTVGE radio and TV station, which is under government control, is the population's primary news source. For more than 40 decades, the nation has had a very stable government. In Equatorial Guinea, the overall

literacy rate was 90.6% in 2022. The government maintains tight control over the media. There are no independent media outlets, and the government has the right to terminate journalists who disobey its censorship. Entry into the nation is frequently denied to foreign journalists. No media regulation exists.

## PAYMENT & EXCHANGE DOCUMENTS

At the conclusion of each fiscal year, it is legal under Equatorial Guinean legislation to transfer convertible money without restriction. International transfers can occasionally be challenging to carry out due to the limited financial series. Although not generally available outside of the central African franc (CFA) zone, local cash can sometimes be simple to come by in the nation. The country has a cash economy; credit cards are

available but not very popular. Companies must submit a request for import to the ministry of trade in order to import goods. It is permitted to pay for goods before they are delivered. A copy of the contract and an invoice are necessary for the payment of series. The state ensures the free transfer of capital, profit, and revenue resulting from the sale of the company. Equatorial Guinea is eager to promote foreign investments.

## BUSINESS CULTURE

Greetings are significant and frequently drawn-out. Typically, they entail handshakes. When conversing, people typically hold hands or stand close to each other. Respect is shown for professionals, senior citizens, and others in positions of power.

habit, and people now anticipate being late for everything. When organizing a conference or meeting, one should plan on everyone arriving an hour late. Although schedules are typically present, they are rarely adhered to.

The majority of individuals prefer indirect communication; it is typically inappropriate to state your thoughts out loud because they might be misinterpreted or worse, be regarded disrespectful. In most urban settings, direct eye contact is typically the norm during a conversation. Being on time has almost become a joke and a





## IN CONCLUSION

For African enterprises operating under the AfCFTA, the 200 kilometers of coastline of Equatorial Guinea present a significant market opportunity. Large-scale prospects in sectors like agriculture, livestock, and fisheries necessitate the expertise of other enterprises with in-depth understanding of those sectors.

Any company wishing to enter this market, though, must be prepared to make the appropriate certification and labeling changes. Setting up the required framework to lessen the risks brought on by the market's issues is also

crucial. Because of this, finding a local partner and performing due diligence on them before hiring them become crucial.

Despite their numerous challenges in transportation infrastructure needs (road, railway, seaport and airports) have a huge opportunity that awaits them

The state also guarantees the free transfer of capital, profit, and revenue coming from the sale of the company, so businesses will find it simple to repatriate their international earnings.

To successfully establish in Equatorial Guinea, the business must first cater of the language difference, which could pose a great obstacle to prospective investors.



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