

**COUNTRY PROFILE:****GABONESE REPUBLIC****DATED:****MARCH 2008****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	3C	Case-by-case
<i>Comment/Opinion</i>		

*Recent Political Highlights*

- ❑ Chief of state since December 1967 has been President El Hadj Omar Ondimba. The president is elected by popular vote for a seven-year term with no term limits. The last election was held in 2005 and the next one is scheduled for 2012;
- ❑ Following the recent resignation of Cuba's President Fidel Castro, Bongo has become the world's longest serving leader with more than forty years in power over the oil-rich west African country;
- ❑ The African Union has elected Gabonese Foreign Minister Jean Ping as the new commission chairman of the 53-state body. He will take over from Mali's Alpha Oumar Konare who led the AU since 2003;
- ❑ Gabon reacted with fury and threatened diplomatic retribution after French state television's broadcast of a report on President Omar Ondimba's real estate interests. The broadcast disclosed that property owned by the Bongo family in Paris included 33 houses and flats with one mansion worth €18m. The local ministry stated that the hostile campaign in the French media hurt the good relations and mutual interests enjoyed by France and Gabon.

*Recent Economic Highlights*

- ❑ Gabon has a population of 1.5m people that grew at an expected rate of 2% in 2007;
- ❑ This west African country is currently one of the five richest Sub-Saharan states in terms of income per head. The EIU says that this prosperity is unlikely to last despite an improving non-oil sector. GDP growth is expected to average 3.7% over the three years to 2010. In the IMF's review of the country's three-year Stand-by Arrangement, it predicted a booming economy in Gabon and expected GDP growth of 5% in 2007 due to brisk activity in mining, forestry, services and food-processing industries. The Fund urged Gabon to prioritise addressing the high level of current spending in 2008, which constraints investment in infrastructure and the social programmes of Government. It expects GDP growth of 4.2% in 2008;
- ❑ According to the Index of Economic Freedom 2008, Gabon is 53% free which makes it the world's 122<sup>nd</sup> freest economy. Its average score is 0.6% lower than last year, partly reflecting lower monetary freedom. It is ranked 25<sup>th</sup> out of 40 countries in the sub-Saharan Africa region. It is above the world average only in Government size, which is a measure of how large Government expenditures are relative to GDP;
- ❑ Gabon's economy is dominated by oil, which makes up 81% of exports. Oil output has been declining from the highs of 370.000bpd in 1997. Total Gabon planned a \$2bn redevelopment of its Anguille oil field and would borrow \$600m from banks to finance capital expenditure. The aim of the redevelopment was to boost production at the 42-year old oilfield to a peak of 30.000bpd in 2013-14 from 7.500bpd in 2007. French oil company Total has a 58% stake in Total Gabon;
- ❑ US company, Harvest Natural Resources has executed an agreement to acquire a 50% operated interest in the Dussafu Marin Exploration Production Sharing Contract (PSC) located offshore Gabon from Sasol Petroleum West Africa Limited. The acquisition needs to be approved by the Gabonese Government and the co-ventures in the PSC which contains 68.000 acres located at water depths ranging from 0 to 1.000 feet.

*Latest Trade Developments*

- ❑ Major exports: crude oil, timber, manganese and uranium;
- ❑ Major imports: machinery and equipment, food, chemicals and construction materials;
- ❑ Main trading partners: US, China, France, Trinidad and Tobago, Thailand, Netherlands, Cameroon and Belgium;
- ❑ Equatorial Guinea and Gabon have pledged to jointly explore for oil in the disputed offshore waters while their quarrel over three small islands in Corisco Bay is settled by UN mediation. The dispute dates back to 1972 and has prevented oil companies from carrying out a full exploration of the surrounding offshore waters;
- ❑ SA exports to Gabon totaled R304m in 2006, R180m in 2005 and R314m in the year to November 2007.