



INTERVIEW TRANSCRIPT

HIS EXCELLENCY JOSE ELA OYANA

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INVESTMENT, EQUATORIAL GUINEA

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UNIVERSAL NEWS (UN): Since 1979 the Government has done everything possible to support and promote transparency and good governance in the country. The role you play in the Economic and Monetary Community of Central Africa (CEMAC) is crucial, and the African Union Summit as well as the African Nations Cup will take place in the capital. How has the country evolved in recent years?

H.E. JOSE ELA OYANA (JE): Agriculture was the main driver in terms of export products, and then a little later it was wood; however both exports decreased to levels never seen before. In the run up to independence, we produced around 49,000 tons of cocoa but this figure reduced to less than 1,000 tons a decade later.

After the events in 1979, the country began making the changes required for an orderly transition. Institutions were created and the Constitution was amended immediately to in order to re-establish the nation's rights. We looked for economic support from the international community and in 1985 we joined what is currently known as the CEMAC. With access to this region, we were able to exchange our currency and under the impetus of our President we began to attract foreign direct investment carefully, resulting in us producing oil for the first time in 1992. Since then, the country has grown and developed to become the first oil-producing country in the region.

Oil exploitation has been possible today thanks to the efforts made by the President of the Republic, Obiang Nguema Mbasogo and his Government. The country's basic infrastructure was run down and completely ruined. When we saw the potential that oil had, we held the First National Economic Conference in September 2007 where we identified strategic areas to reduce the level of extreme poverty that the country has been submerged in since the colonial era. One of the areas identified was rebuilding the country's basic infrastructure. Thanks to the energy sector and direct investment in national infrastructure, GDP (gross domestic product) has multiplied by 10 in the last decade. At the 2nd National Economic Conference, we assessed the situation, evaluated the challenges and potential for development and diversification, thus creating new sources of growth.

UN: What is this diversification based on?

JE: We carried out some geophysical studies which estimated that the oil would run out around 2035, and the explorations confirm this. As a result of this, the President has decided to base development on economic diversification. From 2011-2015 there may be a 2% decrease in oil production per year. With the President's leadership we can take advantage of the opportunities we have and turn the country into an emerging nation. It is possible, taking

into account that other countries like Singapore, Dubai and some Latin-American countries have developed in 10 years and they are now emerging countries.

Four very important diversification sectors have been established. One of these is energy – the hydrocarbon sector.

Equatorial Guinea's maritime territory is nine times bigger than its land area. We have around 28,000 km² of land area and 300,000 nautical miles from the border with Cameroon to Gabon, Angola and Annobón. If we have sea, there must be fish, so another potential sector for diversification is sea products. There is enormous potential for fish farming and sea products in our economy.

Another pillar for the development of diversification is agriculture. In our country 60% of the population (including people who are not farmers) live in rural areas and they eat produce such as fruit and vegetables. We can stop imports of products that we can produce in the country to a certain extent, because the ground here is really fertile.

UN: What agricultural products are you referring to mainly?

JE: Cocoa or coffee as well as crops such as yucca, *malanga* and bananas. We have crops that grow here without us even needing to plant them, and old crops keep growing thanks to the rain. We can supply all markets and we can try to export our products.

Coming back to diversification, the fourth pillar is the services sector, including financial services and tourism mainly. We are not concerned with mass tourism but business and ecological tourism may be the most attractive models for us.

In order for these pillars to be sustainable, an infrastructure base is required. The development plan is divided into two phases: the first is the preparatory phase, and naturally we will need letter of support for the plan. The second phase indicates the four basic fundamentals on which the pillars will be sustained, i.e. the 'transformation' phase with the consequent 'acceleration' of the diversification areas indicated as the most attractive and competitive. The first of these four fundamental areas is basic infrastructure. It is difficult for an investor to provide a basic service without the infrastructure required, and it is the Government's job to do this. An example of this is port operators – nobody will fish or develop a fishing industry if the necessary port infrastructure is not available. Transporting materials would be impossible without ports or highways.

As regards agriculture, we must develop the rural areas as well as the main and secondary highways. Nobody would be able to access agriculture or transport their crops without the basic infrastructure required. This is why the development of infrastructure is crucial. We need to build hotels if we want business and the tourism sector to prosper. The Government must put the necessary infrastructure into place with the help of an expert, thus sharing the benefits. This is crucial. Another foundation is human capital. Human capital drives development because it creates and maintains development. If we do not have qualified staff trained in all areas, we will not be able to develop. In addition, social well-being is important. Our social well-being policy creates the necessary conditions for peace. When we talk about issues relating to economic development, we refer to social well-being and greater stability in terms of our population. When we have a good social well-being policy, peace and social cohesion is achieved; people need to be healthy and to take part in leisure activities. This is fundamental.

The energy sector is still one of the drivers of this development. We are currently producing oil and related products such as liquid natural gas (LNG), propane and other liquids. 70% of the energy consumed in Malabo comes from gas centers. However, it must be said that this is a finite resource, and if there is a possibility of finding more oil, we must channel this into other sectors to create new sources for growth, diversifying profits.

UN: How are you implementing the 2020 Horizon Plan?

JE: We must look for the best way to promote economic development. There is no one fixed model for development. In emerging countries sometimes there are no private companies per se and the Government is able to satisfy demand in extreme situations. In our case, we are pushing things forward quickly to see if development can catch up with growth. The Ministry of Planning, Economic Development and Investment has tried to develop policies and long-term plans to do this. The Horizon Plan is the vision of the President and his Government.

The President's vision is clear. When we were thinking about a Development Plan, we compared our 2020 Horizon vision to 20-20 vision. We divided the plan into two phases – the first is the 'transformation' phase, of which we still have two years left until we finish. This includes the development of basic infrastructure as one of the bases of our economy. The majority of development should take place in 2012. We will adopt the second 'acceleration' phase from 2012 when the national infrastructure is in place, and this will benefit and attract more investment.

UN: And Equatorial Guinea is in an enviable location.

JE: Exactly. We are in one of the best locations in the area. The most important port is Bata, and other ports like Annobón will be developed. These investments are difficult to undertake so we do not have any of these types of investments at the moment. The first phase will include the hospitals which we are building as well. We have higher levels of basic infrastructure compared to before. We will invest in this from 2012 and this will increase agricultural production. In addition to infrastructure, we need to anticipate the availability of funds to maintain this infrastructure. Sometimes millions of CFA Francs go towards infrastructure and as a result you lose control. If a highway can be repaired, maintained and restructured this is not the same as opening a new one; it is cheaper.

The 'acceleration' phase will take place from 2012 to 2020, as we get closer to becoming an emerging nation. We are also looking at the creation of infrastructure for offshore exploration, but we are unable to confirm if we can obtain the crude and oil that we need at the moment. We are investigating these areas. We have to study the possibility of setting up a Coordination Committee because the plan consists of three levels: the Superior Council, the Coordination Committee and the Equatorial Guinea 2020 National Agency Committee. We have hired around 30 people as directors for the Agency.

UN: *Can you tell us some more about the Equatorial Guinea 2020 National Agency's work?*

JE: The Agency is in charge of implementing the plan. Preparing the Coordination Committee is an issue. This Committee will group all the players involved in development together; i.e. civil society, political parties, opinion leaders and members of parliament. Their policies must be dynamic. The list of players is dynamic; it can change, and other players can be included. For example, if a new area for diversification became apparent, naturally this would be added to the list. We looked at the players who can attract income because the financial services are taking a bit of time. However the list is not fixed.

The banks today are naturally liquid, although the majority of our financial infrastructure in terms of banking consists of state deposits. The financial sector is being restructured so that people can obtain finance through bank credit including credit cards. We must reduce the circulation of money to a certain extent because this has an impact on our activities and inflationary pressure continues as a result. When people consume and there is no diversification, this can create difficulties.

The same thing happens with tourism – better hotels are being built and we are improving accommodation to expand our tourism sector and decrease prices because business hotels are usually expensive. Not everyone can afford to stay there and this limits things considerably.

We must also undertake administrative reforms. The Government is responsible for preparing everything to implement the 2020 Agency. They already have a building which is almost furnished and we think that in three to four months, before the parliamentary sessions in September, we should have the fortnightly plan so that the pillars of diversification can be developed.

UN: Various reforms are being carried out in order to develop the private sector in Guinea. What kinds of measures is your Ministry taking to promote a dynamic private sector?

JE: The Government designs strategies through our Department. As we mentioned, we have benefited from the President and Government's policy of attracting direct investment to the sector. It is intensive, it creates high-quality employment for a lot of people and they acquire quality and experience from abroad. Therefore the national private sector benefits from basic infrastructure and credits, and the financial sector is consolidated through the banks.

The Government has to create a civil society. Organizations try to look at the potential of the private sector in services, manufacturing and agricultural products such as fish, and as a result the investment funds and agricultural organizations that are being created will form the private sector. The private sector both domestically and abroad is emerging. Nobody is going to come from abroad to invest in the electricity network and improve our energy supply when we are not producing or if we do not have the necessary infrastructure, and as a result the plan has placed more priority on the infrastructure sector.

UN: Do you want to continue attracting companies that support the development of infrastructure or are you looking towards companies that can develop other sectors as indicated in the 2020 plan?

JE: We are not going to keep building highways forever. Some companies are already starting to get involved in maintenance and even construction. Investment is direct and is made through state funds, but sometimes we have to use reserves. Because our fiscal diversification policy focuses on permanent income, we are affected by external shocks to the global economy. An example of this is when hydrocarbon prices reduced from \$140 to \$40 during the 2008 crisis. When we prepared our development plans, we had to use a proportion of our reserves.

Infrastructure was developed first, and as such almost all the airports and ports we are currently expanding and modernizing will be in operation in a couple of years. Naturally this will depend on the other diversification sectors. Investors are also cunning – they invest

where there is money, above all when the State buys the investment or if the State pays in advance or regularly, and they keep the product. It is true that part of the population will not directly benefit from these resources, but a services or manufacturing company will make use of the advantages of foreign capital investment legislation. We attracted investment in the oil sector with this piece of legislation, as well as other laws and contracts which the World Bank helped to develop. A favorable investment climate was created with this policy, and I think that the investment surpassed what we had anticipated by billions of dollars.

UN: How does the Government distribute the income coming from the oil sector and what kind of investment climate do you want to generate?

JE: Part of it goes towards infrastructure such as residential properties. There is a huge list of over 1,000 units which are described in the plan as basic infrastructure. They are distributed nationally according to each area and village, depending on where they need to be developed. The geographic distribution of this type of infrastructure investment is key, and they are developed almost entirely by the Public Treasury. Income from the non-oil sector does not even make up 20% of GDP.

Sometimes when you build a highway, the best thing to do is to get an agro-industry company to come, and the Government can provide them with capital for instance. These issues are being studied. That is the kind of investment climate we want to create. It is positive. With explorations you can always recover the cost of investment if you produce.

The arduous work of establishing and restoring the basic infrastructure means that the next phase will not begin until 2012. We still need to see if people can adapt at the same rhythm of development. Development has remained a little behind but we are working on this.

UN: This will definitely have a considerable cultural impact.

JE: We have projects to build cinemas, theatres, leisure centers as well as cleaning services amongst other things. There are so little of us that we will need to tender these projects in order to carry them out.

In the past it was difficult to fly from Malabo to Bata overnight because the runways were not marked, so you had to stay in Malabo overnight. We are working on these issues with the Equatorial Guinea Horizon 2020 Agency. We are dealing with many basic issues. The Ministry and Government will keep working to make the plan the most effective possible so that we will be able to achieve our objective of being an emerging nation by 2020. In addition we want the economy to be diversified so that industry (which is currently driving

development) will contribute less to GDP. Industry currently contributes to 80-90% of our GDP and we aim to decrease this. We want other sectors, like those we mentioned previously to contribute to the country's GDP.

We are outlining the aspects of each sector, and we would like actions for each sector to be included in the fortnightly plan so that government can monitor and evaluate each ministry. We must plan and diversify – as I mentioned, this is key. Countries with fewer resources than us have managed to do so.

UN: Taking the interview to a more personal level, what motivates you to stay involved and keep working to take Equatorial Guinea forward?

JE: It was my 44th birthday the other day and not so long ago we were born and lived in very different conditions to what we have today. We had fewer home comforts, but we still enjoyed ourselves. The level and quality of education has improved a lot; if you compare the school where I studied with the schools we have now, there is a huge difference. Everything has improved in such a short period of time. I would like to invite and encourage everyone who was in Equatorial Guinea ten years ago to come back and see the changes that have taken place in the country.

I had to study outside of the country because we did not have the University we have now, which was created thanks to government funds. I was lucky to study Economics and I specialized in National Economic Planning and I worked in statistics for around eight years in this Ministry.

I would like to see future generations of this country enjoying what we did not have when we were young. We have seen the country evolve and naturally we do not want to go back to what it was like before. This motivates us to keep going forward, and every day the Ministry of Planning, Economic Development and Investment works hard to compare and study the opportunities to make our objectives a reality. Current and future generations will depend on this effort. We have a mediator vision: we must build for the future generations who will inherit this country, some of whom are already helping us. We must let these future generations work. We are in a transitory phase. I think that both what we have done and what we are doing has provided a lot of personal satisfaction for everyone. We do not relax; we keep working, whether we are active or not. You cannot relax; we are always working so that the country can progress further!

UN: To finish, what message would you like to send to the readers of Foreign Policy?

JE: I would tell foreign partners to keep investing in the country, and I thank the investors for their patience. I would like to tell the press that they should communicate the reality of the country, because there is a lot to say about the Republic of Equatorial Guinea. I want the world to see how we work in Guinea and the opportunities that are available here. It is a great country and they should be aware of the development and evolution that we are experiencing and we keep on progressing. Some of my German friends who came over to invest in the Banco Nacional always tell me: *“This is amazing; Guinea under construction”*.

END OF INTERVIEW