



Executive Summary

Gabon is a historically stable country located in a volatile region of the world. Since taking office in 2009, President Ali Bongo Ondimba has introduced reforms to diversify Gabon's economy away from oil and from traditional investment partners (mainly France), and to position Gabon as an emerging economy. In his "Emerging Gabon" reform plan, President Bongo Ondimba called for Gabon to sustainably develop by 2025 by creating domestic industrial capacity to process primary materials and by becoming a regional leader in service industries including financial services, ICT, education, and healthcare. Despite these efforts, Gabon's economy remains dependent on revenue generated by the exportation of hydrocarbons. The World Bank estimates that, on average over the last five years, Gabon's oil sector has accounted for 81% of its exports, 45% of GDP, and 60% of budget revenue. Largely due to this oil wealth and a small population (roughly 1.6 million), Gabon's average per capita income was estimated at US \$12,773 in 2013 by the International Monetary Fund (IMF), second only to Equatorial Guinea in Sub Saharan Africa. Gabon is actively encouraging foreign investment across a range of sectors, with particular opportunity in sectors including oil and gas, infrastructure, timber, and mining.

Although Gabon is taking steps towards improving its investment climate and making the country a more attractive destination for foreign investment, it remains a difficult place to do business and make investments. Foreign firms are active in the country, particularly in the extractive industries, but the difficulty involved in establishing a new business and the time it takes many new entrants to finalize deals are impediments to increased U.S. private sector investment. Although the Gabonese government is taking a more active role to ensure transparency in the extractive industries, investors are still waiting for key reforms to be established in law and in practice. New hydrocarbon and mining codes, in the works since 2010, remain unpublished. A new Special Economic Zone located at Nkok remains unfinished and is scrambling to attract investors and commence operations. In 2013, Gabon failed to submit reports required to continue along the path to membership in the Extractive Industries Transparency Initiative (EITI). Increased investment is constrained by limited bureaucratic capacity, unclear lines of decision-making authority, a lack of a clearly-established and consistent process for companies to enter the market, lengthy bureaucratic delays, high production costs, a small domestic market, rigid labor laws, limited and poor infrastructure, a cumbersome judicial system, and inconsistent application of customs regulations. Gabon's commercial ties with France remain very strong but the government is actively looking to diversify its sources by courting Asian and Anglophone investors.

According to the Office of the U.S. Trade Representative, Gabon was the United States' 80th largest goods trading partner in 2012, with U.S. exports totaling US \$319 million and imports totaling US \$1.9 billion. The roughly US \$1.6 billion U.S. trade deficit with Gabon is largely due to significant U.S. oil imports. The largest U.S. exports to Gabon in 2012 included machinery (US \$88 million), aircraft (US \$57 million), vehicles (US \$31 million), and meat (US

\$27 million). Main U.S. imports from Gabon in 2012 were crude oil (US \$1.8 billion), manganese ores (US \$67 million), and wood (US \$5 million).

1. Openness To, and Restrictions Upon, Foreign Investment

Gabon's 1998 investment code conforms to Central African Economic and Monetary Community (CEMAC) investment regulations, providing the same rights to foreign companies operating in Gabon as to domestic firms. Businesses are protected from expropriation or nationalization without appropriate compensation, as determined by an independent third party. Certain sectors, such as mining, forestry, petroleum, agriculture and tourism, have specific investments codes, which encourage investment through customs and tax incentives. Gabon is in the process of implementing new petroleum and mining codes which will reportedly introduce increased transparency into the natural resource management of the country. The new codes will cover negotiation criteria, foreign investment in these sectors, and awarding of contracts, with the goal of increasing the economic benefit for the Gabonese economy and augmenting transparency. To date, the revised hydrocarbons and mining codes have not been made public, despite promises by officials. The delay in publishing the codes is leading to some uncertainty for current and prospective investors in the extractive industries.

Gabon is affiliated with the Organization for Business Law Harmonization in Africa (OHADA). Legislation allows foreign investors to choose freely from a wide selection of legal business structures, such as a private limited liability company or public limited liability company. The distinctions arise primarily from the minimum capital requirements and the conditions under which shares may be re-sold. Foreign investment in Gabon is subject to local law that is in many instances unsettled or unclear, and in certain cases Gabonese law may require local majority ownership of businesses. The State reserves the right to invest in the equity capital of ventures established in certain sectors (e.g., petroleum and mining). There are no known systemic practices by private firms to restrict foreign investment, participation, or control.

In 2011, the Gabonese government created two entities to increase efficiency and foreign direct investment: The Investment and Export Promotion Agency (APIEX), which assists Gabonese companies to invest and promote their businesses overseas, and the Center of Enterprises Development (CDE), which provides a one-stop shop for companies to register on the domestic market. APIEX ramped up activities in 2012, culminating in a high-level investment promotion event in London targeted to UK companies and headlined by Gabonese President Ali Bongo Ondimba. While APIEX is very strong at promoting the Gabonese market, the agency's effectiveness at supporting investors interested in finalizing deals and avoiding bureaucratic delays and hassles is unclear.

In theory, the President's Cabinet reviews foreign investment contracts after ministerial-level negotiations are completed. However, there are instances in practice where the Presidency gets involved to push along negotiations stalled at the ministerial-level. The Presidency takes a very active role in meeting with investors, with the aim of ensuring that investments are made in a strategic and coherent manner, in line with the government's "Emerging Gabon" initiative, which focuses on sustainable development, services, and manufacturing. The lack of a

standardized procedure for new entrants to negotiate deals with the government can lead to confusion and time-consuming negotiations. Moreover, much of the decision-making functions are centralized among a few key Presidential advisors who are exceedingly busy and often traveling with the President. As a result, new entrants often find the process of finalizing deals time-consuming and difficult to navigate.

The Gabonese government has taken several measures to strengthen public investment management and the transparency of infrastructure development. Priority sectors for the government include transportation, housing, public facilities, tourism, energy, education, health, ports, and other large infrastructure projects. A national agency, the National Infrastructure Agency (ANGT), was set up to manage the identification, planning, management, and implementation of large public infrastructure projects. ANGT's mission is to build projects that add value, complete identified existing projects, and develop new projects within the agreed schedule and budget. The American engineering corporation Bechtel assisted the government in the formation of ANGT and initially ran the agency. ANGT became a legally separate organization on January 1, 2013, although Bechtel employees continue to play a significant role in its operations.

Gabon continues to struggle to demonstrate an improved business climate, as reflected by little movement in the past year on several major international rankings. This stagnation likely reflects a lack of notable progress implementing reforms and increasing government transparency.

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions Index	2013	106 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Index of Economic Freedom	2013	105 of 177	http://www.heritage.org/index/ranking
World Bank's Doing Business Report ("Ease of Doing Business Index")	2013	163 of 189	http://doingbusiness.org/rankings
Global Innovation Index	2013	111 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 10,040	http://data.worldbank.org/indicator/NY

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2. Conversion and Transfer Policies

Gabon is a member of CEMAC and the Bank of Central African States (BEAC). The other members in these organizations are Cameroon, the Central African Republic, Congo-Brazzaville, Equatorial Guinea, and Chad. Gabon's currency is the franc of the Communauté Financière Africaine (CFA). The CFA is convertible and tied to the euro; 1 euro equals 657 CFA and 1 U.S. dollar is roughly equivalent to 475 CFA.

Foreign investors have the option of opening local bank accounts in CFA, dollars, or euros. There is no difficulty obtaining foreign exchange, with the three main commercial banks providing currency exchange services at non-prohibitive rates. Under Gabonese law, documentation is required to substantiate the need for any foreign exchange over one million CFA (approximately US \$2,300).

There are no legal restrictions on converting or transferring funds associated with an investment, including the inflow or outflow of funds for remittances of investment capital, earnings, profits, etc. CEMAC regulations require banks to record and report the identity of customers engaging in transactions over US \$10,000. Additionally, financial institutions must maintain records of large transactions for five years. CEMAC regulations do not stipulate a threshold amount for transactions to be reported. Under Gabonese law, however, documentation is required to substantiate the need for any foreign exchange over one million CFA (approximately US \$2,300). Transfers within the CEMAC zone are not restricted.

In August 2008, the BVMAC (Central Africa Stock Exchange / Bourse des Valeurs Mobilières de L'Afrique Centrale), a Central African regional stock exchange, was officially launched in Libreville. Overall authority for Gabon's exchange control system rests with the Department of Economic Control and External Finance within the Ministry of Economy. The BVMAC currently operates using public financing from the government. In November 2009, the International Finance Corporation (IFC), the World Bank's private sector lender, launched a US \$43 million Central African bond which was listed on the Central African regional stock exchange in Libreville, as well as the Douala Stock Exchange in Cameroon. In recent years, the BVMAC has only been used occasionally, mostly for bond listings. On September 3, 2013, SIAT Gabon became the first company to be listed on the BVMAC. The BVMAC is in direct competition with the Douala Stock Exchange, and it is unclear whether it is viable to have two competing stock exchanges in the sub-region.

On average, the delay for remitting investment returns is between three and six months, depending on the type of contract that is signed. There is no limitation on inflow or outflows. An investor is authorized to remit on a legal parallel market so long as they justify the reasons for the transaction and respect the signed contract.

3. Expropriation and Compensation

Foreign firms established in Gabon operate on an equal legal basis with national companies. Under Gabonese law, business investments that are expropriated must first be compensated as determined by an independent third party. The Gabonese government has not exhibited any recent tendency to discriminate against U.S. investments, companies, or representatives in expropriation, nor have there been any indications or reports of incidences of "creeping expropriation," such as through confiscatory tax regimes. There are no recent examples of property being expropriated.

In December 2013, the Gabonese government renegotiated a mining permit with a Chinese company. In June 2006, the government awarded the China National Machinery and Equipment Import and Export Corporation (CMEC) the permit for the Belinga iron ore mine. In 2011, the Gabonese government asked CMEC to come up with a new proposal for the Belinga project due to environmental and transparency concerns and lack of performance on existing elements of the project. In 2012, the Gabonese government decided to put the project on hold in order to complete a thorough year-long audit of the mine. Due to reported environmental concerns and questions about CMEC's ability to perform on its development promises, in December 2013, Gabon amicably reacquired the rights to the Belinga mine after agreeing to reimburse CMEC roughly US \$34 million for terminating the contract. The Gabonese government does not have a new partner for exploitation of the mine.

Gabonese government audits of foreign oil companies continued throughout 2013 and into 2014. These audits, performed by U.K. firm Alex Stewart International, are not favorably viewed by many oil companies, including French firms Perenco, Maurel & Prom, and Total. In some cases the government did not renew oil permits due to results of the audit. In November 2012, the Chinese company Addax lost their rights to the Obangue field after an audit revealed, according to the government of Gabon, various contract breaches. In January 2014, Addax agreed to pay Gabon at least US \$400 million to settle the dispute.

There is no general requirement for local participation in investments. Many businesses find it useful to have a local partner who can help navigate the subjective factors in the business environment.

4. Dispute Settlement

There have been instances of disputes with U.S. firms, but most disputes are resolved before going to outside arbitration. Both settlements and monetary judgments are usually made in the currency on which the business contract was based, whether CFA or the foreign investor's currency.

Gabon's legal system is based on the French model, with a written code of commercial law. Commercial disputes are handled by the regular court in compliance with OHADA. The law is not consistently applied, and delays are frequent in the judicial system. Lack of transparency in administrative processes and lengthy bureaucratic delays occasionally raise questions for

companies about fair treatment and the sanctity of contracts. Judicial capacity is weak, and many government contacts underscore the need for specialized training in technical issues such as money laundering and environmental crimes. Foreign court and international arbitration decisions are accepted, but enforcement may be difficult.

Gabon is a member of the International Centre for the Settlement of Investment Disputes (ICSID) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. However, Gabon has not adopted specific legislation to enforce awards resulting from ICSID or New York Convention decisions. Gabon is also a party to the World Trade Organization (WTO), the Multilateral Investment Guarantee Agency (MIGA), and OHADA, which provides an International Court of Justice and Arbitration (CCJA) common to its 16 member countries for the settlement of conflicts related to business law implementation.

5. Performance Requirements and Investment Incentives

There are not any specific performance requirements imposed as a condition for establishing, maintaining, or expanding investment. There are no requirements for investors to buy local products, to export a certain percentage of output, or to invest in a specific geographical area. There is no blanket requirement that nationals own shares in foreign investments in Gabon, that the share of foreign equity be reduced over time, or that technology be transferred on certain terms. Nonetheless, many investors find it useful to have a local partner who can help navigate the subjective factors in the business environment.

According to two governmental decrees, hiring foreigners is subject to prior authorization from the Ministry of Labor. Pursuant to the first of these decrees, foreign workers must obtain permits before working in Gabon, and the availability of a permit for a job depends on the availability of Gabonese nationals to fill the job in question. That same decree states that quotas for the number of foreign workers may be set, but it does not give a set percentage. A second decree states that when hiring a worker, priority must be given to a Gabonese national. If no Gabonese worker with the appropriate qualifications can be found, this second decree states that a Gabonese should be hired to work along with the foreigner and, within a “reasonable time,” the Gabonese worker should replace that foreigner. In late 2010, the Gabonese government agreed to National Organization of Petroleum Workers (ONEP) demands to limit foreign workers in the oil sector to 10% of a company’s workforce and to require that all executive posts be held by Gabonese. The 10% agreement has never been ratified as law, and does not seem to be enforced consistently. Foreign firms have stated that there is a lack of qualified Gabonese workers, requiring companies to often request authorization to hire foreigners. Non-Gabonese Africans find it increasingly difficult to obtain employment authorization; non-African expatriates have less difficulty. Chinese industry in Gabon historically imports its labor force and management.

Some of Gabon's main industries – including oil and gas, mining and timber - encourage investment through customs and tax incentives. For example, oil and mining companies are exempt from customs duty on imported working equipment. The government has attempted to promote tourism in the past with the Tourism Investment Code of 2000, which provides tax exemptions to foreign tourism investors during the first eight years of operation, tax-free

imports, and other administrative incentives. The Gabonese authorities continue to work on developing the country's ecotourism landscape and recently signed deals with some high-end hotel chains, including the high-end Aman Resorts Group of Singapore. To date, ecotourism exists only on a small-scale and is very expensive. In 2011, the Ministry of Tourism implemented a classification of hotels and restaurants across the country in preparation for the 2012 African Cup of Nations (CAN), allocating stars to hotels and restaurants based on quality of service and conditions of the establishment. Further development of the tourism sector is considered one of Gabon's top economic priorities.

President Ali Bongo Ondimba outlawed the export of unprocessed wood in 2009 in order to boost Gabon's capacity to enjoy more domestic benefits from one of its top exports. The government and Singaporean-based firm Olam set up a Special Economic Zone (SEZ) to process timber and other products. To date, the SEZ is struggling to attract investors and commence operations. The SEZ will ultimately provide several single-window business services to participants and provide new investors with beneficial fiscal incentives, including tax-free operation for ten years, no custom duties on imported machinery and parts, and 100% repatriation of funds. In November 2013, a U.S. timber company signed a deal with Olam and the Gabonese government to purchase a plot in the SEZ. Gabonese, French, Malaysian, Chinese, Indian, Singaporean, Cameroonian, and Ghanaian companies are all purportedly investing in the SEZ. According to a 2000 timber decree, companies can benefit from VAT suspension for imported materials used to build wood transformation factories. The forest code is currently being revised in order to simplify procedures for foreign companies investing in the SEZ to negotiate forest concessions.

Gabon's agriculture code of 2008 gives tax and customs incentives to agricultural operators with a particular focus on small and medium-sized enterprises. Land which is used for agriculture and farm exploitation is exonerated of fiscal tax. All imported fertilizers and food for ranch exploitation are additionally exempt from custom duties.

As a member of CEMAC, Gabon's trade with other member countries (Cameroon, Central African Republic, Chad, Congo-Brazzaville, and Equatorial Guinea) is subject to low or no customs duties.

6. Right to Private Ownership and Establishment

Any legal entity or person wishing to do business in Gabon must request prior permission from the Ministry of Economy. Foreign investors are largely treated in the same manner as their Gabonese counterparts with regard to the purchase of real estate, negotiation of licenses, and entering into commercial agreements.

7. Protection of Property Rights

Secured interest in property is recognized, and the recording system is fairly reliable. Under the 1998 investment code, no investment can be expropriated without prior just compensation as determined by an independent third party. As a member of CEMAC and the Economic Community of Central African States (ECCAS), Gabon adheres to the laws of the African Intellectual Property Office (OAPI). Based in Yaoundé, Cameroon, OAPI aims to ensure the publication and protection of patent rights, encourage creativity and transfer of technology, and create favorable conditions for research. As a member of OAPI, Gabon acceded to a number of international agreements on patents and intellectual property, including the Paris Convention, the Berne Convention and the Convention Establishing the World Intellectual Property Organization. As a member of the World Trade Organization (WTO), Gabon is also a signatory of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). U.S. firms do not raise intellectual property rights concerns with the U.S. Embassy in Gabon.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Mark Hitchcock (HitchcockMJ@state.gov).

Please contact the Embassy for a list of local lawyers.

8. Transparency of the Regulatory System

Government policies and laws often do not establish “clear rules of the game,” and foreign firms can have difficulty navigating the bureaucracy. Efforts are being made to modernize and make the Gabonese government more efficient, but hurdles and red tape remain, especially at the lower and mid-levels of the ministries. Lack of transparency in administrative processes and lengthy bureaucratic delays occasionally raise questions for companies about fair treatment and the sanctity of contracts. Additionally, as a former French colony, Gabon maintains strong economic ties with France. Lack of French language skills can put American or non-Francophone firms at a disadvantage. Gabon announced in October 2012 that it will adopt English as its second official language.

Environment, health, and safety laws and policies are transparent and consistent with international norms, and do not impede investment. There are incidents of recent tax disputes between the government and international energy firms, including U.S. firms, related to audits conducted by Alex Stewart International. Labor laws are considered by many investors to be unusually weighted toward workers' interests. There is concern in industry that new mining and hydrocarbon codes, currently in the process of being revised, will be less favorable to investors than current codes.

There are no informal or non-governmental regulatory procedures in place. Proposed laws and regulations are not published in draft form for public comment.

9. Efficient Capital Markets and Portfolio Investment

The Bank of the Central African States (BEAC), headquartered in Cameroon, regulates the banking system. Overall authority for Gabon's exchange control system rests with the Ministry of Budget and Public Accounts. Gabon's banking system includes one development bank, the Gabonese Development Bank (BGD), and eight commercial banks. The BGD normally lends to small and medium-sized companies. The International Gabonese and French Bank (BGFI) is the principal bank in Gabon and the first investment group in the CEMAC zone. Their total assets totaled over \$3 billion in 2012. There is one American bank (Citigroup) present in Gabon.

Commercial banks offer most corporate banking services, or can procure them from overseas. Local credit to the private sector is limited and expensive but available to both foreign and local investors on equal terms. The country's main economic actors, the oil companies, finance themselves outside Gabon. Commercial banks have transferred excess liquidity to correspondent banks outside the region.

The Central Africa Regional Stock Exchange (BVMAC) began operation in August 2008, but is still in its embryonic stage.

10. Competition from State-Owned Enterprises

Gabonese state-owned enterprises (SOEs) are managed by civil servants appointed by Gabonese authorities and work primarily in industries including energy, extractive industries, and public utilities. While private enterprises are allowed to compete with public enterprises under open market access conditions, SOEs often have a competitive advantage in the industries in which they operate. This is because public enterprises may be granted priority over private enterprises, and typically private enterprises will pay more and wait longer for the same services and licenses. There are no specific laws or rules that offer preferential treatment to SOEs.

The budget of each SOE is prepared and submitted each year by the corresponding ministry in each sector. Gabon has two types of SOEs: the Para-SOEs and the SOEs. The management of these two types of SOEs depends on the division of shares. There are no limits of participation of private enterprise. There is no statutory list or prohibited sectors to private investment.

Corporate governance of SOEs usually consists of a board of directors who are under the authority of the related ministry. Each ministry chooses the members of the board. The board seats are allocated not specifically to government officials, and can be chosen from the general public. The SOEs often consult with their ministry before undertaking any important business decisions. SOEs are audited each year by an independent audit. Usually well-known international companies such as Price Waterhouse or Ernest and Young conduct the audit according to international standards. Their reports are not publicized, but submitted to the relevant ministry.

In December 2012, the Gabonese Budget Minister took action to increase control of the management of SOEs. This came as a result of an audit which showed mismanagement of funds.

The audit uncovered abuses such as 80% of funds being used as overhead and considerable expenses on high salaries and luxury cars. The Budget Minister has decided to conduct an audit every quarter, rather than every year, to better control SOEs. Concerned SOEs will have to define their objectives and demonstrate how the funds are used before getting their next allocated funding. If the funds are not managed well and not allocated properly, the entities will be closed and those who managed the funds will face legal action.

In 2011, the Gabonese government created two SOEs: Gabon Oil Company (GOC) and Equatorial Mining Company (EMC) to build domestic capacity in the extractive industries and to introduce more transparency into these sectors. Both entities have been staffed by well-accomplished Gabonese expatriates experienced in the private sector. EMC was not visibly active in 2013. GOC took over operations of the Obangué oil field in July 2013, after the government revoked Addax Petroleum's license for failure to comply with customs duties and other laws. GOC also has rights to a small number of exploration permits and is in the process of finding investment partners. As Gabon works to award new rights to its deep offshore oil blocks and identify development partners for mining projects, the exact roles EMC and GOC will play remain uncertain.

Gabon created a Sovereign Wealth Fund (SWF) in 2008. Initially called the Fund for Future Generations (Fonds des Générations Futures – FGF) and later the Sovereign Funds of the Gabonese Republic (Fonds Souverain de la République Gabonaise – FSRG), the current iteration of Gabon's SWF is referred to as Gabon's Strategic Investment Funds (FGIS – Fonds Gabonaise d'Investissements Stratégiques). As of September 2013, the FGIS had a reported US \$2.4 billion in assets and was actively making investments. The FGIS has the goals of allowing future generations to share income derived from the exploitation of Gabon's natural resources, diversifying risk by investing surplus revenue, contributing to economic development, and encouraging investment in strategic sectors of Gabon's economy. Officially, 10% Gabon's oil revenues will be dedicated to the sovereign wealth fund.

11. Corporate Social Responsibility

There is a general awareness of Corporate Social Responsibility (CSR) among both producers and consumers. Many international companies in Gabon are involved in CSR projects and continue to look for ways to contribute to Gabon's social sector. The British/Dutch oil company Shell funds a foundation in southern Gabon, which is undertaking conservation and biodiversity programs and also invests in programs to fight the spread of HIV/AIDs. Total, a French oil company, works on several CSR projects in Gabon. In 2013, Total completed an extension of the runway at the Port Gentil airport. Total is currently involved in a joint project with the government to lay an underground cable which will allow Gabon to increase internet speed and reduce costs. The government is actively encouraging CSR programs among foreign investors.

12. Political Violence

Violence related to politics is relatively rare in Gabon. In January 2011, André Mba Obame, former Interior Minister and Secretary General of the opposition party Union Nationale, proclaimed himself President of Gabon in violation of the Constitution. Mba Obame named a government, held cabinet meetings, and occupied the headquarters of the United Nations Development Program for over one month. During this time, his supporters were responsible for several outbreaks of violence that resulted in the death of a police officer and property destruction. The government dissolved the Union Nationale for violating the Constitution and laws regulating political parties. However, the government allowed Mba Obame to leave the country for medical treatment and to return to Gabon in August 2012. An August 15, 2012 rally resulted in property destruction and one accidental death from tear gas, when party supporters clashed with security forces. However, subsequent rallies of Union Nationale and other opposition parties were conducted peacefully. Legislative elections on December 17, 2011 and municipal elections on December 14, 2013 were held without incident. University students have a history of holding protests to express grievances over unpaid stipends, curricular reforms, and student expulsions (for participation in previous protests). As recently as early 2014, there were instances of students throwing rocks and police using tear gas, but reports of serious injuries have been rare. In November and December of 2013, high school and middle school students also held street protests in Libreville and other cities due to a public schoolteachers' strike that shut down Gabonese schools from September 2013 to January 2014.

13. Corruption

The government continues to take steps to identify and root out corruption in its own bureaucracies, contracting and procurement system, and the security forces. The government has sought the technical expertise of international organizations and corporations, including the IMF, the World Bank, the IFC, Olam, Bechtel, and Alex Stewart to audit procurement processes, make recommendations to enhance transparency, and advise on procedures to entice foreign investment. Gabon is aware of its existing capacity constraints and wants to ensure a sound, well-sequenced, and cost-efficient implementation of its plan. The government is seeking to implement anti-corruption measures and to change the way of doing business after former President Omar Bongo's 40 year rule of patronage and non-transparent management of natural resources. U.S. firms do at times report difficulty in dealing with lower levels of various ministries and in finding responsive interlocutors with which to negotiate and finalize agreements.

Since his election in 2009, President Bongo Ondimba has launched a number of reforms aimed at reducing corruption, including demoting or stripping ministers of responsibilities when corruption allegations surfaced, arresting several high-profile officials for corruption, conducting an audit of all government ministries to identify ghost workers, consolidating miscellaneous "slush" funds from ministries into the central treasury, and increasing oversight of government infrastructure projects. He is auditing the oil sector (although results have still not been published several years into the audit), and he reshuffled his cabinet in February 2012 to drop corrupt ministers. President Bongo Ondimba reshuffled his cabinet again in January 2014, in a move he framed as reorienting his government to focus more on social issues, specifically to combat poverty.

The Commission to Combat Illicit Enrichment (CNLCEI), established in 2004 and charged with publishing quarterly and annual reports on its activities, has done little to increase transparency. Corruption is rarely, if ever, prosecuted in Gabon. As previously stated, Transparency International's 2013 Corruption Perceptions Index ranked Gabon at 106, a slight decrease from the previous year. CNLCEI identified 92 cases of potential enrichment in 2013, 42 such cases in 2012, and 100 cases in 2011. To date, no one has been brought to trial, and no trials are immediately forthcoming since the Gabonese government has not yet appointed the members of the criminal court that will be charged with investigating and hearing those cases. While the CNLCEI's leadership maintains that they are making strong progress on corruption, they do not release details of the corruption cases they are investigating.

Gabon was a candidate for the Extractive Industries Transparency Initiative (EITI) beginning in 2007. At its meeting in Amsterdam in June 2011, the EITI International Board decided to renew Gabon's EITI Candidate status for 18 months (until December 2012), by which time Gabon was required to have completed an EITI Validation that demonstrates compliance with the EITI rules. Gabon did not approve, publish and submit to the EITI Board a final EITI validation report by the deadline of December 9, 2012. Due to the non-respect of deadlines and the non-performance of the National EITI Committee, the International Council of the EITI voted on February 27, 2013 to exclude Gabon from the application process. While Gabon is no longer an EITI candidate country, they have the ability to re-apply in the future. Furthermore, the EITI Board President did note Gabon's progress on transparency and reforms in natural resource management, despite its failure to meet the required EITI demands. Although Gabon did not make any firm progress in 2013 towards once again becoming an EITI candidate country, in December 2013, the Gabonese Minister of Industry and Mines announced that Gabon will work with the World Bank and KPMG to develop a new action plan to restart the process of joining EITI. Despite their lack of progress, Gabonese authorities state that they are committed to the EITI principles.

As a BEAC country, the government of Gabon has a National Financial Investigations Agency (ANIF). ANIF serves to investigate domestic corruption and money laundering issues while maintaining contact and collaboration with its regional counterparts. While functional, ANIF lacks the necessary human resources to be effective in its mission. Gabon's legal system also lacks the capacity to effectively prosecute money laundering cases. The legal process is slow and cumbersome, judges are not trained to hear money laundering cases, evidence collection is inadequate, and the judiciary remains inefficient and susceptible to inappropriate influence. In June 2012, Gabon joined the Egmont Group, an international network of Financial Intelligence Units. Gabon is a signatory to the United Nations Convention against Corruption and is a member of the Central African Action Group against Money Laundering and Terrorist Financing (GABAC).

No international or regional watchdog organizations operate in Gabon, and local civil society lacks capacity to play a significant role in highlighting cases of corruption.

14. Bilateral Investment Agreements

As of April 2014, the United States has no bilateral investment or taxation treaty with Gabon. Gabon can take advantage of the African Growth and Opportunity Act (AGOA), a framework for U.S. trade, investment, and development policy for sub-Saharan Africa. Gabon has bilateral investment agreements with the following countries: Belgium, Luxembourg, China, Egypt, France, Germany, Italy, Lebanon, Mali, Morocco, Portugal, Sao Tome and Principe, South Africa, Spain and Turkey. There is a bilateral investment agreement among CEMAC member countries as well.

15. OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) is open to providing services to U.S. investors in Gabon and has done so in the past. Gabon is also a member of the Multilateral Investment Guarantee Agency (MIGA), which guarantees foreign investment protection in cases of war, strife, disasters, or expropriation. MIGA is a branch of the World Bank Group. The U.S. Government's Export-Import Bank provides finance facilities to both the public and private sectors in Gabon.

The Central African CFA is also used in Cameroon, the Central African Republic, Congo-Brazzaville, Equatorial Guinea and Chad. We do not anticipate any inconvertibility problems for the CFA as long as the peg to the euro remains.

16. Labor

Gabon's population is approximately 1.6 million, with foreigners (mostly Africans from West and central Africa) making up as much as one quarter to one third of that total. Foreign firms report a shortage of highly-skilled Gabonese labor. Chinese industry in particular imports the majority of its workers from China. Authorization from the Ministry of Labor is required in order to hire foreigners. Non-Gabonese Africans find it increasingly difficult to obtain employment authorization; non-African expatriates have less difficulty. Non-Gabonese Africans take up most positions requiring unskilled labor. Skilled labor costs are high and are kept so by a labor code inspired by a French model that strongly defends the rights of Gabonese workers. U.S. firms present in Gabon report challenging labor conditions. In March 2013, at least two U.S. firms in the oil sector dealt with internal strike issues.

Labor unions and confederations are active. There is a law pending that would limit foreign workers to 10% of a company's workforce, but the law has yet to be ratified. In particular, the Gabonese oil workers' labor union (ONEP) is pressuring the government to implement the law quickly. At present, about 5,000 Gabonese are employed in the oil sector. To date, ONEP contends that none of their demands to the government have been met.

17. Foreign Trade Zones/Free Ports

The Gabonese government inaugurated a Special Economic Zone (SEZ) focused on wood transformation in September 2011, at Nkok near Libreville. The construction is a joint partnership between the government of Gabon and Olam, a Singapore-based corporation with interests in Gabonese timber, palm oil, and rubber. Olam has completed the infrastructure phase for the Nkok SEZ and is encouraging investors to begin building their manufacturing facilities inside the SEZ. As of January 2014, there was only one company operating at Nkok, and Olam was struggling to attract additional investment. Olam has plans to build two more SEZs: one in Port Gentil focused on chemical engineering and another in Franceville for agriculture products. All the SEZs will offer tax and customs incentives to attract foreign investors.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

According to the UN Conference on Trade and Development (UNCTAD) Country Fact Sheet on Gabon, the total value of inward foreign direct investment (FDI) stock in place in Gabon in 2012 was US \$4.27 billion (compared to US \$3.57 billion in 2011). FDI flow into Gabon in 2012 was US \$702 million (compared to US \$696 million in 2011). The UNCTAD Gabon Fact Sheet also indicates that the total value of Gabonese direct investment abroad in 2012 was US \$836 million (compared to US \$750 million in 2011). FDI flow out of Gabon in 2012 was US \$85 million (compared to US \$88 million in 2011). Most foreign investment (including that of the United States) is concentrated in the oil sector. Major foreign companies in Gabon include Total, Shell, Olam, Perenco, VAALCO, Bechtel, and COMILOG.

TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (Millions U.S. Dollars)	N/A	Not Available	2012	18,380	http://www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
	U.S. FDI in partner country (<i>Millions U.S. Dollars, stock positions</i>)	N/A	Not Available	2012	157
Host country's FDI in the United States (<i>Millions U.S. Dollars, stock positions</i>)	N/A	Not Available	2012	9	BEA
Total inbound stock of FDI as % host GDP	N/A	Not Available	2012	3.5%	UN Conference on Trade and Development (UNCTAD) Country Fact Sheet on Gabon http://unctad.org/sections/dite_dir/docs/wir2013/wir13_fs_ga_en.pdf

TABLE 3: Sources and Destination of FDI

Not Available.

TABLE 4: Sources of Portfolio Investment

Not Available.

19. Contact Point at Post for Public Inquiries

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