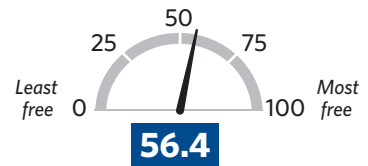


# GABON

## Economic Freedom Score



World Rank: **113** Regional Rank: **17**

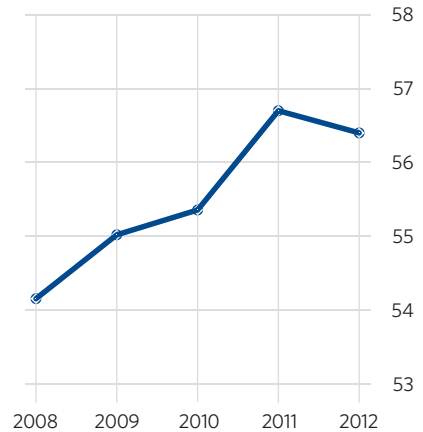
**G**abon's economic freedom score is 56.4, making its economy the 113th freest in the 2012 *Index*. Its overall score is 0.3 point lower than last year, with declines in three of the 10 freedoms. Gabon is ranked 17th out of 46 countries in the Sub-Saharan Africa region, and its overall score is lower than the world average.

Gabon's economy is characterized by poor governance, the lack of a sound judicial framework, and heavy reliance on the oil sector. Undermining much-needed credible reform progress, these institutional weaknesses severely undercut the foundations of economic freedom and constrain long-term economic development. Corruption continues to raise the cost of doing business.

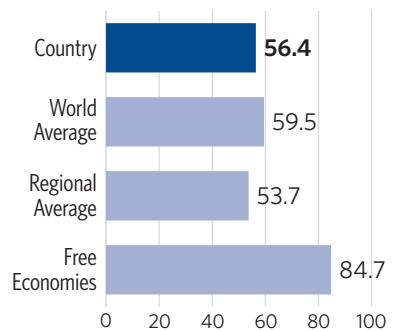
Regulatory efficiency remains poor, and the overall investment regime is not conducive to vibrant economic expansion. Open-market policies related to free trade and the free flow of capital have not been deeply rooted in the economic system. The heavy presence of the state in the economy further impedes the emergence of a dynamic private sector that could contribute to more broad-based growth.

**BACKGROUND:** In 1968, President Omar Bongo declared Gabon to be a one-party state. Domestic unrest led to reforms under the 1991 constitution, including multi-party democracy with freedom of assembly and the press, but the democratic process remains deeply flawed. After Bongo died in 2009, his son, Ali Ben Bongo, was chosen to replace him. Gabon's economy is driven by oil, forestry, and minerals. In 2006, oil accounted for over 50 percent of GDP, over 60 percent of government revenues, and over 80 percent of exports. Gabon is Africa's third-largest oil producer. Despite relatively high income from oil revenue, which is controlled by the state, most of the population remains poor. Oil production is declining as fields are exhausted, and economic diversification is a pressing need.

## Freedom Trend



## Country Comparisons



## Quick Facts

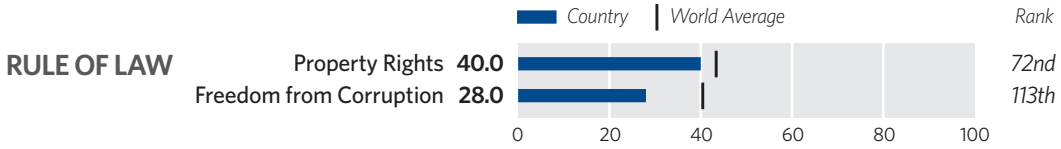
- Population:** 1.5 million
- GDP (PPP):** \$22.5 billion
- 5.7% growth in 2010
- 5-year compound annual growth 2.6%
- \$15,021 per capita
- Unemployment:** 21.0%
- Inflation (CPI):** 0.6%
- FDI Inflow:** \$170.4 million
- Public Debt:** 25.1% of GDP

### How Do We Measure Economic Freedom?

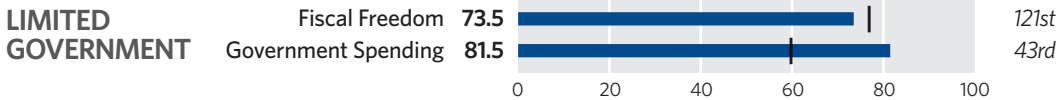
See page 455 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2010 data unless otherwise noted.  
Data compiled as of September 2011.

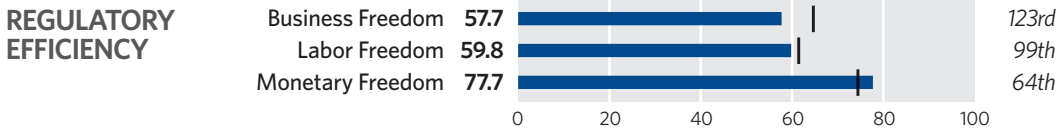
**THE TEN ECONOMIC FREEDOMS**



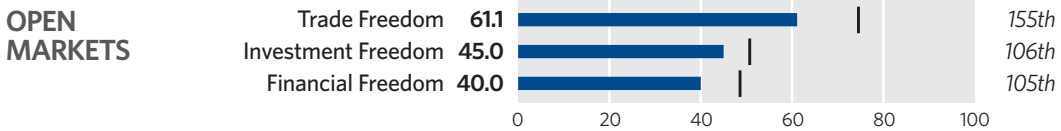
The rule of law remains uneven across the country. The judicial system is inefficient, and protections for property rights are not strongly enforced. The judiciary lacks transparency and is burdened by political interference from the executive. Contract enforcement can be lax. Pervasive corruption continues to cause concern, severely undermining the foundations for growth.



The top income and corporate tax rates are 35 percent. Other taxes include a value-added tax (VAT), and the overall tax burden is equal to 14.3 percent of total domestic income. Government spending is equivalent to 24.8 percent of total domestic output. The budget surplus has been reduced by more than half to 3.2 percent of GDP, with public debt corresponding to 25.1 percent of GDP.



Despite some progress in recent years, entrepreneurial production and investment are often discouraged by time-consuming administrative procedures for incorporating businesses. It takes more than 200 days to complete licensing requirements. Labor regulations are outmoded, and the labor market does not function well. The state influences prices through subsidies to state-owned enterprises and directly controls the prices of other products.



Gabon's trade weighted tariff rate is quite high at 14.5 percent, and complex non-tariff barriers severely restrain freedom to trade. The poor legal system, political influence, and inadequate infrastructure still impede dynamic investment growth. The financial sector remains state-controlled. Credit costs are high, and access to financing is scarce. The government controls long-term lending through the state-owned development bank.

**Score Changes**

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-1.0	Business Freedom	+0.4	Trade Freedom	+0.1
Freedom from Corruption	-1.0	Government Spending	-6.4	Labor Freedom	+1.0	Investment Freedom	0
				Monetary Freedom	+3.9	Financial Freedom	0