



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

19594

REGENERATING GABON INDUSTRY

BRIEFING BOOK

Consultant Benjamin R. Tappan
Board of the Agency for Development

This briefing book has been prepared by the Regional and Country Studies Branch, Industrial Policies and Perspectives Division of UNIDO with inputs from Benjamin O. Botchway, a UNIDO consultant.

The designations employed and the presentation of material in this briefing book do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or boundaries.

Mention of company names and commercial products does not imply the endorsement of UNIDO.

This document has not been formerly edited.

Figure 1: Map of Gabon

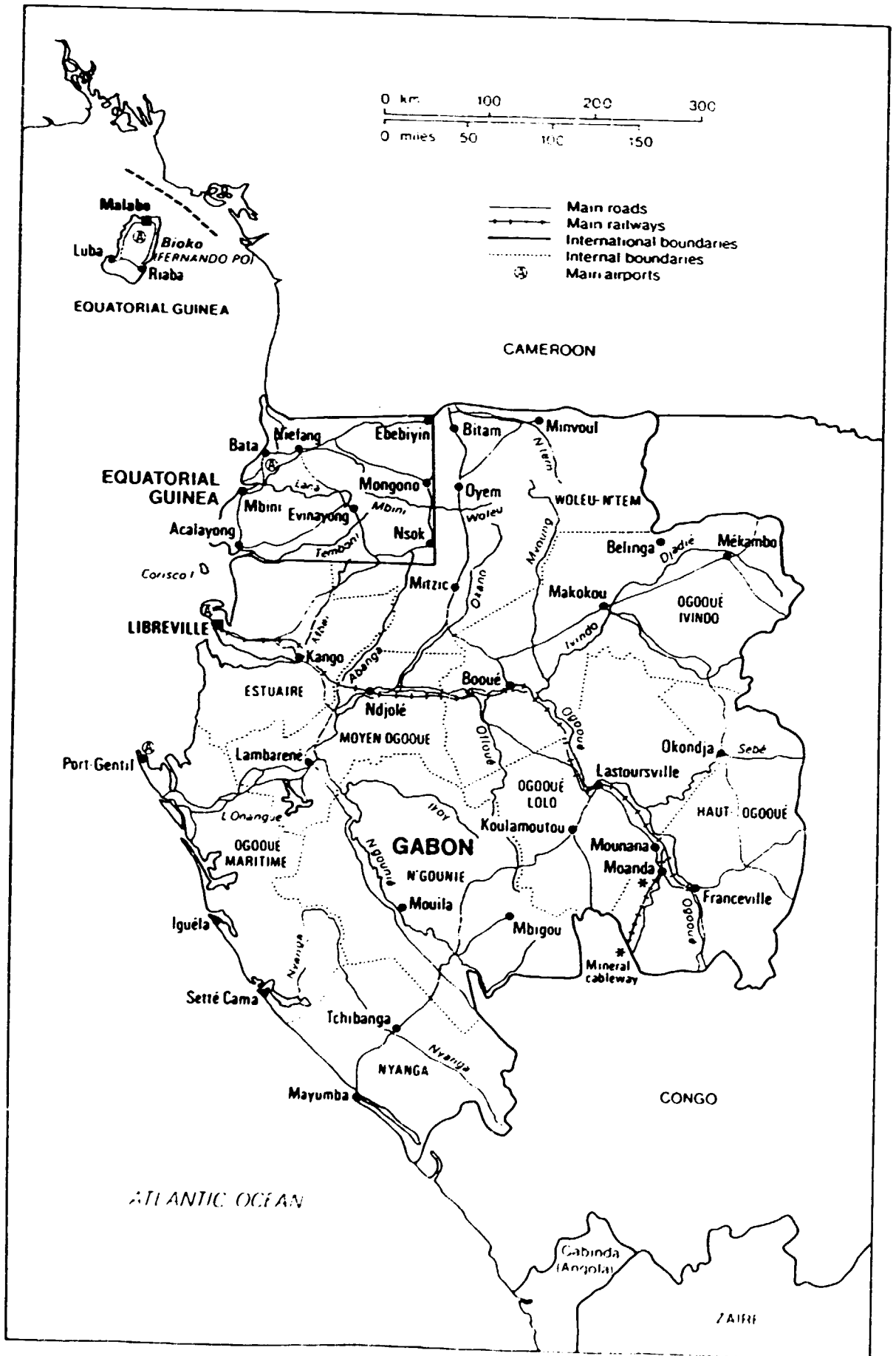


Table 1: Gabon : Basic economic indicators, 1986-1990

Macroeconomic indicators	1986	1987	1988	1989	1990
GDP at market prices CFAfr bn	1,201	1,069	1,014	1,168 ^a	...
Real GDP growth %	0.3	-14.6 ^a	1.9 ^b	4.0 ^b	5.5 ^c
Consumer price inflation %	5.8	3.2	0.3	6.6	6.0 ^c
Population ^d mn	1.02	1.06	1.09	1.13	...
Exports ^d fob \$ mn	1,074	1,286	1,196	1,622	2,300 ^b
Imports ^d fob \$ mn	979	732	791	755	810 ^b
Current account \$ mn	-1,058	-449	-616	-107	50 ^b
Reserves excl gold \$ mn	126	12	66	35	...
Total external debt \$ mn	1,941	2,544	2,800	3,176	...
External debt service ratio %	16.3	6.9	9.7	11.9	...
Crude oil production mn tons	8.30	7.76	7.97	10.39	13.50 ^b
Manganese ore production mn tons	2.51	2.59	2.25	2.55	...
Uranium oxide production tons	900	794	929	862	702 ^a
Exchange rate (av) CFAfr per \$	346.3	300.5	297.8	319.0	273.0 ^b
January 28, 1991 CFAfr252.9 per \$					

Origins of gross domestic product 1989 ^a		Components of gross domestic product 1989 ^a	
	% of total		% of total
Agriculture & forestry	9.8	Private consumption	47.2
Mining	4.7	Government consumption	19.8
Petroleum & natural gas	31.1	Gross fixed investment	26.8
Manufacturing & energy	10.3	Change in stocks	-0.9
Construction & public works	4.0	Exports of goods & services	48.0
Trade, transport & services	40.1	Imports of goods & services	-40.9
GDP at market prices incl others	100.0	GDP at market prices	100.0

Principal exports 1989 ^a		Principal imports 1989 ^a	
	\$ mn		\$ mn
Petroleum	1,182	Equipment & tools	286
Manganese	186	Intermediate goods	194
Timber	151	Consumer goods	103
Uranium	66	Food	100

Main destinations of exports 1989		Main origins of imports 1989	
	% of total		% of total
France	36	France	44
USA/Canada	26	Cameroon	10
Netherlands	6	USA/Canada	6
Japan	3	Netherlands	5

^a National estimates. ^b EIU estimate. ^c UN estimates; population is disputed. ^d Balance of payments basis.

Gabon: Basic Information

Land area: 267,667 sq. kilometres

Population: size disputed: 1.23 million (1980 census): 1.20 million (mid-1989 UN estimate)

**Main towns: Libreville, capital 350,000
Port-Gentl 165,000
Franceville 75,000**

Climate: tropical

Weather in Libreville: (altitude): hottest month, January, 23-31 degrees celsius: coldest month, July, 20-28 degrees celsius: driest month, July, 3 millimetres average rainfall: wettest month, November, 373 millimetres

Languages: Fench, Fang and other Bantu languages

Table of contents

1.	Preface	1
2.	Political background	2
	2.1 Domestic politics	2
	2.1.1 Recent developments and outlook	3
	2.2 International relations	3
3.	Gabon's economy	4
	3.1 Socio-economic resource base	4
	3.1.1 Population	4
	3.1.2 Ethnicity	4
	3.1.3 Education	4
	3.1.4 Health	5
	3.1.5 Labour and employment	6
3.2	Major economic sectors	6
	3.2.1 Agriculture	10
	3.2.2 Forestry	11
	3.2.3 Energy	13
	3.2.4 Mining	15
	3.2.5 Manufacturing	16
	3.2.6 Construction	18
	3.2.7 Service: Tourism	19
	3.2.8 Transport and communications	19
4.	Domestic finance	20
5.	Balance of payments and external debts	21
6.	Conclusion	22
	6.1 Macro-environment	22
	6.2 Manufacturing sector	22
	Bibliography	24
	Appendix	25

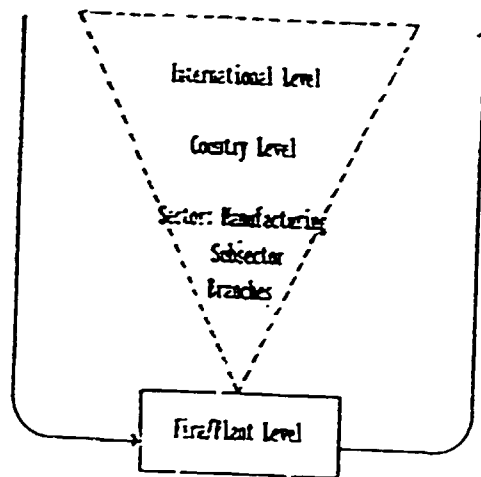
1. Preface

The main aim of this Gabon briefing book is to provide the necessary background information for the identification of important industrial subsectors and formulation of projects based on sectoral priorities in Gabon. The rationale is the rehabilitation needs of the industrial sector, especially the manufacturing industries.

In line with UNIDO's integrated and broadened concept of industrial rehabilitation based on the "top-down/bottom-up approach as illustrated in figure 2, this briefing book discusses the environment within which Gabon's industry operates - both the macro-economic forces - and the real problems at the industrial plant level so as to help determine the problems and scope for effective restructuring and rehabilitation needs of industry in Gabon. The briefing book includes, therefore, information on the general economic and socio-political climate and policies affecting manufacturing.

The first three chapters cover the political and socio-economic structure of Gabon. Chapters four and five concern the domestic and external financial sectors. The last chapter contains the conclusion of analysis including a summary of the macro-environment in which manufacturing operates and of the manufacturing sector itself.

Figure 2: The manufacturing plant in its working environment: Top down/Bottom-up Approach



Top-down:
Analysis of Working
Environment as it
Affects Individual Plants

Bottom-up:
Recommended
Changes in the
Working Environment

2. Political background

Economic development depends largely on a sound political system and legitimate government which is capable of mustering the human resource potential of a country for development. Effective industrial restructuring and rehabilitation for growth is possible only when the domestic and international political climate are favourable. It is true and often the case that the level of socio-economic growth achieved through strenuous efforts through a good length of time is rashly dismantled through civil strife, wars and international conflicts. The allocation of scarce resources for development, the mobilization of resources and the participation of the rural and urban population in development efforts depend largely on domestic politics. Protected interests, power structures and negative aspects of political culture - authoritarian establishment, urban and rural elites, corrupt bureaucrats - can have negative bearing on industrial development.

Regeneration can, therefore, take place only if the political fibre is woven within a framework of encouraged democratic freedom. Political pressure groups can then be successfully co-opted and mobilized for economic restructuring. Legitimate domestic political system and conducive economic policies will induce the flow of FDI and international assistance- technical and advisory services- for regeneration of manufacturing. Analysis of the political environment within which industry operates is necessarily desirable so as to help determine strategy options for industrial regeneration and development.

2.1 Domestic politics

Gabon, a former French colony became independent on August, 17 1960. Léon M'ba was the first head of state and president, and leader of the one-party-government. Mr. Albert-Benard Bongo (a Bateké- one of the smallest ethnic groups in Gabon, and later Omar Bongo) succeeded Léon in November 1967.

President Omar Bongo consolidated his powers in March 1968 by instituting a formal one party state under the leadership of the Parti Démocratique Gabonais (PDG).

Severe social and economic pressures such as increasing unemployment, especially in the urban areas, political protests and civil riots paved the way for a transition to a multi-party government in 1990.

To ensure political stability, a number measures were taken by the Government. These measures included: co-option of opposition group members including those of the MORENA into the PDG government; constitutional amendments to introduce a multi-party system and; the holding of multi-party, democratic elections in late 1990.

A transitional government was formed from April to October 1990 and legislative elections was consequently held. Six opposition parties contested in the election. The ruling PDG won a small majority of the seats- 62 of the 120 seats. The development of multi-party democracy in Gabon is a question of time (see Appendix table 1).

2.1.1 Recent developments and outlook

The first signs from a multi-party government system are encouraging. However, a sustainable peace and successful transition to parliamentary democracy and economic recovery will depend largely on the government's sense of timing in matching the rising expectations of the politically conscious electorate to safeguard the unity of the newly formed government. There is a great need for the President to strengthen his role as a referee in the dialogue with the various political groups.

Political stability will also depend on effective government measures to help improve the living standards of the people and redress widening regional income disparities.

2.2 International relations

Gabon is a member of several regional, sub-regional and international groupings namely: the Union douinière et économique de l'Afrique centrale (UDEAC), the Communauté économique des états de l'Afrique centrale (CEEAC), the Organization of African Unity (OAU), an associate member of the EC (Lomé Convention) and the Organization of Oil Producing and Exporting Countries (OPEC).

Through its membership activities, Gabon has been able to dissolve latent boarder conflicts and maintain cordial relations with the neighbouring countries of Congo, Cameroon and Equatorial Guinea. However, Gabon's "moderate" stance on relations with former Rhodesia and South Africa met with severe criticism from the OAU member states. Gabon has, however, played significant mediatory roles in solving several border conflicts between OAU member states, for example, between Chad and Libya.

Under its Stabex fund, the EC provided Gabon an amount of CFA 1 billion in 1989 for the loss of timber export earnings incurred in 1988.

Despite occasional differences, especially concerning human rights issues in Gabon, the former colony has been able to maintain good relations with France. Relations with France remain a critical element in Gabon's foreign policy and economic development. French troops have been able to prop up the Government on several occasions against coup attempts.

French investment, particularly in the mining and energy sectors, is dominant there is also sizeable US investment in Gabon. France supplies the largest share of Gabon's import requirements and also provides most technical assistance.

Gabon is now actively diversifying its economic relations, away from almost total dependence on France and towards a more balanced relationship with other nations such as the United States, Arab states, African neighbouring countries and China.

3 Gabon's economy

3.1 Socio-economic resource base

3.1.1 Population

National estimates gave a total population of 1.3 million people in 1988. It is believed that the population figures of Gabon have been consciously overestimated to reduce GDP per capita (the highest in Sub-Saharan Africa) and make Gabon eligible for concessional aid.

Gabon's annual population growth rate between the period 1960 to 1990 was 3 per cent, almost near to that of Cameroon (2.7 per cent), Congo (2.8 per cent), Zaire (2.8 per cent) and Sub-Saharan Africa average (2.8 per cent). A slight increase in population growth (3.2 per cent) is expected during the decade 1990 to 2000, a growth rate similar to that of Sub-Saharan Africa average, but a growth rate relatively lower to those of Congo (3.4 per cent), Cameroon (3.5 per cent) and Côte d'Ivoire (3.9 per cent).

With a total land area of 266,000 square kilometers, the average population density was estimated at 43 persons per square kilometer in 1989 (45 persons per thousand hectares in 1990), one of the lowest in Sub-Saharan Africa. The most densely populated districts are Libreville and Franceville.

Gabon's population comprises of about 40 different ethnic groups, of which the Fang is the largest (40 per cent of the total) followed by the Bapounous (20 per cent).

Gabon is highly urbanized. Nearly half the total population lives in urban areas. Increases in urbanization rates has been remarkable. The share of total population living in urban areas increased from a meagre 17.4 per cent in 1960, to 30.6 per cent in 1975, and to 45.7 per cent in 1990. Annual average changes in urban and rural population growth between 1960 and 1990 were 6.3 per cent and 1.5 per cent respectively. Libreville, the capital is estimated to have a population of 352,000. Other important urban areas are: Port-Gentil (the centre of the oil industry) 76,000 and; Franceville 40,450. Significant numbers of immigrant workers come from Cameroon, Senegal, Mali and Benin. About 25,000 Europeans, mainly French nationals, are resident.

3.1.2 Ethnicity

The largest ethnic group is the Fang (40 per cent of the total population), who migrated into Gabon from the north in the nineteenth Century. The Bapounou form the second largest ethnic group. Traditionally, they lived in the north and constitute 20 per cent of the total population. The remaining 40 per cent comprise various smaller ethnic groups of the isolated forest regions. They include the Bateké, Myéné, Okandé and Echira.

3.1.3 Education

Human capital formation for development depends on the level of education (including formal education and on-the-job training). Thus policies for the formation and retention of human resources for development are very crucial. Adult literacy rate (as percentage of persons aged 15 and over who can read and write) in Gabon was 56 per cent in 1985- just above the Sub-Saharan Africa average (45 per cent) and far below the literacy rates of the

neighbouring countries of Congo (77 per cent) and Zaire (66 per cent). The female-male differences in literacy rates is considerable (male: 70 per cent, female: 43 per cent). When compared with Congo (male: 86 per cent, female: 68 per cent) and Zaire (male: 79 per cent, female: 53 per cent), women in Gabon are worse off in terms of educational benefits. In Sub-Saharan Africa as a whole, women are disadvantaged in all spheres of human resource development, and thus their role in development, including industry, is limited.

Gabon, like many Sub-Sahara African nations, has placed greater emphasis on arts and humanities than courses in its educational curricula. There is now a realization of the need to restructure the educational system to suit development needs. During the academic year 1987/88, the state university in Libreville registered 2,253 students. Statistics on student enrolment in science courses are not available, but the Masuku polytechnic institute registered 402 students. In 1987, 26.2 per cent of the total third level students were studying abroad. Currently, 793 students with state grants and assistance are studying in higher institutions abroad.

Public expenditure on education increased from 2.1 per cent (as percentage of GNP) in 1960 to 4.8 per cent in 1986 (the expenditures levels were below those of Congo). Between the period 1987 and 1988, expenditure on education accounted for 9.4 per cent of total public expenditure. Generally, public expenditure on education is low, this is mainly due to the small size of the population. Far more resources are needed to develop and improve the level and quality of education in Gabon.

3.1.4 Health

Considerable investment in health has been made since independence. The share of public health expenditure (expressed as percentage of GNP) increased from 0.5 per cent in 1960 to 2.0 per cent in 1986. Medical facilities (in 1988) included 660 medical centres- with 27 hospitals and 5,329 beds. The ratio of persons to a doctor and a nurse as compared to other neighbouring countries such Congo is significantly low. The ratio was 2,790 persons to a doctor, and 270 persons to a nurse in 1984. As much as 90 per cent of the total population had access to health services in the period 1985 and 1987.

Life expectancy at birth has increased considerably from 40.8 years in 1960 to 53 years in 1990. Child mortality rates in 1960 were quite high- 287 per thousand- above the Sub-Sahara Africa level- 284 per thousand. But, improvements in medical services including pre- and post-natal medical care, sanitation and nutrition significantly reduced child mortality rates to 167 per thousand in 1989. However, compared with its neighbours, Gabon has a relatively high child mortality rate. The rate in Congo is as low as 112 per thousand in 1989.

Other important factors explaining the improvement in health in Gabon include: increases in daily calorie intake up from 1,881 to 2,521 calorie per caput per day in 1986; improvements in sanitation and water supply, as much as 60 per of the population had access to safety water in the period 1985 and 1987. By making accessible safe water supplies to a larger section of its population, Gabon unlike many of its neighbours, is able to solve one of the major health hazards of water-borne diseases such as bilharzia.

3.1.5 Labour and employment

Statistics on informal sector employment are unreliable or non-existent. Like many African countries, the government is the largest employer in the formal sector. Government employment slowed considerably between the periods 1984 and 1986, and 1987 and 1989 when the size of the civil service sector was drastically reduced due to budgetary constraints. About 25 per cent of total wage earners are expatriates from Europe and other African countries. Policies were recently implemented to relieve urban unemployment by encouraging employers to hire Gabonese workers, and by reducing the number of French public sector employees known as the "cooperants".

The largest concentration of formal sector employees are in the Government and other public sector offices including parastatals in the capital and other urban centres. In 1987, the total salaried population was estimated at 130,080, compared with 138,920 in 1986. Private sector employment was adversely affected by the indirect impact of the fall in oil prices and by the completion or suspension of major infrastructural works.

Gabon's labour force (as a percentage of total population) of 48.2 per cent (1988-89) is larger than in many of its neighbouring countries of Congo (39.8 per cent), Cameroon (38.5 per cent) and Zaire (36.9 per cent), and the Sub-Saharan Africa average (38.8 per cent). However, only 37.7 per cent of total labour force is female, a share below that of women in the labour force in Congo.

Agriculture accounts for the largest share of the labour force. In the period of 1985 to 1988, for example, 75.5 per cent of the total labour force was engaged in the agriculture sector. In this respect, Gabon can be described as more agricultural than Congo (42.4 per cent), Cameroon (74 per cent) or Zaire (71.5 per cent).

A current trend in many Sub-Saharan African countries is the fast decrease of the agricultural labour force and a rapid increase in labour in the services sector. Some of the factors accounting for this structural change are directly related to poor economic planning, weak linkages between agriculture and industry, vagaries of the weather and consequent poor agricultural production, increasing urban-rural drift, changes in international commodity prices etc. In terms of labour engagement, it can be argued that there is a considerable shift of labour from Gabon's agriculture sector into the expanding services sector. Disguised unemployment in the services sector, especially in the urban areas will, therefore, continue to be a major problem for policy makers and economic planners. High income generating activities in sectors such as industry (especially agro-industries) would need regeneration/rehabilitation and development to absorb urban surplus labour.

3.2 Major economic sectors

The rapid development of Gabon's petroleum resources together with the exploitation of other minerals and forest produce, has produced impressive rates of economic growth.

Gabon is the third largest oil producer in Sub-Saharan Africa (after Nigeria and Angola). It is heavily dependent on the petroleum industry and as such is highly exposed to fluctuations in the world oil market and the danger of depleting oil reserves.

In 1984, the petroleum sector accounted for 48 per cent of GDP and 66 per cent of total state revenue. The share of petroleum to GDP (in current prices) decreased from 48 per cent in 1984 to 31.1 per cent in 1989. Currently, petroleum accounts for more than half of public revenue. Oil coupled with a very small population, has given Gabon the highest GDP per capita in sub-Saharan Africa.

Valuable forestry and mining industries also contributed to 4.6 and 6.4 per cent to GDP in 1984 and 1989. The dense tropical forest which covers about 76 per cent of the country provides about 1.0 to 1.5 million meters³ of timber yearly. Together with wood products, the timber industry contributed 9 per cent of total export earnings in 1989. Depletion of forest cover has been a problem issue. Effective policy measures such reforestation and other regulations regarding extraction of forest resources will, therefore, be required to see to regeneration of forest resources.

Manganese mined at Moanda in the south-east, and uranium exploited nearby Moanda constitute the main export minerals. The minerals accounted for 16 per cent of total exports in 1989. To facilitate transport of minerals (manganese) and timber and wood products, the 657 kilometer Transgabonais railway linking Franceville to Owendo port on the Atlantic Ocean was constructed between 1974 and 1986.

Extraction, transport and processing of the rich natural resource potential of Gabon depends on good transport infrastructure. Yet dense forests, swamps, rivers and harsh terrain still pose formidable obstacles to waterways, road and railway construction.

Libreville and Port-Gentil are almost isolated. Few communication network link these major development growth poles to the rest of the country.

Paradoxically, agriculture is one of the weakest sectors of the economy. It contributed 8 per cent of GDP in 1989 (see table 2). Increasing rural-urban drift, poor communications, poor economic development planning and weak/lack of linkages between industry and agriculture are constraints to agricultural development. Gabon as a result is a heavy importer of food, which accounted for 13 per cent of total imports in 1989.

Gabon has persistently pursued policies encouraging private investment together with attempts to promote the "Gabonization" of management and attempts to improve the performance of parastatals.

The Government has embarked on several economic development policies in an attempt to restructure, regenerate and sustain the economy. Since 1966, four consecutive development plans have been implemented. The fifth development plan was intended to cover the period 1984 and 1988.

In the first Five-Year Development Plan (1966-1970), total investment was estimated at 80,000 million francs (CFA). The second Five-Year Development Plan (1971-1975) total planned investment was even higher than the former - 150,000 million francs CFA. In comparison with the previous Plan, the share of economic infrastructure - railways, roads, etc. - rose to more than one-third. Increased revenue from taxes on petroleum reduced some of the constraints in implementing the second Five-Year Development Plan. Economic infrastructure development again received priority in the third Five-year Development Plan. Transport was to play an important role in the development of the country, and as such one-third of the total investment resources was allocated for its development. Social infrastructure also received much more

Table 2: GDP by industrial origin (in current prices), Gabon, 1984-1989

	1984		1989 ^a	
	CFAfr bn	%	CFAfr bn	%
Agriculture, livestock & fishing	64	4.2	90	8.1
Forestry	16	1.0	19	1.7
Mining	55	3.6	52	4.7
Petroleum	738	48.0	346	31.1
Construction & public works	101	6.6	45	4.0
Trade	92	6.0	87	7.8
Manufacturing & energy ^b	78	5.1	114	10.3
Transport	56	3.6	55	5.0
Public administration	132	8.6	129	11.6
Customs duties	87	5.7	68	6.1
Services	117	7.6	107	9.6
GDP at market prices	1,536	100.0	1,112	100.0

a Estimates. b Includes timber processing, oil refining, manufacturing electricity, water and gas.

Source: Direction Générale de l'Economie; *Tableau de Bord*, 1990.

attention - 18 per cent of the total was allocated to health, housing and education. An interim Plan (1980-82) covering investment of 879,000 million francs CFA was meant to restructure the economy by developing agriculture, infrastructure and processing industries, especially the domestic natural resource-based industries. The three-year Interim Development Plan's main objectives were diversification of the economy and reduction in Gabon's dependence on earnings from petroleum.

As a result of the sharp fall in oil revenues in 1986, the government was prevented from pursuing its fifth Five-Year Development Plan (1984-88) which was similar to previous plans in terms of objectives. The initial Plan was revised in September 1986 and extended to 1990. Due to the deepening economic and financial crisis, the Plan was revised again in 1987 to accommodate a two-year stabilization programme. A structural adjustment programme (SAP) supported by the IMF, the World Bank and the ADB was launched. The objectives of SAP are to reduce dependence on the petroleum sector in the medium-term and to direct investment towards the non-petroleum productive sectors.

SAP and other related macro-economic reforms programmes adopted different measures to:

- reform and restructure the parastatal sector;
- strictly monitor expenditure and borrowing by SOEs;
- liquidate and where feasible rehabilitate unprofitable SOEs;
- liberalize external trade and pricing regime and;
- promote private investment (new investment code was published in 1990).

Political upheaval in 1990 diverted considerably attention from the economic restructuring process. The 1990-92 plan approved in December 1989 was also adversely affected by the political climate. The plan sets the priorities including:-

- maintenance and rehabilitation of infrastructure;
- education and training and;
- promotion of small and medium-sized enterprises.

Continued shortage of foreign funds due mainly to high wages and acute labour shortages constrain development. Donors, governments and banks have to be convinced of the soundness of investing in Gabon in the long-term.

Gabon is a case example of an enclave economy, which is highly dependent on petroleum resources. Much of its recent growth has had little impact on the welfare of the majority of the population. Human and political constraints are inter-regional and urban-ural inequalities (in terms of incomes and standard of living). Diversification of the economy requires adequate transport and communication infrastructure and secondary sources of growth such as processing industries. But, in view of the country's limited domestic demand and small population size, the export processing industry would assume top priority in future development strategies. This fact does

not rule out the potential of agro-industries, which process domestic agricultural products to meet local demands, especially food requirements in the urban areas. Surpluses of economically produced agro-processed goods, for example, can find markets in the UDEAC zone.

3.2.1 Agriculture

Only 0.5 per cent of the estimated total area 267,667 square kilometres (mostly dense equatorial forest) of Gabon is under cultivation. A substantial portion of agricultural production comes from the subsistence sector. Government economic policy has in the past neglected agriculture. However, recent policies give priority to the expansion of the agricultural sector. The main objectives of the policies are dual: reduction of expenditure on foodstuffs import and diversification of the economy.

Agriculture (including crop cultivation, livestock raising and fishing) contributed only 8 per cent of estimated GDP (in comparison to Zaire: 30 percent) in 1980. This share is near to the World Bank's. Agriculture share of GDP (in current prices) doubled from 4.2 per cent in 1984 to 8.1 per cent in 1989.

Gabon spends large amounts of foreign exchange on food and agricultural products import - valued at 46,300 million franc CFA in 1987 - to meet demand in both urban and rural areas. Food import dependency ratios (the ratio of food imports to the food available for internal distribution, that is, the sum of food production, plus food imports, minus food exports) of Gabon increased significantly from 19.9 per cent to 34 per cent in 1969-1971 and 1986-1988 respectively. These ratios higher than those of the Sub-Sahara Africa average (13.1 and 10 per cent), Cameroon (7 and 14.2 per cent), Congo (12.9 and 28.2 per cent) and Zaire (4.8 and 5.7 per cent).

Industrial/commercial crops grown for exports include cocoa and coffee (production output for 1988/89 were 2,145 tonnes of cocoa, and 734 tonnes of coffee respectively). A new cocoa reprocessing plant with a capacity of 400 tonnes per year, was opened at Koulamoutou in 1987.

Other commercial products promoted through state run plantations are palm oil, sugar, rubber and other fruit crops. Agrogabon, a parastatal (96 per cent state-owned), operates a large palm oil plantation near Lambaréné. Production capacity of the plantation was expected to reach 22,000 tonnes of refined palm oil, and 4,000 tonnes of palm kernels in 1990. The plantation is expected to maintain forward linkages to the fractionation and soap plant of Agrogabon which started operation in 1986. Domestic palm oil production is gradually substituting imports of cooking oils. The soap factory is linked to the packaging plant, Société des Produits Oléagineux du Gabon (Sepoga), which handles the commercialization of refined palm oil. Sepoga also operated an oil refining plant which has a capacity of 6,000 tonnes of vegetable oil per year.

Production of refined sugar increased from negligible levels to 18,535 tonnes in 1987, as a result of the partial success of a large mechanized sugar complex, with a capacity of 30,000 tonnes of refined sugar per year near Franceville. The sugar complex, managed by the Sucrière du Haut-Ogooue (Sосуho), maintains effective backward linkages with a nearby sugar cane plantation. After meeting domestic demand (of about 11,000 tonnes of refined sugar per year) the surplus is exported.

An initial 3,000 hectare rubber plantation project was started with French, ADB and European Development Fund (EDF) funding in the Mitzié region in 1981. The rubber plantation management, the Société du Développement de l'Hévéaculture au Gabon (Hévégab) is engaged in two other projects near Bitam and Kango. Exports of 7,000 tonnes of rubber per year were expected in 1990.

Animal husbandry was, for a long time, hindered by the prevalence of the tsetse fly. Tsetse fly resistant cattle breed, the Ndama was introduced in 1980 into Gabon from Senegal, Gambia and Zaire with the aim of producing about 1,000 tonnes of beef per year by 1990 in order to reduce livestock and beef imports which total about 10,000 tonnes per year. Agrogabon manages three ranches with an estimated herd of 24,638 cattle in 1989. Projected capacity is 50,000 cattle by 1998.

Poultry farming has had some success, producing 50 per cent of Gabon's current chicken requirements. According to FAO estimates, 154,000 pigs and 147,000 sheep and goats were raised in 1988.

Potential for fishing resources is large. Deep sea pelagic resources include tuna - estimated at about 450,000-550,000 tonnes, crustaceans such as shell fish - 2,000 tonnes, and other demersals - 265,000 tonnes. Ocean going fishing or distance fleet yielded in 1987 about 28,000 tonnes of fish sufficient enough to supply 50 per cent of total domestic demand. Traditional/artisanal fishing alone accounts for about 55 per cent of total production. Industrial fishing is mostly carried out by foreign firms and comprises about a dozen fishing vessels. The industrial fishing sub-sector gets EC assistance in the marketing of produce, the purchase of tax-free fuel, fishing equipment and other services such as repair facilities.

Agriculture could play a dominant role in development when the sector is linked to manufacturing industry. Despite the country's narrow market, agro-processing industries geared towards domestic and export market needs will have a very important role to play in economic development.

3.2.2 Forestry

Gabon's industry virtually depended on timber before the wake of serious mineral exploitation in the early 1960s. Gabon is currently the fourth largest timber producer in Africa. Forestry contributed only 1 per cent and 1.7 per cent to GDP in 1984 and 1989 respectively. There are at present three large forestry zones. The third zone has been opened up for exploitation by the completion of the Transgabonais railway. Okoumé, Ozigo - tropical softwoods used in the manufacture of plywood and furniture - and other hard and softwood species are exploited. Okoumé is the main wood species accounting for more than half of timber export earnings (see table 3).

Gabon's timber industry is currently undergoing a diversification process to promote other exportable species, marketing facilities and opportunities and increased local processing of timber products.

Only 20 per cent of timber produced is processed locally into sawn timber, plywood and veneer. Exports of unprocessed timber are controlled by the state-owned Société Nationale des Bois du Gabon (SNBG). SNBG fixes prices and markets timber. But, since 1989 SNBG gave up its marketing monopoly over Okoumé and Ozigo so as to encourage their production. Traditional export markets are France, Israel, India, Hong Kong and Turkey.

Table 3: Production and value of timber exports, Gabon, 1984-1989

Timber production (000 m ³)						
	1984	1985	1986	1987	1988	1989 ^a
Okoumé	1,037	977	957	866	989	944
Ozigo	45	49	56	39	52	48
Other species	380	212	219	200	200	200
Total	1,462	1,238	1,232	1,107	1,241	1,192

a Estimates.

Source: Direction Générale de l'Economie, *Tableau de Bord*, 1990.

Value of timber exports (CFAfr bn)						
	1984	1985	1986	1987	1988	1989
Okoumé logs	37.6	34.6	30.7	31.2	32.5	36.5
Other logs	13.6	14.9	12.0
Manufactured products	5.9	6.2	5.9
Total	57.1	55.7	48.6	46.9	48.3	48.1

Source: Direction Générale de l'Economie, *Tableau de Bord*, 1990.

The timber industry faces several constraints, including transport, processing and marketing problems. Deforestation has been a problem resulting from unwise felling and lack of effective regulatory measures to control exploitation of forest resources and reforestation programmes.

3.2.3 Energy

Petroleum production started in the early 1960s. Production reached a peak of 11.3 million tonnes per year in 1976 and then decreased steadily up to 1989. Petroleum accounted for 48 per cent and 31 per cent of GDP (in current prices) in 1984 and 1989. The production of crude petroleum increased steadily from 8.7 million tonnes in 1984 to 10.4 million tonnes in 1989. Natural gas production also increased from 65 million cubic metres in 1984 to 73 million cubic metres in 1989 (see table 4).

Table 4: Oil and gas production and prices of oil, Gabon, 1984- 1989

Oil and gas production						
	1984	1985	1986	1987	1988	1989 ^a
Crude petroleum ('000 tons)	8,725	8,626	8,295	7,763	7,968	10,389
Natural gas (mn m ³)	65	71	72	73	73	73

a Estimates.

Source: Direction Générale de l'Economie, *Tableau de Bord*, 1990.

Official selling prices for petroleum

	1985		1986		1987	1988	1989
	Jan 1	Aug 1	Jan 1	Jul 1	Feb 1	Dec 31	Dec 31
Mandji	28.00	27.80	22.00	13.00	17.32	17.32	17.32
Gamba/Ivinga	28.40	27.90	22.10	13.10	17.42	17.42	17.42
Lucina	28.75	28.25	22.45	13.45	17.77	17.77	17.77

Source: Direction Générale des Hydrocarbures.

The petroleum sector forms the backbone of Gabon's economy, accounting for 70 per cent of foreign exchange earnings and 65 per cent of government revenues. Oil revenue received by the government is derived from royalties on oil production, taxes on oil company profits and taxes on exploration permits.

Oil production is dominated by Elf-Gabon and Shell Gabon. Total reserves were estimated at 700 million barrels in 1989. Exploration, especially onshore is made more difficult by dense forest.

Oil production returned to normalcy at mid-1990 after the sharp slump triggered by the anti-government rioting. Besides Elf-Gabon and Shell Gabon, other oil exploration and production companies have entered the petroleum industry. Amerada Hess Corporation and the Government formed a joint venture that brought a 10 per cent interest in the Rabi-Kounga oil field in 1990. Gross production capacity was estimated to reach 140,000 barrels per day in 1991.

Five main crude oil types are produced: Mandji (produced by Elf-Gabon and Port-Gentil, Temeco at Obando); Gamba (Shell Gabon near Sette-Cama); Lucina (Shell Gabon in region of Mayumba); Rabi (Shell at onshore Rabi-Kounga field) and; Oguendjo (Amoco Gabon in the South).

As a member of OPEC, Gabon is bound to comply with OPEC's production quota. Gabon, however, has made persistent requests for a substantial increase in its quota in phase of the sharp increases in its recoverable reserves. Crude petroleum is mainly exported to Argentina, Brazil, France and the United States.

Gabon is an energy surplus country. It produced 11.61 million tonnes of oil equivalent (t.o.e) and exported 10.10 million t.o.e in 1989. As already noted, Gabon is the third largest oil producer in Sub-Saharan African and has large hydro-electric resources.

Commercial energy production between the periods 1965-1980 and 1965-1989 were 13.7 per cent and 17.7 per cent respectively. Commercial energy consumption during the same periods were 14.7 per cent and 3 per cent.

Oil accounted for less than 50 per cent of total energy consumption in 1989; industrial energy use forms the largest portion of total energy consumption.

Electricity is the main source of energy - including hydro-electricity and thermal power using oil or gas. A minor, but important source of energy, especially in the rural areas, is firewood. Production of electricity in 1989 totalled 91 million KW, of which 80 per cent was produced by the electricity stations at Kinguélé, Tchimbélé and Poubara. Electricity is produced and distributed by a semi-public company, the Société d'énergie et d'eau du Gabon (SEEG). Installed capacity totalled an estimated 297 million KW in 1989.

3.2.4 Mining

The mining sector accounted for 3.5 per cent and 4.7 per cent of GDP (in current prices) in 1984 and 1989 respectively.

Estimated reserves of manganese ore are 200 million tonnes, accounting for about 25 per cent of known reserves outside the USSR. Since 1962, manganese ore has been mined at Moanda, near Franceville.

Manganese production increased from 2.2 million tonnes in 1984 to 2.6 million tonnes in 1989. Compagnie Minière de l'Ogooué (COMILOG) is the main mining enterprise. Shareholders of the mining operations include the US Steel Overseas Capital Corporation (36.4 per cent shares), government and private Gabonese interests (30 per cent), the Société Auxiliaire de Manganese de Franceville (71 per cent) and Elkem (5.7 per cent). Ore from open-cast mines is enriched to 51 per cent manganese and then transported by aerial cable car (for 70 kilometers) and rail to the Congolese port of Pointe-Noire for export. Production has for some time been low due to depressed demand for steel on the international market (see table 4). But with the completion of the Transgabonais railway and the mineral terminal at the port of Owendo (for export of minerals) in 1988, export capacity doubled to over 5 million tonnes.

Exports of manganese ore increased from CFA francs 51.7 billion in 1984 to CFA francs 59.3 billion in 1989.

The exploitation of uranium started in Mouanda near Franceville in 1961. Proven reserves total 35,000 tonnes of uranium ore. Production of uranium fell from 918 tonnes in 1984 to 870 tonnes in 1989.

Mining is undertaken by the Compagnie des Mines d'Uranium de Franceville (COMUF), in which important shareholders are the Compagnie Française de Mokta (39 per cent), the Gabon Government (24.8 per cent), the Compagnie Générale des Matières Nucléaires (Cogema - 18.8 per cent) and the Société de Gestion et de Recherches Minières (13 per cent). Extracted uranium ore is concentrated/processed into yellow cake, with a 73-74 per cent uranium content, and exported. COMUF offers Gabonese uranium on world markets through the French Atomic Energy Commission. As a result about 58 per cent of exports go to Cogema, the French consortiums, providing about 9 per cent of French needs. In all, about 70 per cent of Gabon's uranium output is sold to France, the remainder to Belgium and Japan. Despite the low world demand for uranium, the contract prices paid by France have been kept at higher levels than spot prices.

Exports of uranium were stable, 900 tonnes in 1984 and 1989. The value of uranium exports decreased from CFA francs 26.9 billion in 1984 to CFA francs 21.1 billion in 1989.

Iron-ore deposits at Belinga in the north east are among the largest in the world. Reserves are estimated at 850 million tonnes of iron ore. About

Table 3: Manganese ore and uranium metal production, Gabon, 1984-1989

Mineral production	1984	1985	1986	1987	1988	1989
Uranium metal (tons)	918	939	900	744	929	870
Manganese ore ('000 tons)	2,193	2,321	2,513	2,589	2,254	2,550

Sources: Direction Générale de l'Economie, *Tableau du Bord*

half the reserves have a high iron content. However, given the numerous iron ore mining projects around the world, low world prices for steel, and the government's inability to secure funds necessary to develop the third phase of the Transgabonais railway from Booué, exploitation of the Bélinga deposits is unlikely to begin in the near future.

Large deposits of barytes (used in paint-making) near Mayumba are estimated at about one million tonnes. Regional market for barytes is at present limited due to competition from Spain, Ireland, Italy and Morocco. Niobium (columbite) and associated mineral deposits such as phosphates, rare earths and titanium has been discovered. The Government is keen on exploiting the mineral deposits with funding from the European Investment Bank. However, exploitation is awaiting cost-benefit analysis.

3.2.5 Manufacturing

The main thrust of Gabon's early development effort was directed towards the expansion of the export-oriented industries of the mining and forestry sectors. As a result, the dual economy evolved characterized by a highly intensive export sector and an agricultural sector which is mainly for subsistence. The viability of recent projects to develop large-scale natural resource-based manufacturing industries depends to a great extent on the capability of the manufactured or processed products to create a niche in the export market, since the domestic market is very small.

The manufacturing sector is relatively small. It contributed only 8 per cent to GDP in 1989, 7 per cent in 1988 and 5.6 per cent to GDP in 1987. Its expansion is in response to the growth in oil and mineral expansion and the completion of the Transgabonais railway. For example, the recession in 1986, caused by the fall in oil earnings, resulted in an estimated 25 per cent fall in combined turnover of major enterprises. Manufacturing in general is highly capital-intensive. It is mainly based on the processing of domestic primary products and import substitution.

Manufacturing activities include oil refining, wood processing, agricultural products such as flour mills, breweries, soft drink plants, coffee hulleries, chemicals, ship repair, metal working, cement, textiles, clinker crushing, paint, soap, cigarette-making plants. The most important industrial products in terms of turnover are refined petroleum, food and timber products (see table 5).

Oil refining by the Sogara refinery at Port-Gentil satisfies most of domestic petroleum products requirements. Production output was 741,000 tonnes of crude oil in 1989, 25 per cent more than in 1988. Refined products included naphtha, gasoline, diesel and fuel oil (see table 5(b)). Ancillary to the refining industry is a bitumen plant with a 10,000 tonne capacity. The petroleum sector has close links to shipyards and metal-working facilities. Dry batteries using manganese oxides are produced locally, while a ferro-manganese plant is under construction.

Table 3: Industrial production (turnover of sectors, CFA fr billions),
Gabon, 1984-1989

Industrial production (turnover of sectors, CFAfr bn)		1984	1985	1986	1987	1988	1989
Food & beverages		67.9	72.9	48.1	46.5	41.4	41.5
Textiles (finished goods)		6.0	7.7	3.3	2.5	2.1	1.6
Timber processing		27.5	29.6	13.6	11.8	13.6	8.0
Chemicals & oil refining		66.2	93.9	55.7	42.4	41.7	44.1
Cement		9.4	12.8	12.6	8.1	7.5	6.8
Metallurgy		12.0	12.1	...	4.0	4.4	4.4

Source: Direction Générale de l'Economie.

Table 5(b): Output of petroleum refined products, Gabon, 1983-1989

	1983	1984	1985	1986	1987	1988 ^a
Naphtha	79	8	7	7	-	-
Premium gasoline	44	47	55	56	45	53
Regular gasoline	9	11	10	6	7	5
Kerosene	68	82	87	72	63	71
Diesel & gas oil	307	195	208	256	150	173
Fuel oil	429	194	193	169	158	178
Other	12	11	13	6	8	10
Total	948	548	573	572	431	490
Domestic consumption	...	405	420	435	380	347

a Estimates.

Source: Direction Générale des Hydrocarbures.

Veneer and plywood are important products of the timber processing industries. These products are essential for the construction sector (especially housing), furnishing, packaging and railway sleepers. A cellulose plant with an expected capacity of 250,000 tonnes of paper per year never got off the ground, because of lack of investment funds. The project was abandoned in 1983.

Cement production increased considerably (by 18 per cent in 1985, to 245,000 tonnes) in the 1980s, stimulated by demand linked to the conclusion of the Transgabonais railway. However, in recent years output has fallen and the cancellation or suspension of public sector building programmes. A clinker plant at N'Toum and two clinker crushing plants at Owendo and Danceville are operated by the Société des Ciments du Gabon.

Recent transformation and expansion can be noted in the manufacturing sector producing consumer goods such as food and drink. Domestic breweries and mineral water bottling plants have increased their capacities to meet increasing urban demands. A sugar refining plant with a capacity of 30,000 tonnes of refined sugar meets local demand; with a surplus of about one-third which is exported. A pharmaceutical plant commissioned in October 1989 supplies domestic and regional markets with drugs and medicines.

Manufacturing is relatively underdeveloped. Expansion is hampered by several factors, including the narrow domestic market, competing import-substitution industries in neighbouring countries (including UDEAC member countries), shortages of skilled labor, weak institutional and physical infrastructure - roads, railways, etc., shortages of investment funds and very high labour costs.

Geographically, manufacturing enterprises, including SSIs and informal sector enterprises are heavily concentrated in the Libreville vicinity of the Estuaire region, which accounts for about 64 per cent of total manufacturing enterprises. Other concentrations are found in Woleu-Ntem region (10 per cent), Ogooué Maritime (8 per cent), and Haut-Ogooué (6 per cent).

To solve the problem of shortages of funds for industrial development, the Government has adopted measures to attract FDI and published a new Investment Code in 1990. In addition, the Diversified Investments Provision (PDI) seeks to encourage foreign-owned companies to invest 2 per cent of their profits on a tax free basis in local industries; most of the revenue from this programme comes from the foreign oil companies.

3.2.6 Construction

Construction accounted for 4 per cent of GDP in 1989. The sector is heavily dependent on public investment. The sector's growth has been dominated by the construction of the Transgabonais railway, in which the government's investment share was 42 per cent (1985). Remaining investments funds were provided by 19 European engineering firms and equipment manufactures: French companies (39.5 per cent), and UK companies (22 per cent). The other important construction project was the building of the Owendo port for handling of mineral exports at the terminus of the Transgabonais railway.

Growth in the construction sector in general was attributed to the building of the Transgabonais railway and Owendo port. Although their construction had little generating impact on manufacturing - through the use of locally manufactured inputs - the projects relied considerably on the mining and quarrying sectors.

3.2.7 Services: Tourism

Tourism makes a small contribution to export earnings in the services sector. On the whole, the services sector accounted for 43 per cent of GDP in 1989. Though underdeveloped and small, tourism has the potential for expansion. Average length of tourists stay is very short (2.5 days), due mainly to high costs of hotels and transport. Total capacity in 1989 was 5,800 beds, with an average occupancy rate of only 54 per cent. Industrial efforts are being made by the Centre Gabonais du Promotion Touristique (Gabon tours) - through local and domestic advertisement to boost the tourist industry.

3.2.8 Transport and communications

Difficult terrain - thick forest, swamps, rivers and wide estuaries - hamper road development in Gabon. As a result, only 735 kilometers of the total network of 6,898 kilometers has been tarred (1987). Intensive efforts are being made by the Government to improve/rehabilitate existing roads, construct new ones, and to link the road network to the Transgabonais railway in order to make new development centres in the forest zone accessible. The main aim of the road improvement programme is to facilitate economic diversification and expansion, especially in the agricultural sector. International donors are given or have given financial assistance to the Government in its road network improvement programme. The World Bank, for example, agreed to give a loan of \$30 million in May 1989, and the African Development Bank (ADB) has given a loan of "Ecu" 25 million for road construction.

Of major economic importance to transport system is the Transgabonais railway. It opened parts of Gabon's rich mineral and forest hinterland that were hitherto inaccessible, making possible the transportation of manganese ore, timber, agricultural products, and passengers. Although the huge cost incurred through constructing the 697 kilometer railway has not been recovered, the long-term economic benefits of the railway cannot be underestimated. The Government would like to build a 237 kilometer spur from Booné to the iron ore deposits at Belinga, but this project is not commercially viable given current world prices for iron and steel.

Port-Gentil and Owendo, the terminus of the Transgabonais railway are major ports. The former port is the predominant oil exports point. Logs are exported from Owendo and Port-Gentil. The increasing volume of freight handled by the two ports points to the need for a container port at Owendo to increase handling capacity. Overseas, river and coastal shipping services are important. Foreign and national fleets serve the ports, and coastal and ferry services provide communication links.

Gabon has one of the most extensive air transport system in Africa. Léon M'ba airport in Libreville is an international airport, while the airports at Port-Gentil, Moanda, Franceville and Lambaréné are capable of handling twin jet international traffic. About 60 privately-owned aerodromes mainly serve the timber companies.

With a fleet of Boeings including a 747, Air Gabon, the national airline serves European and regional destinations. Air Gabon evolved from Air Afrique. Recent sharp falls in international passenger traffic constitute an important operational problem for the airline. Rationalization of both international, regional and domestic air transport is expected to make the air

important operational problem for the airline. Rationalization of both international, regional and domestic air transport is expected to make the air transport economically viable. Part of Air Gabon's fleet, for example, has been leased to other airlines.

Gabon has direct telephone and telex links to Africa, Europe and North America. A domestic television satellite beams programmes to major urban centres. Nationwide, the country is served by three television channels. A national radio broadcasting station and Radio France Internationale run parallel telecasting programmes. A daily newspaper, L'Union, is under the auspices of the information ministry, and there are several independent publications.

4. Domestic finance

The sharp fall in oil prices in 1986 had a severe impact on the government's financial position. Between 1986 and 1987, revenue contracted by more than 50 per cent from CFA franc 550 billion to CFA franc 258 billion. With total expenditure in 1987 of CFA franc 385 billion, the government was faced with a massive CFA franc 127 billion deficit. Austerity measures and the structural adjustment programme resulted in a small contraction of expenditure in 1988 and 1989 to CFA franc 333.7 billion and CFA franc 394 billion respectively, while government revenue remained stagnant at CFA franc 246.6 billion in 1988 and CFA franc 258.6 billion in 1989.

The commissioning of the Rabi-Kounga oil field in 1989 resulted in a sharp upturn in both government revenue and export earnings. Provisional estimates for government revenue in 1990 are of CFA franc 360 billion, a 39 per cent increase on 1989; the contribution of oil earnings to total government revenue in 1990 is estimated at CFA franc 146.6 billion (including extraordinary revenue of CFA franc 39.5 billion from the sale of part of the government's holdings in Rabi-Kounga to the US oil company Amerada Hess), just over 40 per cent of the total, and more than double the contribution of the oil sector in 1989, which was estimated at CFA franc 68 billion.

The provisional estimate for government expenditure in 1990 is CFA franc 394 billion. The real figure may well be higher as 1990 saw the collapse of adherence to SAP performance criteria and the award of large pay rises in the public sector in the face of widescale social unrest. Nonetheless, the injection of oil-based revenue was more than enough to offset increased spending and a provisional surplus of CFA franc 60.7 billion has been estimated on the national budget for 1990, compared with deficits of CFA franc 41.4 billion in 1989, CFA franc 83.5 billion in 1988 and CFA franc 149.5 billion in 1987.

The dramatic aboutturn in the government's finances in 1990 clearly illustrates the structural imbalances in the Gabonese economy and the overwhelming dependence on oil. Other sectors of the economy continue to be depressed, with government revenue from non-oil related sectors (customs receipts are very important component) contracting to CFA franc 168.1 billion in 1990, from an estimated CFA franc 184.6 billion in 1989.

Nonetheless, the boost in the public purse from Rabi-Kounga was responsible for the conversion of a 1989 deficit of CFA franc 82.5 billion (down from CFA franc 87.1 billion in 1988 and CFA franc 126.9 billion in 1987) into a surplus of CFA franc 34 billion in 1990 (based on the responsible under-estimate of expenditure). It should not, however, be overlooked that despite the marked improvement in the state of the current budget, funds for capital investment remain limited and it has not yet proved possible for the government to spend its way out of the economic recession.

5. Balance of payments and external debt

The balance of payments has similarly experienced a sharp improvement as a result of increased oil earnings. Total export revenue for 1990 is provisionally put at CFA franc 657.8 billion, up by almost 27 per cent from CFA franc 518.7 billion in 1989. At the same time, the economic recession continues to hold down import demand, with an import bill of CFA franc 219.5 billion down from CFA franc 239.8 billion in 1989. This has translated into a very healthy trade surplus of CFA franc 438.3 billion in 1990, up from CFA franc 278.9 billion in 1989. A comprehensive breakdown of financial flows on service in 1990 is not yet available but the current account balance is estimated to have moved back into a surplus of CFA franc 38.7 billion from a deficit of CFA franc 61.2 billion in 1989.

Nonetheless, service payments on the external debt continue to weigh heavily on both public finances and on the balance of payments. Debt service as a percentage of GDP was estimated at 12.3 per cent in 1990 and, as a percentage of export earnings, at 23.2 per cent.

Disbursed long-term external debt at the end of 1989 totalled \$2.517 million, of which 63 per cent (\$1,577 million) was owed to official creditors and the remaining \$ 940 million to private creditors.

6. Conclusion

6.1 The macro-environment

Although democratization process is gaining momentum, the political outlook seems to be uncertain. This uncertainty tends to create an unfavourable climate for economic recovery and development. The Gabonese government seems more vulnerable to public criticisms over the IMF and World Bank supported economic austerity programmes. It seems unlikely that targets set for the 1990-91 recovery programme with the prime aim of stabilizing the economic crisis will be met. Yet, at the same time, the sharp boost to government revenue from much higher oil exports, is offering a considerable degree of relief. In order to maintain political stability, the Government could be forced to interrupt or modify the SAP and this would heighten the continuing shortage of foreign funds for industrial and economic development. Short-term prospects for economic recovery are good since the oil industry sector continues to be buoyant. Nonetheless, a long-term policy would be crucial to sustain the economy. In providing this, careful planning based on consensus and economic sector integration requirements would be needed.

Food self-sufficiency remains elusive. A well-thought through policy to tackle the food shortage problem would require parallel development of the agricultural and industrial (especially agro-industries) sectors in order to promote effective linkages between them.

Lower world prices for manganese and uranium will continue to cause reduction in government revenues and increase instead, dependency on oil exports. Moreover, development of manganese and uranium industry may well in the next years as a result of the activities of environmental pressure groups, especially in Europe, against the extraction and use of uranium and manganese.

With regards to the shortages of local technical and skilled manpower, the Government of Gabon needs to address with all seriousness the issue of manpower development in industry and in the entire economy. A large portion of qualified and skilled labour is expatriate. The success of the "Gabonization" process would depend on effective training programmes and other human resource development measures, such as overhauling of the educational system to focus on the pressing development needs of Gabon.

6.2 The manufacturing sector

Expansion in manufacturing is hampered by several constraints, among which are:-

- the narrow domestic market;
- the shortages of skilled labour;
- the general high level of prices and labour costs and;
- the weak infrastructure, both institutional and physical, including roads, railway etc., and accompanied high transport costs.

Due to the small size of the domestic market, industrial expansion to a great extent dependent on the development of resource-based and export-oriented industries. This is not to say that development of SSIs of the agro-

processing subsector such as food processing, wood processing and beverage industries including breweries are insignificant. export promotion needs to be intensified so that manufactures create a niche in the export markets of Africa, especially in the UDEAC and ECOWAS regions and Europe. An export promotion programme would of course depend on the re-assessment of Gabon's comparative advantages with respect to the export products.

In view of the socio-economic constraints such as rapid urban growth, increasing rural-urban migration, rapid increases in prices of goods, increasing rate of unemployment, decreasing agricultural production and general fall in living standards of Gabonese, it would be rational to suggest that the Government include in its development programmes policies which promote parallel development of agriculture and industry. policy programmes also need not lose sight of regeneration and rehabilitation needs of existing industries, especially agro-industries which suffer competition from imported goods including foodstuffs and beverages. When promoted, such a policy would help:-

- conserve scarce foreign exchange used on food imports ;
- solve the food shortages problem in the industrial urban and rural areas and;
- increase rural employment and incomes to bridge regional income disparities and as a result reduce rapid rural-urban migration and associated social and economic problems.

7. Bibliography

1. **Africa Review 1991/92.**
2. **Economist Intelligence Unit. Country Profile 1990-91.**
West African Economic Structure and Analysis.
3. **Europa, Africa South of the Sahara.** Europa Publication Limited.
London, 1991.
4. **International Petroleum Encyclopedia.** Petroleum Publishing Company.
Tulsa, Oklahoma, 1991.
5. **Ministere de la Planification, du Développement et de
l'Economie. Tableau de Board de l'Economie.** Republique
Gabonaise. No. 19, 1990.
6. **UNDP, Human Development Report 1991.**
7. **UNIDO, Regenerating African Manufacturing Industry: Approach and
Programme.** PPD.101, 29 December, 1988.
8. **World Bank, World Table 1991.**
World Development Report 1991.
9. **World Resources 1990-91.**

Appendix table 1: Gabon, political structure, 1990

Official name:	République Gabonaise
Form of state:	unitary republic
Legal system:	based on 1961 constitution, amended 1967 and 1981, and transition constitution of May 1990
National legislature:	Assemblée Nationale of 120 members
Last elections:	November 1986 (presidential); October 1990 (legislative)
Next elections due:	by November 1993 (presidential); September 1995 (legislative)
Head of state:	President Omar Bongo, elected by universal suffrage
National government:	the prime minister and his appointed coalition government
Main political parties:	Parti Démocratique Gabonais (PDG) — former sole legal party and now majority group in assembly Mouvement de Redressement National/Morena (MOR) Parti Gabonais de Progrès (PGD) Association pour le Socialisme au Gabon (APSG) Union Socialiste Gabonaise (USG)
Principal government members:	formed in November 1990
Prime minister	Casimir Oye M'ba (PDG)
Ministers:	
planning, economy & territorial development	Marcel Doupamby Matoka (PDG)
justice	Michel Achouey (PDG)
foreign affairs & cooperation	Ali Ben Bongo (PDG)
trade & industry	André Dieudonné Berre (PDG)
information, posts & telecommunications, government spokesman	Jean Remy Pendy-Bouyiki (PDG)
mines, hydrocarbons, energy & hydraulic resources	Jean Ping (PDG)
national & higher education & scientific research	Marc Ropivia (USG)
health & population	Eugene Kakou Mayaza (PDG)
labour, human resources & professional training	Serge M'ba Bekale (APSG)
agriculture, animal husbandry & the rural economy	Emmanuel Onda Methogo (PDG)
water & forestry	Eugene Capito (PGD)
youth, sports, arts & culture	Pierre Claver Nzeng (USG)
transport	Jerome Ngoua Bekale
administration & parastatal reform	Jean-Baptiste Obiang Etoughe (MOR)
tourism, national parks & leisure	Pepin Mongokodji (PDG)
small & medium sized enterprises & crafts	Victor Mapangou Moucani Muetsa (APSG)
town planning & housing	Adrien Nkoghe Essingone (PDG)
national defence, public security & immigration	Martin Fidèle Magnaga (PDG)
territorial administration & local government	Antoine M'boumbou-Miyakou (PDG)
civil service & administrative reform	Paulette Moussavou-Missambo (MOR)
finance & budget	Paul Toungui (PDG)
decentralisation	Simon Oyono Aba'a (MOR)
human rights & parliamentary relations	André M'ba Ohamé (PDG)
social affairs & national solidarity	Patrice Nziengui (PDG)
equipment & construction	Zacharie Myhoto (PDG)