

**Bankers Trust  
Company**  **Country  
Assessment**

**International Economics**

280 Park Avenue, New York, N.Y. 10017 U.S.A.

---

GABON

William H. Overholt

Vice President  
Political Assessment Group

PAG 201/1-D      17 April 1984

**DRAFT**

This is a working document and is not in final form; the statements contained in it may need to be revised or corrected. It is reproduced for private circulation only, not for general distribution or publication, and it should not be cited or quoted without the permission of the author.

Drafts are reproduced at the discretion of the author, with no Bank review procedure, and thus no opinions, statements of fact, or conclusions contained in this document can be attributed to the Bank or its clients.

## GABON

### Political Environment Report

#### I. The Government

The leadership of Gabon over the past two decades has shown a curious blend of naivete and effectiveness. As President Omar Bongo, leader of the country since 1967, succinctly stated, Gabon is "still under construction." While this phrase was intended to illustrate the Gabonese economy, it also effectively summarizes the condition of the country's political system.

#### A. The Top Leadership

Like many of its neighbors, Gabon is ruled by a strong presidency with political power centralized in a single party. With the exception of a left-wing coup in 1964--which the French helped put down--the country has enjoyed stability at the top since independence in 1960. Bongo has proved a capable, if somewhat erratic, leader. He consolidated his power through reorganization of the ruling party, changing its name from the Bloc Democratique Gabonais to the Parti Democratique Gabonais (PDG) and modelling it along the lines of his neighbor Ahidjo's inclusive single party (even going so far as making the PDG's motto "Dialogue-Tolerance-Peace"). In 1981 Bongo surrendered his functions as "head of government" to his Prime Minister, Leon Mebiame, and gave other of his portfolios to various supporters in the government, though Bongo certainly retained effective control.

On balance Bongo's regime has been sufficient to hold political unity in Gabon and to provide a strong central leadership. While authoritarian in type, the current presidency has shown a marked tolerance for domestic criticism and a genuine concern for economic development and human welfare.

#### B. Institutions

Since its founding in 1968, the governing party, the PDG, has become the most important institution in Gabon. Taking an approach of political consensus, it has drawn almost all major segments of society under its wing. Party stability, however, is still dependent on Bongo's personality and power. In 1979, the Party relaxed its grip somewhat and allowed Party elections up to the level of the central committee. As a result, several senior Party members lost their seats.

Governmental institutions in Gabon answer to the President and cabinet through the Party. The government bureaucracy is run primarily by French expatriates and has, by African standards, relatively little corruption. It is, however, not very competent at lower levels. The unicameral, uniparty National Assembly has little power, though some contested elections within the Party have resulted in election of candidates not supported by Party leaders. The Assembly may become a more significant forum for political debate if the government continues to allow such contested elections. The Gabonese military

has been made a part of the governing elite through inclusion of generals in the cabinets (3 as of this year) and through, for the first time, their representation on the Party's central committee, as of last March. The military enjoys modern equipment and benefits in both prestige and training from the presence of the French garrison in Gabon. Labor unions have been absorbed into the Party, but strikes do occur occasionally. Such strikes seem more a result of the government's relative lenience than of any deep-seated grievances among labor. Finally, the national legal system has been allowed to function relatively freely and effectively and holds the respect of most Gabonese.

### C. The Political Base

Most Gabonese have benefitted in some way from the country's oil-driven economic leap of the past decade. Part of the reason lies in the country's small population (somewhere between 600,000 and 1.2 million--the government and World Bank disagree) and its remarkably small population density (less than 3 per square kilometer). The people are concentrated along the seaboard and in the cities, with income distribution skewed toward the urban sectors. There is little, if any, unemployment, and the government maintains a viable minimum wage for all workers. Inflation is running at 13-15 percent. The country enjoys one of the best health care systems in all Africa, and primary education is universal. The petroleum industry has produced many service sector jobs. Ethnic tensions are minimal. From a smaller tribe himself, Bongo has been careful to give adequate representation to the dominant Fang tribe.

French expatriates constitute an important political group supporting the government. Many are "refugees" from Algeria, conservative, and distrustful of Mitterand. This group provides a powerful impetus for retaining Gabon's present economic system.

As long as economic opportunities remain available, the government will enjoy the support of virtually all major sectors of the population.

## II. The Opposition

The French presence also creates domestic tension, however. Domestic opposition has stemmed from two principal causes: the role and dominant economic presence of foreign companies and nationals, and the conspicuous wealth of the Gabonese and foreigners associated with the oil industry. To address these problems, the government began to impose Gabonization of the economy with increasing rigor in 1972. Given the system of political patronage, though, this helped only part of the problem. But since opportunities still exist and urban crowding has not suffocated blossoming entrepreneurial instincts, these tensions are not severe at present.

The austerity program begun in 1978 and the resulting economic slump culminated in two instances of domestic protest in 1981: a wave of armed robbery hit Gabonese cities, and the University of Libreville was closed due to staff and student demonstrations, causing Bongo to tighten police

security. Also, Bongo moved to stem illegal immigration in response to criticism of the foreign presence in the economy, even though labor shortages in both rural and urban areas are acute.

Protests have been unusual, though. The government allows public criticism of public officials and policies (though not of the President), and circulation of foreign periodicals is allowed. Perhaps the most telling example of government tolerance is a popular weekly live television program in which government ministers and their staffs respond to sometimes hostile questions phoned in by listeners.

The specific focus of opposition lies in the Movement for National Recovery (MORENA), led by Paul Abessolo. This group is a coalition of the moderate, pro-Western opposition, a radical Marxist group (primarily students abroad), and a non-Marxist party based largely among domestic students. MORENA began activities in 1981, sparked in part by the Pope's visit to Gabon that year. 'Minor incidents' culminated in the arrest of over 20 opposition leaders in November of 1982. The government conducted trials of the defendants in accordance with the Gabonese legal code and allowed media coverage and public spectators. Harsh sentences were meted out as an example to other dissidents, though Bongo recently shortened the sentences and freed several of the prisoners (probably under French pressure). MORENA seems to be a movement of disaffected political leaders unwilling to join Bongo, the radical left, and students. It lacks any real support among the general population. The recent trials may galvanize sporadic acts of dissent but so far have failed to produce any sympathetic reaction among the populace.

### III. Economic Management

The Gabonese economy illustrates an extreme form of the "enclave economy": a highly intensive export sector, primarily petroleum, subsidizes an inadequate subsistence agricultural sector. Oil production produces half of GDP (though this portion is slowly declining), 80% of exports, and two-thirds of state revenues. Other principal exports are timber, manganese, and uranium. Conversely, less than 1 percent of the country's land is cultivated, and the government imports 60 percent of national food needs. Manufacturing produces less than 10 percent of GDP and suffers from acute labor shortages, high costs, and low local demand. Successful business enterprises, mainly in the mineral sector, continue to be dominated by foreign firms. Domestic infrastructure is inadequate, particularly in surface transportation, due in part to the extremely difficult terrain (over 75 percent of the country is dense tropical forest). The Transgabon railway line, the largest construction project in Africa, is moving slowly but surely toward completion sometime in the late 1980s. On the other hand, Gabon has the best-developed air transport system in Africa, with over 60 operational airfields.

Economic management in Gabon is based on long-standing policies supporting private enterprise and encouraging foreign investment. Riding the oil boom of the early 1970s, the government spent too much too fast, following its cousin, Nigeria. In 1978, falling reserves and rising current account and budget deficits forced the country to call on the IMF and to undertake a

commercial bank rescheduling. An \$18 million stand-by program supported a three-year austerity and adjustment program. Progress to date has been notable: external debt stocks have been reduced by almost half, reserves are at record high levels, and Gabon has recorded a balance of payments surplus for the past three years. This success is due partly to the appreciation of the dollar, in which 80 percent of Gabon's exports are denominated, but the government has demonstrated genuine and effective determination to guide the economy on a balanced course. The government has also recently moved to redress the serious deficiencies in development investment. Beginning with the 1980-82 interim plan, the government channelled significantly higher proportions of the budget to agriculture, infrastructure, and processing industries. Certain austerity measures have been maintained, including a freeze on government hiring, while government investment will rise 45 percent this year.

Despite the dramatic decline in the external debt stock, 40 percent of recurrent government spending will go for debt servicing this year, and the debt service ratio will remain between 15 and 20 percent. Gabon maintains generally good relations with its creditors, notably the U.S. Ex-Im Bank.

In managing its petroleum sector, Gabon has followed the lead of other OPEC nations. Though it usually maintains only a minimum 25 percent interest in oil projects in the country, it taxes profits at 75 percent. Also, 1-10 percent of these firms' pre-tax turnover is invested in joint enterprises, such as a cement plant, a medical research facility, and an agricultural production center. Finally, the government seems painfully aware that its petroleum reserves (proven reserves are currently estimated at 100m tons) may be depleted by the end of the decade. With the present recovery, the government plans to push a crash program developing agriculture, manufacturing and processing, and, particularly, other mineral exports. In an effort to strengthen its planning ability, the government hired Bechtel to assist in drawing up the 1984-88 development plan. (This marks the first significant American participation in the Gabonese economy.)

#### IV. The International Environment

Gabonese external relations continue to be dominated by Gabon's relationship with France, which remains close but has recently become strained. Ties with France include the presence of 600 French troops in Gabon, French dominance in the uranium consortium that markets Gabon's ore, the presence of 26,000 French expatriates in Gabon and many Gabonese in France, and French dominance (over half) of Gabonese imports. But Bongo felt closer to Giscard and distrusts Mitterand's ideological bent. Moreover, Bongo suspects that French socialists are aiding the MORENA movement. Bongo is beginning to play off the United States against France (Bongo was the first African head of state to visit the Reagan White House) in an attempt to diversify his investment and aid base. Bongo's overtures to the United States have had a dramatic effect on the French government. Bongo earlier this year asked the French government for a larger subsidy for the joint French-Gabonese radio transmission station operating along West Africa. The Mitterand ministries initially refused, so Bongo asked if Voice of America would be interested in renting time. The Mitterand government has apparently agreed to

come up with the needed funds. The French are particularly keen to maintain their close relationship with Gabon because of their assured supplies of uranium and manganese from Gabonese mines, and because of the opportunities from French jobs, investment, and political leverage in the region. (Nevertheless, in October the Mitterand government did allow publication of a book detailing Franco-Gabonese scandals. A furious Bongo abolished all news about France from the media.)

Gabon has generally cordial relations with its neighbors. Bongo has been careful to remain friendly with the Congo since Gabon heeds transportation routes through the Congo in the south and is working with the Congo in developing mineral deposits along the border area. Bongo has aligned Gabon with his fellow-OPEC members in Middle Eastern policy (and, in fact, became a Moslem himself), though he has sometimes followed a fast-and-loose foreign policy. Tensions flared for a time with Equatorial Guinea over territorial waters, and Bongo was accused of supporting an attempted coup in Benin. Even though the Beninois played an important role in the Gabonese economy, Bongo expelled all 10,000 of them after the president of Benin urged a boycott of the OAU summit in Libreville. Later, Gabon incurred further criticism by breaking the boycott of Rhodesia to buy meat and vegetables.

Brazil, looking for new markets, has shown recent interest in Gabon, as have Japanese and American businesses. Bongo's plans vis-a-vis the French will play a major role in determining the possible extent of new business arrangements.

Though Bongo may at times follow unexpected international policies, he seems committed to keeping Gabon in the Western camp. (Bongo's earlier fascination with Qaddafi appears at an end.) The dominant theme in Gabonese foreign relations will continue to be French, but Bongo's new tactics may open important opportunities for American interests.

#### V. Pressures for Change.

The course of Gabon over the medium to long term will be affected principally by four variables: (1) the success of economic diversification; (2) the completion of the Transgabon railway; (3) the course of the oil market and oil production over the next decade; and, (4) the ability of Bongo to maintain political stability.

The next decade for Gabon will be a race to diversify the economy in time to stave off collapse when petroleum reserves run dry. A viable economic alternative in both agricultural and manufacturing will need to exist by the end of the 1980s in order for Gabon to make a relatively smooth transition out of petroleum. The country's vast mineral wealth provides an attractive alternative, but the success of the new agricultural program may be of most importance in the long run. A country highly dependent on imported food is vulnerable to both international and domestic trouble, with drastic consequences in a very short amount of time. The signals to watch will be the course of agricultural rates of production, industrial and mineral production, and programs for agricultural training and support.

Due to the problematic terrain of the country, many of Gabon's future economic prospects depend on completion of the Transgabon railway. Much of the country's mineral wealth lies in the far east and south. Some of these areas are already being mined, but effective utilization of their resources will only be possible with surface transportation. The railway will also open up new timber reserves and agricultural areas. The Transgabon has encountered many difficulties but seems to be on the way to completion. It is probably the highest government priority for the near future. Such commitment should produce results, but the signals to watch will be the speed of completion, the competence of its management, and the eventual costs of its services.

Given its dependence on petroleum exports, Gabon will continue to be at the mercy of the oil market for several years. If oil prices are relatively stable, Gabon should have a predictable income stream. New strikes may increase proven reserves, perhaps even substantially, but the situation is unclear at the moment. The signal here will be the results of current exploration and any important changes in oil price projections or OPEC policies.

Finally, the ability of the President to maneuver his country through a changing world seems uncertain. Throughout Africa, the old guard is giving way to the new politicians and technocrats. The success of a Houphouet-Boigny or an Ahidjo must be credited to their abilities as politicians and leaders. Bongo is riding a crest of oil, however, and his real achievements are more difficult to determine. Certainly the evidence most in his favor is Gabon's very successful period of adjustment and austerity from 1978 to 1981, the resumption of growth, and the effective management of external debt. His most damning mistakes include the policies which led to the adjustment period and the poor performance of Gabonese agriculture. He has taken pragmatic and humanitarian steps to develop his country (e.g. the size of the Gabonese air transport system and the health care system), but his policies have shown a lack of understanding of the complexities of a modern economy. The signals to notice in the political realm include increasingly erratic decisions from Bongo, growing MORENA activity, and further strikes, particularly among groups in the domestic mainstream.

## VI. Perspective

Gabon's political and economic performance are impressive, and have been impressive over a substantial period of time. The achievements of Bongo have begun to be institutionalized through the creation of a serious ruling party, a relatively effective court system, and an increasingly educated population, as well as a modulated dialogue between the authoritarian but reasonable government and its population. At the same time, Gabon remains a drastically underpopulated, tribal country whose population, only the size of a Caribbean island nation, is only known within a possible error of 100 percent. This means that the prospects for the next few years are highly favorable, but on the other hand, that the country remains very vulnerable to the vicissitudes of its president's health, of international conflicts, of oil prices, and of the passions that can suddenly sweep small societies. It is, in short, a country where one can enthusiastically do business, but not one where it is possible to predict the distant future with great confidence.