

Equatorial Guinea: The 'Resource Curse' or Historical Political 'Extraversion'? (ARI)

*Alicia Campos Serrano**

Theme: Equatorial Guinea has become the third-largest crude oil producer in the Gulf of Guinea, but its current situation does not exactly match the model of the 'resource curse' applicable to other countries.¹

Summary: Since oil operations first began in the mid-1990s, the small Central-African state of Equatorial Guinea has become the third-largest crude oil producer in the Gulf of Guinea, which in turn has become a strategic area for energy supplies to the main consumers world-wide. This ARI looks at the political and social impacts of oil activities in the country, conducted entirely offshore, and offers a critical analysis of the capacity of the 'resource curse' model to explain these impacts.

Analysis: The effects of oil extraction in the Equatorial-Guinean Exclusive Economic Zone can only be properly understood in the context of broader historical trends, characterised by close transnational connections and political extraversion by those in power. The new economic activity has triggered social transformation, but has also served to shore up the position of the family that has occupied the government since independence, and signalled the end of the political opening which began after the Cold War ended. The oil industry's tendency to strengthen the institution of sovereignty is pivotal to understanding the continuity of post-colonial despotism in the country.

Equatorial Guinea is now considered to be the third-largest oil producer by volume in the Gulf of Guinea, although some distance behind Angola and Nigeria. Oil production, which is carried out entirely offshore in the country's Exclusive Economic Zone, has increased from 17 barrels per day in 1996 to 400,000 barrels per day at present, and now accounts for 80% of the country's GDP and 95% of its National Budget.² Meanwhile, according to the UNDP Human Development Index, economic growth has not translated into a substantial improvement in the welfare of its population: as an indicator, Equatorial Guinea is the country with the biggest gap between its per capita GDP ranking (PPP, in dollars), which is 28th, and its HDI ranking (which is 118th).³

Since the oil companies, most of them American, first disembarked, there have been a series of presidential, parliamentary and municipal elections, each characterised by

* *Ramón y Cajal Researcher, Department of Political Science and International Relations, and member of the African Studies Group, Universidad Autónoma de Madrid.*

¹ This ARI discusses themes that are the subject of research funded by *Fundación Carolina* (research aid, 2009).

² Bank of Central African States (BEAC), *Guinée Equatoriale: Données Statistiques de Base*, www.beac.int; IMF (2006), Country Report 06/237, *Republic of Equatorial Guinea: Selected Issues and Statistical Appendix*, June; National Budget of Equatorial Guinea (2009).

³ UNDP (2008), Human Development Report.

widespread fraud and repression of the opposition, and the systematic breach of human rights is one of the main instruments for controlling the public. While there is not a situation of generalised violence as in the neighbouring Niger Delta, in the last few years there have been a number of coup attempts, some real and some imagined by the government, inevitably ending with waves of repression and torture.

The current situation in Equatorial Guinea appears to be a classic example of what some authors have referred to as the rentier state, the 'resource curse' or the paradox of plenty.⁴ These authors highlight the trend in countries dependent upon the production and export of mineral and hydrocarbon resources of enduring authoritarian political systems and economic stagnation, via rentier and neo-patrimonial mechanisms.

This model has the merit of showing the relationships between economic activities and political systems, in the context of the mass production and export of natural resources. However, the idea of common trends in all countries dependent on oil and mineral exports does not make sufficient allowance for specific historical backgrounds and special characteristics in the exercise of power. The despotism and exclusion suffered in Equatorial Guinea bears little resemblance to those suffered in other areas where oil is produced, such as Iraq and Venezuela. There has been no armed conflict in Equatorial Guinea as there has in neighbouring Nigeria.

The idea of a curse lays much more emphasis on those who suffer than on those who benefit, whether the latter be governments, businesses or armed groups, whose decisions and actions largely explain why the mining of minerals has the perverse effects it so often has on the majority.

Another weakness of this academic literature is its predilection for the state as a unit of analysis, even when examining realities that are profoundly transnational, such as the oil industry. Concepts like the rentier state do not help us to understand well the direct participation of transnational players, such as oil companies, the IMF or other governments, in generating the local social order. Neither do they enlighten us in regard to the significance of international regulations and institutions in respect of the trends and impacts of certain extractive industries.

Nevertheless, above and beyond the desire to universalise the concept, reflexions on the 'resource curse' can be very useful if employed not as a generalised model but as a standpoint that points to places and 'patterns of processes' to look at,⁵ in order to analyse the specific manners of political articulation and the topography of power in the context of the exploitation and international marketing of natural resources.⁶

⁴ See, for example, H. Mahdavy (1970), 'The Patterns and Problems of Economic Development in Rentier States: The Case of Iran', in M.A. Cook (Ed.), *Studies in the Economic History of Middle East*, Oxford University Press; Hazem Beblawi & Giacomo Luciani (1987), *The Rentier State*, Croom Helm, New York; Richard Auty (1993), *Sustaining Development in Mineral Economies: The Resource Curse Thesis*, Routledge, London; D.A. Yates (1996), *The Rentier State in Africa: Oil Rent Dependency and Neocolonialism in the Republic of Gabon*, Africa World Press, Trenton, NJ; Terry Lynn Karl (1997), *The Paradox of Plenty: Oil Booms and Petro-States*, University of California Press, Berkeley; and M. Humphreys, J.D. Sachs & J.E. Stiglitz (2007), *Escaping the Resource Curse*, Columbia University Press.

⁵ A similar reflexion was made by Christian Lund in regard to diagnostic events. See C. Lund, (1994), 'Tinkering Methodology – Some Considerations Concerning the Study of Access to and Control over Natural Resources', *Occasional Paper*, nr 13, International Development Institute, Roskilde University.

⁶ For more on the idea of political topography, see Catherine Boone (2003), *Political Topographies of the*

In the specific case of Equatorial Guinea, the relatively recent launch of oil production, which has only been profitable since the mid-1990s, provides a privileged standpoint from which to view these issues. The most notable aspect, before considering any transformation, is the continuity of poverty and social deprivation that already existed prior to the discovery of oil, as well as the perpetuation in power of the group of people who have controlled the state since independence in 1968.

In this paper we will discuss these constants, but also the social and political transformations that have taken place in Equatorial Guinea since the start of oil production, all against the backdrop of long-standing historical trends. Lastly, we will also look at the institutional aspect, beyond the standard viewpoint which only deals with national or local institutions, to shed light on the role of the international principle of sovereignty in the oil industry, and its impacts.

Continuity and Transformation in Equatorial Guinea's Oil Era

The recent incorporation of offshore Equatorial Guinea into the world's oil markets is part of the region's long history. The Gulf of Guinea has been historically criss-crossed by transnational and transoceanic connections, that have often changed over time.

From palm oil to crude oil, from cocoa to coffee and timber, the island of Bioko and the nearby continental territories have been the location of the production or extraction (but sometimes only the transport, as in the case of certain drugs) of products that were transformed, used and consumed in far-off places. People too, and their labour, have moved, forcibly or voluntarily, through this area, covering varying distances to work in plantations, timber yards or oil platforms, and also to flee political persecution.

These cross-border connections have, over time, helped configure the various local social and political orders, which have often been marked by exclusion and despotism. Since the initial colonial presence on the island of Bioko in the 19th century and the later heavier and more intrusive colonialism under Franco, and from the terror regime of the first government following independence to the dictatorship of Teodoro Obiang Nguema, the links with far-off lands have played a significant role in all the country's political regimes. The possible relationship between the current oil production and the methods of exercising power of the Nguema government can only be understood in this broader historical context, which we have examined elsewhere.⁷

As we have mentioned, the discovery of oil did not signal the end of the Nguema hegemony in the country, or of the widespread poverty there. This is due partly to the fact that production has an enclave-like character. As Fernando Abaga pointed out in an article on the consequences of oil in Equatorial Guinea, 'Oil is extracted offshore, far from everything and everyone, generating few jobs because of how capital intensive it is... It is

African State. Territorial Authority and Institutional Choice, Cambridge University Press, Cambridge.

⁷ See Alicia Campos (2005), 'Ubicando el desarrollo: las implicaciones políticas de la ayuda en Guinea Ecuatorial y Mozambique', in A. Campos (Ed.), *Ayuda, mercado y buen gobierno. Los lenguajes de desarrollo en África en el cambio de milenio*, Icaria, Barcelona; Alicia Campos (2007), 'Gobernabilidad y producción petrolífera: trayectorias, conexiones y soberanía en el Golfo de Guinea', in Ana Rosa Alcalde & J. Alfonso Ortiz (Coord.), *Democracia y buen gobierno en África Subsahariana*, Fundación Carolina & Siglo XXI, Madrid; and Alicia Campos (2009), 'Continuity and Change in the Political Economy around Equatorial Guinea', a paper presented at the international conference *Between Three Continents: Rethinking Equatorial Guinea on the Fortieth Anniversary of its Independence from Spain*, Hofstra University, New York, April.

a sector that exports all it produces and imports all it consumes, therefore having little to do with the rest of the economy'.⁸

However, despite the fact that oil production has the character of an enclave, and coupled with the aforementioned phenomena of continuity, the development of the oil industry appears to be contributing to another kind of impact through political and also economic channels.⁹ First, it has made those in government richer and more powerful, since oil has given them new-found sources of funds for their policies of co-optation, repression and economic exclusion. And this has brought new transnational players, such as multinational oil giants based in the US and, to a lesser extent, China and other countries, which are the main beneficiaries of the new wealth. They have become sought-after employers, prospective landowners and, in particular, the main interlocutors with the Nguema family.¹⁰ The latter has, thanks to these new relationships, been freed of the international pressure in favour of democracy that was being exerted in the early 1990s.¹¹

The launch of profitable oil extraction activities, rather than a radical transformation of the previous methods of government, meant the end of the process of political opening-up which was being encouraged after the end of the Cold War. The government no longer had any reason to open up the country and begin internal political negotiations. Rather than a mere continuation, there has actually been something of a setback with respect to the situation in the 1980s, when the Obiang Nguema dictatorship received but a few marginal criticisms in international forums, and obtained the support of the country's former coloniser and western powers. After 20 years in power, and having successfully dodged the push for democratic opening in the 1990s, the delegitimised Obiang government had few incentives to use oil revenues for the benefit of the majority or to permit the rise of autonomous economic groups.

In the sphere of the population's economic activities, since the opening of the oil sector, the rural areas and subsistence agriculture and small-scale commercial activities have been abandoned, with much of the food consumed in the country now being imported. Small-scale cocoa production for export on Bioko Island has almost disappeared,

⁸ Fernando Abaga Edjang (1999), 'Las consecuencias socioeconómicas del petróleo en Guinea Ecuatorial: del "boom" a la quiebra', *Asodegue*, Madrid, May.

⁹ Among the scant literature in this regard, see Asodegue (1999), *Obiang y las compañías petroleras*, Asodegue, Madrid, 1996, www.asodegue.org; Gonzalo Escribano (1999), 'Guinea Ecuatorial: de la ayuda al petróleo', *Revista Meridiano CERI*, nr 26; B. Geoffrey Wood (2004), 'Business and Politics in a Criminal State: The Case of Equatorial Guinea', *African Affairs*, nr 103/413, October; B. McSherry (2006), 'The Political Economy of Oil in Equatorial Guinea', *African Studies Quarterly*, vol. 8, nr 3; José M^a Marín Quemada (2007), *Guinea Ecuatorial: de la política económica a la política de hidrocarburos*, Working Document nr 26/2007, Elcano Royal Institute; Jordi Sant Gisbert (2008), 'El petróleo y las urnas. Evolución del Estado en Guinea Ecuatorial', *Nova África*, nr 23, July; and Plácido Micó Abogo (2008), 'La experiencia petrolífera en la República de Guinea Ecuatorial', in A. Campos & M. Carrillo, *El precio oculto de la Tierra. Impactos económicos, sociales y políticos de las industrias extractivas*, Icaria, Barcelona.

¹⁰ US Senate (2004), Minority Staff of the Permanent Subcommittee on Investigations, *Money Laundering and Foreign Corruption: Enforcement and Effectiveness of the Patriot Act, Case Study Involving Riggs Bank*, 15/VII/2004; Global Witness (2004), *Report Time for Transparency. Coming Clean on Oil, Mining and Gas Revenues*, March.

¹¹ Although to a much lesser extent, in the last few years there have also been other players and transnational groups, such as journalists and NGOs campaigning for human rights or transparency, who have enhanced the international visibility of what goes on in Equatorial Guinea.

although the demise of this sector initially began under the first Nguema government in the 1970s.

This has coincided with a change in the population's patterns of mobility and settlement. At present not only young people are emigrating to cities, leaving behind family structures and property, but entire families are moving to the suburbs, in the hope that those who manage to earn a wage will be able to support them. At the same time, many other people are coming to the cities of Equatorial Guinea from nearby and remote areas. The region around the Gulf of Guinea has traditionally been crossed by large waves of migrating population, forced to move for family, work, religious or health reasons. However, in the last few years these flows have changed direction: Cameroon, the traditional receiver of Guinean exiles and emigrants, has become the source country of many Africans now living in Malabo and Bata. Nigerians and Gabonese are also attracted by the informal trade and construction sectors. Trafficking of persons, mostly children for domestic employment or prostitution, has increased exponentially.

Meanwhile, only a small number of workers on oil platforms are from Equatorial Guinea or the neighbouring region. These workers establish communities in separate enclaves, such as that of the US employees who live in the complexes owned by the oil companies on shore or the Asians who work on the offshore platforms and who barely touch dry land. The diasporas of Lebanese and Chinese traders have also increased, as has the presence of construction workers that accompany Chinese corporations.¹² As for Equatorial-Guinean emigrants, the recent international economic crisis has led many of them to return from Spain and other places, in search of new opportunities.

The increase in internal and foreign emigration to the country's main cities speaks of the opportunities people are finding in an atmosphere dominated by major corporations and a repressive government. Despite the obstacles and the government's indifference to the creation of an economic fabric in Equatorial Guinea, new sectors have been growing in the last few years, as the more traditional activities have been abandoned. Activities like construction, private security, transport, hotels and catering, small shops and prostitution are attracting more and more workers, in a context of extreme informality and deregulation. The small but growing group of wage-earners, comprising civil servants, oil workers and expatriates, is driving this process. The main condition seems to be the unwritten rule that permits some economic freedom to those who accept the PDGE's hegemony and who are not openly militant in opposition groups.

In fact, labour relations are being strengthened as one of the government's main avenues of control. Important government members own or control employment agencies through which the oil industry supplies the few Equatorial-Guinean workers the companies need, and they keep more than 50% of the workers' salaries. The government has made the use of these agencies compulsory, and the agencies in turn require workers to be members of the governing party to be eligible for employment. Accordingly, dissidents and members of the opposition are entirely excluded from this new source of salaried employment.¹³ Meanwhile, the security services at US plants are also monopolised by

¹² Mario Esteban (2009), 'The Chinese Amigo: Implications for the Development of Equatorial Guinea', *Chinese Quarterly*, vol. 99.

¹³ Alicia Campos Serrano & Plácido Micó Abogo (2006), *Trabajo y Libertades Sindicales en Guinea Ecuatorial*, Fundación Paz y Solidaridad Serafín Aliaga, CCOO-CIOSL.

one company, Sociedad Nacional de Vigilancia (SONAVI), owned by Obiang's brother, the former Director of National Security and notorious torturer.

Another social sphere where major transformations have taken place during the oil era is territory and land use. The abandonment of rural areas, coupled with the construction or reconstruction of public infrastructure, building of numerous homes and demand for land among foreign companies, are resulting in a number of processes of land-use conversion, forced expropriation and accumulation of land. In the oil era, the question of access to land is becoming another area where the government can exercise its hegemony. It is the government that is obtaining huge areas of land, often by forcibly evicting its former occupants with no compensation, and meeting the demands for land of major corporations.

A study of these trends and their implications remains pending, and requires an understanding of the customs and methods of access to land that prevail in Equatorial Guinea, and the way in which a resource found under the sea is affecting the relationships between people on land, and in particular how the 'political topography' in the various territories and areas has been affected by these trends in migration, movement of population and accumulation of land.¹⁴

Consequently, there are a number of ways in which oil production is interacting with social and political trends in Equatorial Guinea. One of the most important of these has been the strengthening of the group that has occupied the government since independence and which the period of political opening-up in the 1990s did not manage to oust. The relationship between the oil industry and the Nguema family has provided the latter with new mechanisms for both personal wealth and social control and exclusion, which in some cases are superimposed on and in others replace the previous models of repression. It remains to be seen whether these trends are also opening opportunities for other social and economic groups.

*Oil and Institutions*¹⁵

One of the most common responses to the notion of a 'resource curse', popular with international economic bodies, suggests that it is the institutions –or, more specifically, the lack of institutions that guarantee good governance– that explain the perverse economic effects for the majority of the population. There are two problems with this interpretation: first, it explains a series of social phenomena based on an absence, on 'what is missing', rather than on 'what is there'; secondly, by placing the emphasis on internal institutions of the state, it ignores others that also wield an influence and that partly explain the way in which extractive industries, specifically the oil industry, interact with other social and political trends.

¹⁴ With regard to the implications of the extraction of oil and land, see Achille Mbembe (2000), 'At the Edge of the World: Boundaries, Territoriality, and Sovereignty in Africa', *Public Culture*, nr 12; and James Ferguson (2006), 'Governing Extraction: New Spatializations of Order and Disorder in Neocolonial Africa', in *Global Shadows, Africa in the Neoliberal World Order*, Duke University Press, Durham & London.

¹⁵ These arguments have been developed in 'Oil, Sovereignty & Self-Determination: Equatorial Guinea & Western Sahara', *Review of African Political Economy*, nr 117, p. 81-95, 2008. See also William Reno (2001), 'How Sovereignty Matters: International Markets and the Political Economy of Local Politics in Weak States', in T. Callaghy, R. Kassimir & R. Latham, *Intervention and Transnationalism in Africa. Global-Local Networks of Power*, Cambridge University Press, Cambridge; and Ricardo Soares de Oliveira (2007), *Oil and Politics in the Gulf of Guinea*, Hurst and Company, London.

International legal conventions regarding sovereignty make the state the formal owner of all the country's underground natural resources, and make the people in government the legal representatives of the country's population, affording them the capacity to negotiate with regard to its underground wealth. Only by considering these international institutions, and certain specific characteristics of the extractive industry, can it be understood how the relations between owner-states and end consumers of oil are so strongly mediated by just a handful of people: those who own the necessary means of production to extract the resources and those who are in government.

In the specific case of oil, its production requires a huge investment right from the initial exploration phase. Such an investment must be undertaken by major national or private companies, or by a group of companies, whose direct and legal relationship with internationally recognised governments appears to be a constant in the oil industry.¹⁶ Only government intervention can guarantee the investment in line with the rules and standards of international trade and the legislation of the company's country of origin.¹⁷

This is regardless of the government's regulatory capacity with respect to its own people, or its social legitimacy, especially when, as in Equatorial Guinea, all production is offshore, and the consequences of oil extraction for the environment and the population are almost invisible. The importance of the Nguema clan for the oil industry is therefore not based on the effective control of the oil fields, which is inexistent, but on its control over the government of Equatorial Guinea, and on the conventions regarding sovereignty establishing the state's ownership of underground natural resources. Their political position enables them, as we have seen, not only to manage oil resources, and to become wealthy with them, but also to preside over other methods of economic accumulation and forms of power, thus monopolising many other social spheres.

Far from dissolving or questioning the state, the international oil industry is actually underpinning its institutions and the groups that occupy them, regardless of the means the latter use to remain in power.

Conclusions: There are three conclusions that can be drawn at this stage of the enquiry:

- (1) The extraction and sale of huge amounts of oil from offshore Equatorial Guinea has had specific effects on the social trends on dry land, which in part relate to the structure of the oil industry, but in part can only be understood in the context of the country's pre-existing social and political conditions. Only then can it be understood who are the social groups that benefit or are excluded from this new source of wealth and where they come from, and the specific forms taken by relations of power.
- (2) One of the reasons why the discovery and extraction of vast pockets of oil has not substantially changed the social and political order, is that the industry needs the same institutions that have underpinned the emergence and maintenance of the post-colonial order in Equatorial Guinea: the sovereignty of the state. This true international institution is what determines who are the legitimate parties to negotiate with regard to underground resources, and this explains why the governments of each state are the

¹⁶ However, there are some informal oil markets, generated from crude oil extracted illegally from platforms and oil pipelines, which account for a tiny proportion of the oil consumed worldwide.

¹⁷ 'Firms operating in Africa still require guarantees of protection of fixed assets, enforcement of contracts, access to credit, the capacity to indemnify operations, and certifications of credibility sufficient to satisfy regulators in headquarter countries, rating services, and investors (Reno, 2001, p. 198-199).

necessary counterparties of the extraction companies. The fact that the rules of sovereignty do not bind the governments' legal capacity to their effective capacity to represent their people, or that of companies in respect of human rights, helps perpetuate authoritarian models of power.

- (3) The social and political order endured by the population in Equatorial Guinea is part of a long historical experience, in which authoritarianism and exclusion have very often been based on the territory's special economic and political connections with other places. The players that led the colonial administration, the process of decolonisation and the post-colonial government found many of their economic and political resources outside the local population. In this connection, the redundant nature of most of the population in maintaining the Nguema family in power has made repression, co-optation and poverty the main links between the citizens and the administration.

Rather than in the atemporal terms of a 'resource curse', the oil economy can be analysed as part of an historical trend of political 'extraversion' according to Jean François Bayart's definition, whereby governments base their political hegemony on resources that come from abroad.¹⁸ This exempts them from investing in a more reciprocal social pact with their own people, and goes some way to explaining the authoritarian forms taken by power in contemporary Africa.

Nevertheless, this history has been dotted with attempts at opening up to democracy which were later quashed, during which relationships between governments and people became more critical, as in the process of decolonisation of the 1960s, or the process that began after the end of the Cold War and the political reforms of the 1990s. The current dependence on oil does not prevent one from imagining a new local or international scenario triggering political transformations, which in turn would inevitably impact on the social effects of the extractive industry.

Alicia Campos Serrano

Ramón y Cajal Researcher, Department of Political Science and International Relations, and member of the African Studies Group, Universidad Autónoma de Madrid

¹⁸ Jean-François Bayart (2000), 'Africa in the World: A History of Extraversion', *African Affairs*, vol. 99. Another useful concept for understanding these political trends is that of the gate-keeper state proposed by Frederick Cooper (2002), *Africa since 1940: The Past of the Present. New Approaches to African History*, Cambridge University Press, Cambridge.