

TRANSCRIPTION of the INTERVIEW WITH

HIS EXCELENCY MR. MARCELINO OWONO EDU

MINISTER OF MINES, INDUSTRY and ENERGY
REPUBLIC of EQUATORIAL GUINEA

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UNIVERSAL NEWS (UN): *Since 1979 under President Obiang, the country has implemented transparency and good governance, playing a fundamental role in the Economic and Monetary Community of Central Africa (CEMAC). Equatorial Guinea will also play host to major events like the African Union Summit and the African Nations Cup? What image is projected of Equatorial Guinea internationally, and how does this contrast with the reality here in the country?*

H.E. MARCELINO OWONO EDU (MO): The reality we are all experiencing is a country that lives in peace and implements good relations with its brother, neighboring countries. A country that does everything possible to manage its economy transparently and that advocates a policy of friendship with all peace-loving nations at the international level. Equatorial Guinea tries to integrate in all areas of international organizations, whether economic, political or financial, and get ahead through its own efforts. Proof of this are our continuing negotiations with international financial institutions like the World Bank (WB) and the International Monetary Fund (IMF). We maintain good relations with all countries of the world, and lately, we are trying to integrate ourselves in the dynamics of the international economy. The major international events that we will host in the coming days, will once again demonstrate the policy of good relations and transparency advocated by His Excellency the President of the Republic. But sadly, internationally we are often perceived different to what we are in reality.

UN: *Since the discovery of oil in the 1990s, Equatorial Guinea has increasingly become a global power in this sector, enjoying one of the highest incomes-per-capita on the African continent. What have been the successes of this economy?*

MO: This success is based precisely in the policy of good governance that has been implemented by His Excellency the President of the Republic. Before oil production began in our country, many foreign companies in search of oil had declared our country "unprofitable" in terms of oil exploration and exploitation. But thanks to the persistence and determination of His Excellency the President of the Republic, we finally began to attract foreign investment, more specifically investments from American companies, to our country. Then we discovered oil and from there, foreign capital investment began to rain down on the hydrocarbon sector, which started with a modest production of 5,000 barrels per day (bpd). In 1995 we signed a contract with United Meridian International, which had just sold its shares to Mobil International. After this we began to see significant production of approximately 35,000 bpd, which has gradually increased to the levels we see today. We produce approximately 400,000 bpd, making us the third largest oil producer in Africa.

UN: *The country's growth projections are 2% in 2010, and 3.4% in the coming year. Although the oil sector will continue to play a crucial role in the country's economy, they are diversifying the benefits and investing in other key sectors like human development and infrastructure. What are the prospects for economic diversification that exist in Equatorial Guinea, and what is its positioning in the emerging markets?*

MO: At the First National Economic Conference in 1997, under the initiative of His Excellency the President of the Republic, they projected oil sector revenues because we began to have considerable production. We wanted the proceeds from the oil sector to be used in a transparent manner, and implemented equally across the country to develop and create a diversified economy. Ten years later we organized another economic conference in

2006, which planned to diversify the national economy, based on the revenues from the oil sector. It was thought that since oil is a perishable and exhaustible product, the benefits of the oil sector had to work for and be invested in other sectors of the economy, not just petroleum. This is how the country will achieve a diversified economy that could allow for economic sustainability and financial durability even after the oil. This is the program that was outlined in the Second National Economic Conference, which we are implementing today in the Horizon 2020 Plan.

UN: In recent years, crude oil production has multiplied considerably and Equatorial Guinea has become one of the major African oil producers. You are also increasingly exporting natural gas. There is a consortium with Germany, Spain, and Portugal- the Gulf of Guinea Gas Gathering Company (3G) - to develop the natural gas reserves. What is the importance of the country's energy sector at the level of natural gas and oil, and what is your assessment of how they are managed?

MO: In general the energy sector, and the oil and gas subsector in particular, have outperformed all other sectors of Equatorial Guinea's economy. Today they are the drivers of economic and social development in our country, representing approximately 95% of our gross domestic product (GDP), and almost the same proportion of income to the national public treasury. The oil revenues are allowing us to continue with all that we are living through in this country. The enormous infrastructure development is thanks to the oil sector revenues. This progress can be seen at the infrastructural level in every sense, but also at the economic, social and political levels. Infrastructure works are being carried out throughout the country, not only in the capital of Malabo. All corners of Equatorial Guinea are feeling these changes.

At the social level, we are improving the health situation with the construction of hospitals and the training of doctors and nurses. We are building schools and training teachers and professors. We are also actively integrating women into the economic process, decision-making and participating in public affairs.

Politically, we are completely changing the country's legal framework, and gradually integrating in the world and sub-regional economies. Currently we are well-represented in most international and sub-regional financial and economic organizations. In short, thanks to the discovery of oil and the development of the national energy sector, the country knows all of the positive developments that we are experiencing today.

This very same oil sector is allowing for the rapid growth and development of other subsectors, such as the electricity sector. Thanks to gas production, we are building huge electricity generation plants that run on gas. Thanks to the resources taken out of the hydrocarbon sector, we can construct huge centers of hydroelectricity that will allow for the future industrialization of the country, such as the Djibloho Plant on the Wélé River.

UN: There is a lot of foreign investment in the country and many companies are opening their doors here, recognizing the capacity for development and future possibilities that exist here. What are the benefits for the countries that want to come to Equatorial Guinea and invest in this sector, thus promoting the development of the country?

MO: Specifically in the hydrocarbon sector, the hydrocarbon law was enacted in 2006. It clearly states the benefits and advantages for the foreign investor, and therefore, the benefits to the country's oil industry and hydrocarbons in general. It constitutes the basic legal document that determines the advantages and opportunities when investing in the country.

UN: *What type of foreign investment are you looking to attract?*

MO: We need more investment in exploration so as to develop more oil fields, and we must develop the gas sector. We are designing huge projects for the production of liquefied gas. We also want to develop the petrochemical sector in general. Additionally, we have assembled a project to construct a national refinery. All of these projects require funding, and we believe that foreign investors can invest perfectly in this sense.

UN: *Can you elaborate more on the refinery project? This is one of the greatest challenges facing the country; despite the large amount of oil that is produced, it still has to import fuel.*

MO: Before, we could not plant to build our own refinery because we did not have sufficient means for an investment of this nature. However now that the country has sufficient resources, we want to overcome this dependency on imported petroleum products. We want to construct our own refinery, using the raw material resources that we exploit ourselves.

UN: *At what stage is this project?*

MO: We are developing the technical study and we hope that in the coming months, we can launch an international tender to award this major project.

UN: *In the last three years, we have seen the volatility in the price of crude affect the majority of oil-producing nations. How do you think the price of crude will change, and how will it impact Equatorial Guinea?*

MO: To begin with, the fall in prices caught us all a little off guard. No one expected what happened. So when it happened, it affected everyone negatively. We had to rectify the budget forecast, and this led us to make cuts to many of the government-planned projects. When the trend was reversed and the price began to rise, it positively impacted the national budget, and many of the projects that had been without funding were resumed. We think that the current prices will be maintained or increased, and this will have a positive effect in the country.

UN: *What opportunities in the energy sector would you like to communicate to the audience of Foreign Policy magazine?*

MO: There are a variety of opportunities. We are going to begin a new outreach campaign about the opportunities that exist in the sector. We hope to attract more foreign investment throughout the entire industry value chain; exploration, production, commercialization, the implementation of petrochemical projects, and even such specific projects as the refinery I just spoke of. We are organizing a new tender at the end of this year to fully expose the opportunities and advantages to investing in Equatorial Guinea in the coming years, especially in the hydrocarbon sector, to the international community.

UN: *What does the promotion campaign consist of?*

MO: Of press releases, conferences, seminars and biddings.

UN: *I would like to take the interview to a more personal level. You have worked in many facets of the government. You were Minister of the Economy and Tax, and since 2008 you have headed the most strategic ministry of the government. At the international level, you served on the IMF Board of Governors. How do you think your past and previous training have helped to define your priorities today in leading this ministry?*

MO: You will notice that the Ministry of Economy and Tax is multifaceted and versatile. Leading this ministry for so long, it has also become multifaceted. One has to be informed, read many things and participate in a lot of decision-making. Everything is related to the economy. When I moved from one huge ministry to the other, the workload seems lighter since it is related in some way to the work I did in the other ministry. That experience is helping me positively in my current job.

UN: *What gives you strength and inspiration to continue working so hard for the development of your country?*

MO: This is an interesting question. To begin with, I feel obliged to be a son of this country. I have to work for and commit myself to the country's success, whenever my physical, intellectual and academic capacities allow me. Secondly, I am from a poor family of peasants, but I have been lucky enough to reach the level I have today, thanks to the State and the President of the Republic. My parents did not have any money for my education, but I have achieved that thanks to the State and the President of the Republic. In the past this country experienced difficult situations. When by chance, we arrive at a state of prosperity like we have today, it is a moral obligation to give our full commitment and capacity to advance the country.

UN: *What legacy would you like to leave for future generations?*

MO: The best legacy that one can leave to his child, both at the familial and the state level, is education. A country with well-trained human resources can overcome any obstacle. This is the legacy that I would like to leave in the future; highly skilled personnel who are able to objectively manage the country's resources.

UN: *To conclude, you are speaking to the audience of Foreign Policy, which is made up of businessmen and influential politicians in the United States. What message would you like to send them about Equatorial Guinea?*

MO: It is best that the world comes and experiences the reality of the situation in Equatorial Guinea; better to see once than to hear 1,000 times. Sometimes the media says one thing, when the reality is actually quite another. The media looks to create sensationalism, and when you hear Equatorial Guinea spoken about in some media, one can arrive at an image that is different from the reality. If they have the opportunity to come and see the country, and not cling to misinformation that has a great deal of falsehoods, it is important that they come and live together with us for as long as they can, to see that Equatorial Guinea is different from how it is portrayed.

END OF INTERVIEW