Laws, administrative procedures and guidelines

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1. Laws on trade

Equatorial Guinea has a free trade policy with no import quota restrictions. As a member of the Central African Economic and Monetary Community (CEMAC), Equatorial Guinea applies a uniform external tax rate established by CEMAC in 1993. Imports from other member countries are exempted from paying customs duties.

1.1 Related requirements on trade management

Import management

Imports of goods worth over 50,000 CFA francs require an import permit. If work contracted is a public works project, the company is exempt from tariffs on imported construction equipment and related materials. But the Ministry of Finance in Equatorial Guinea must be contacted to complete the relevant formalities. Restrictions on the import of goods are sanitary products, chemicals, toxic waste, cosmetics and foodstuffs that are harmful to human health.

Restrictions on exports

The export of timber and cocoa is under authorisation management in Equatorial Guinea. Since 1st January 2019, the export of logs has been banned.

Inspection and quarantine for imported and exported goods

The Quarantine Convention for Sub-Saharan Africa governs the inspection and quarantine of goods imported into and exported from Equatorial Guinea. All imports of plants and animals require an inspection and quarantine certificate from the exporting country.

Customs regulations

Equatorial Guinea is a member of the Central African Economic and Customs Union (UDEAC) and there are two main categories of import tariffs: one applies the import tariff rate and the other applies the common external tariff for imports from other countries among the UDEAC member countries.

With the exception of import tariffs on petroleum products and some additional tariffs on alcoholic beverages, all members of the UDEAC share the same import rates. The specific tariff rates are: 5% for daily essential goods; 10% for raw materials and capital goods; 20% for intermediate and other products; 30% for high-end consumer goods. Moreover, each country is allowed to set its own business tax, temporary surtax and special consumption tax. There are two types of business tax, a low tax rate of 3%-6% and an ordinary tax rate of 7%-18%. Temporary surtax is charged based on the C&F (cost and freight) price of goods up to a maximum of 30%. Special consumption tax mainly relates to a few luxury consumer goods. Import tariffs between member countries are on average 1/10 of the uniform external import tariffs.

The tax rates for importing equipment and materials for contract work are approximately 20%-30% in the Region of Bata and 30%-40% in the Region of Malabo. Different rates apply for different materials. For key projects that the Equatorial Guinea government promotes and is concerned about, contractors can negotiate with the government on the details of tax rates.

2. Regulations for Foreign Investment

2.1 Major departments for Investment

In Equatorial Guinea, the Ministry of Trade and Small and Medium-sized Enterprises (SME) Promotion is responsible for investment issues. In 2019, the Ministry announced the establishment of a one-stop platform for business registration （www.ventanillaempresarialge.com/), where all business registration procedures can be processed in one place, reducing the time for business registration to 5 days. The main documents required for business registration are a copy of the company's business licence, articles of association, list of the company's management, registered capital, a passport copy of the legal representative, a registration permit, a certificate of no criminal conviction, a notary, a tax ID number,. Most of the documents can be given to a law firm to deal with the registration.

2.2 Regulations on the industries of investment

The industries and fields that Equatorial Guinea governments welcomes for foreign investment are petroleum exploration/extraction, fishing, salt production, livestock farming, cocoa paste, palm oil, transport and communications, water purification and sanitation, agricultural imports, food industry, forestry processing, small and medium-sized industries, financial services, education and medical sectors.

The fields of foreign investment prohibition are military-related industries, such as firearms, explosives and weapons; investment in the production of toxic, dangerous and radioactive substances or waste products and alcoholic beverages (except for beer) are also prohibited.

According to the latest amendments to the "Regulation on Foreign Investment" in Equatorial Guinea in April 2018, the share capital of all enterprises and companies engaged in or secondary to the petroleum sector must include the share capital of local natural persons or legal persons solely owned by enterprises in Equatorial Guinea. For the petroleum sector, the share capital of the Equatorial Guinea partner must not be less than 35% of the capital from foreign-owned enterprises in Equatorial Guinea or foreign-established enterprises engaged in business in Equatorial Guinea. The number of local partners in Equatorial Guinea shall not be less than three. The government and/or state-owned enterprises in the petroleum and natural gas sector shall have the right of preferential joint ownership in the petroleum sector and in any enterprise secondary thereto. When the share capital exceeds 35%, the local investor may become the only participant of Equatorial Guinea in a foreign-owned enterprise in Equatorial Guinea or in an enterprise established by foreign investors operating in Equatorial Guinea.

2.3 Regulations on the Means of Investment

The "Regulation on Foreign Investment" in Equatorial Guinea has no limit to the means of foreign investment. Capital, technology and equipment can all be used as forms of capital contribution. Foreign natural persons may enter the country in the form of joint ventures with local natural or legal persons. Foreign companies engaged in non- petroleum sectors do not necessarily need to have a local partner in Equatorial Guinea to invest in the country.

How to establish a company?

1. Procedures to be followed for investment and establishment of business

1.1 Forms of Business Formation

The forms of enterprise permitted in Equatorial Guinea are: Sociedade Limitada (limited liability company), Sociedade Anónima (company limited by shares), Autónomos (individual operators) and Sucursal (branch offices).

According to the relevant regulations of Equatorial Guinea government in April 2018, the share capital of all enterprises and companies engaged in the petroleum and natural gas sector must include a certain proportion the share capital of local natural persons or legal persons solely owned by enterprises in Equatorial Guinea. The share capital of the Equatorial Guinea natural persons or local enterprises must not be less than 35%. Equatorial Guinea nationals must make up at least one third of the company's board of directors and are involved in the management of the company. Before issuing a notarial certificate on the articles of association of a foreign company, the notary will need to check that the company's business licence, which shall state that the company's share capital includes shares held by natural persons or legal persons from Equatorial Guinea and that the percentage required by the government is met. In other sectors there are no mandatory requirements for foreign investment.

1.2 Responsible departments for business registration

In 2019, the Ministry of Trade and SME Promotion of Equatorial Guinea announced the establishment of a one-stop platform for business registration, where all business registration procedures can be processed in one place, reducing the time for business registration to 5 days (Shortened to 1 day for individual operators).

The one-stop platform consists of the following departments:

(1) Technical Office (Trade Department): mainly responsible for receiving and examining enterprise documents, receiving visits from enterprises and providing consultation services, completing the registration of enterprises or individual operators' system, and handling the registration fee payment procedures;

2) Notary Office (Ministry of Justice): mainly responsible for the authentication of corporate documents;

(3) Business Registration Office (Ministry of Justice): mainly responsible for the business registration of enterprises and the issuance of related forms;

(4) Tax Identification Number Registry (Ministry of Finance): mainly responsible for the assignment of taxpayer identification numbers;

(5) Treasury Office (Ministry of Finance): mainly responsible for the procedures for confirming and making payments to the Treasury.

1.3 Main procedure of business

registration

According to the regulations of the one-stop platform for business registration, the required documents are as follows:

(1) Individual operators: Copy of personal identification document (passport), floor plan of business address.

(2) Limited liability companies and companies limited by shares: copy of the identity document (passport) of the legal representative, list of the company's management and shareholders, floor plan of the business address, certificate of no criminal conviction, the form, name, purpose, social capital, address, duration of the company, list of shareholders and shareholding ratio, mode of operation and profit-sharing mechanism.

(3) Branch office: copy of personal identification document (passport) of the person in charge, copy of the statutes of the parent company, copy of the registration documents of the parent company, resolution of the board of directors (including the decision to establish the branch, name and purpose of the branch, name and authority of the person in charge of the branch, address and contact details).

All documents should be provided in Spanish, French or Portuguese.

The detailed procedures are as follows:

(1) The applicant is required to submit the relevant documents for registration at the Technical Office. After the preliminary examination, the Technical Office will calculate the registration fee according to the form and capital of the registered company. The applicant must pay the fee to the

Technical Office or a bank designated by the State Treasury within 72 hours and obtain a receipt for the payment.

(2) Upon payment of the fee, the notary will register the applicant’s documents in the system, issue a certificate of business name, approve the articles of association and publicise them.

(3) The Business Registration Office will register the company and issue a certificate of business registration.

(4) The Tax Identification Number Registry will assign taxpayer identification numbers to newly established businesses.

(5) The State Office will process the procedure for tax payments.

Source: People’s Republic of China Ministry of Commerce “Country (region) guide for foreign investment co-operation (Equatorial Guinea)”