

GUYANA

Economic Freedom Score



World Rank: **123** Regional Rank: **22**

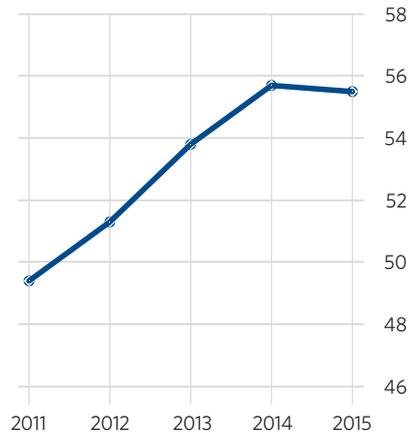
Guyana's economic freedom score is 55.5, making its economy the 123rd freest in the 2015 *Index*. Its overall score is 0.2 point worse than last year, with improvements in freedom from corruption and labor freedom counterbalanced by declines in property rights and the management of government spending. Guyana is ranked 22nd out of 29 countries in the South and Central America/Caribbean region, and its overall score is well below the world and regional averages.

Over the past five years, Guyana has recorded the largest score improvement of any South and Central American country. Since 2011, its economic freedom has advanced by 6.1 points, with impressive score increases in government spending and investment freedom. As a result, Guyana's economy has moved from "repressed" to "mostly unfree."

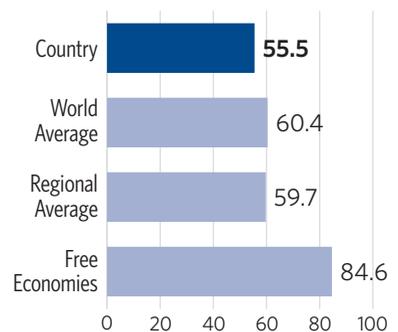
Nevertheless, the underlying institutional environment is still weak. Large improvements in investment freedom have come from a relatively low base. Political unrest and poor access to financing continue to undermine foreign direct investment. Poorly institutionalized rule of law deters investors and entrepreneurs. The cocaine trade has generated corruption and violence.

BACKGROUND: President Donald Ramotar, an economist and head of the left-wing People's Progressive Party (PPP), was elected to a five-year term in 2011. The PPP has been in power since 1992. Local municipal government elections have not been held for almost two decades. Political reform has been attempted only under framework agreements with international organizations. Although the risk of political violence is low, relations between the ruling Indo-Guyanese PPC/Civic parties and the Afro-Guyanese People's National Congress/Reform parties remain hostile. Exports of sugar, gold, bauxite, shrimp, timber, and rice represent nearly 60 percent of formal GDP and are susceptible to weather conditions and fluctuations in commodity prices. Violent crime and drug trafficking are endemic, and the informal economy is driven primarily by drug proceeds.

Freedom Trend



Country Comparisons



Quick Facts

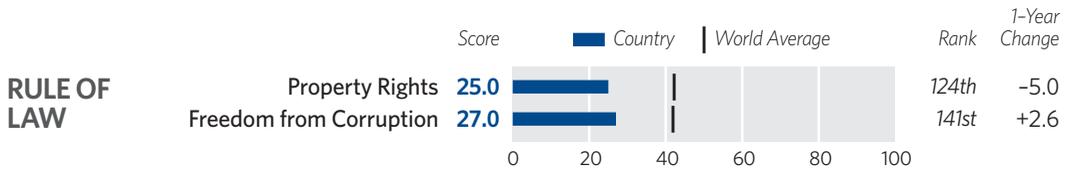
Population: 0.8 million
GDP (PPP): \$6.6 billion
 4.8% growth in 2013
 5-year compound annual growth 4.5%
 \$8,250 per capita
Unemployment: 11.2%
Inflation (CPI): 3.5%
FDI Inflow: \$240.3 million
Public Debt: 63.9% of GDP

How Do We Measure Economic Freedom?

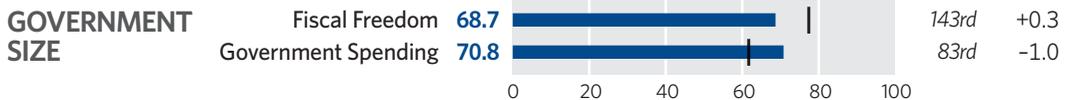
See page 475 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2013 data unless otherwise noted.
 Data compiled as of September 2014.

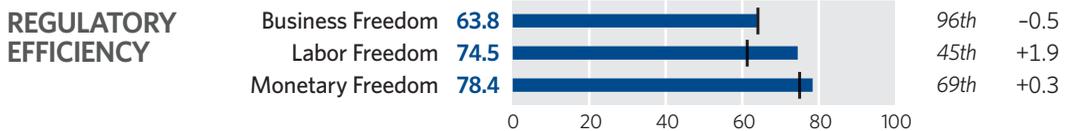
THE TEN ECONOMIC FREEDOMS



In November 2013, Guyana was blacklisted by the Caribbean Financial Action Task Force after the government failed to strengthen anti-money laundering legislation. Organized criminal activity and narco-trafficking have increased, and violent crime is a major problem. The judicial system is generally perceived as slow and ineffective in enforcing contracts or resolving disputes. Protection of property rights is poor.



Guyana’s top individual income tax rate is 33.3 percent, and its top corporate tax rate is 40 percent. Other taxes include a value-added tax and a property tax. The overall tax burden equals 20.5 percent of domestic income. Public expenditures are equal to 31.2 percent of the domestic economy, and public debt is equivalent to 63 percent of gross domestic product.



Reform measures have streamlined the procedures for establishing a business, and the cost of licenses has been reduced, but the overall pace of regulatory reform has lagged behind other countries. A well-functioning private labor market has not yet emerged. The government influences prices through state-owned utilities and enterprises and provides significant subsidies for electricity, transportation, and the sugar industry.



Guyana has an average tariff rate of 6.5 percent. It is a member of the Caribbean Community and Common Market. Political unrest is a concern. The banking sector remains relatively well capitalized, and nonperforming loans are around 5 percent of total loans, but high credit costs and scarce access to financing remain barriers to private-sector development. The capital market is not fully developed.

Long-Term Score Change (since 1995)

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-25.0	Fiscal Freedom	+12.9	Business Freedom	+8.8	Trade Freedom	+6.0
Freedom from Corruption	+17.0	Government Spending	+40.5	Labor Freedom	+12.0	Investment Freedom	-5.0
				Monetary Freedom	+14.4	Financial Freedom	0