

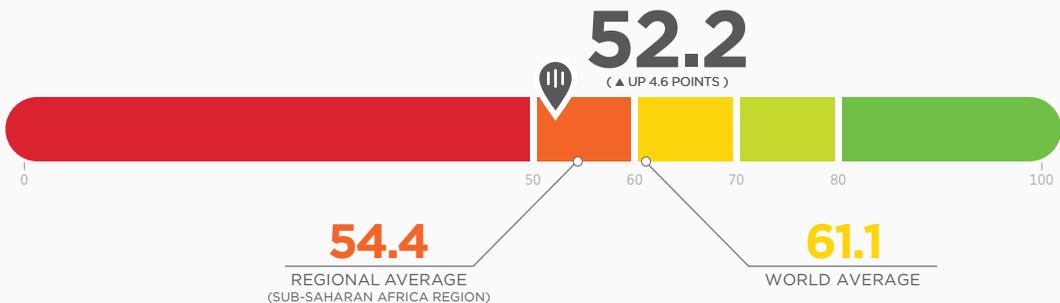
GUINEA

Guinea's economic freedom score is 52.2, making its economy the 146th freest in the 2018 *Index*. Its overall score has increased by 4.6 points, with impressive improvements in **fiscal health**, **property rights**, and **judicial effectiveness** easily outpacing declines in the **tax burden**, **business freedom**, and **labor freedom** indicators. Guinea is ranked 29th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

The biggest threats that Guinea faces are political instability, reemergence of Ebola, and low commodity prices. For macroeconomic stability and enhanced economic growth, the government is committed to liberalizing the exchange rate and improving budget management. The lack of a consistent commitment to structural reform in the past has prevented new investment in the mining sector. Corruption and the judicial system's vulnerability to political interference have weakened the rule of law and the protection of property rights.



ECONOMIC FREEDOM SCORE

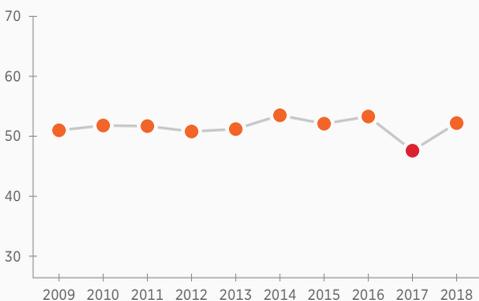


NOTABLE SUCCESSES:
Government Spending and
Monetary Stability

CONCERNS:
Rule of Law and Open Markets

**OVERALL SCORE CHANGE
SINCE 2014:**
-1.3

FREEDOM TREND



QUICK FACTS

POPULATION:
12.7 million

GDP (PPP):
\$16.0 billion
5.2% growth in 2016
5-year compound
annual growth 2.2%
\$1,265 per capita

UNEMPLOYMENT:
6.8%

INFLATION (CPI):
8.2%

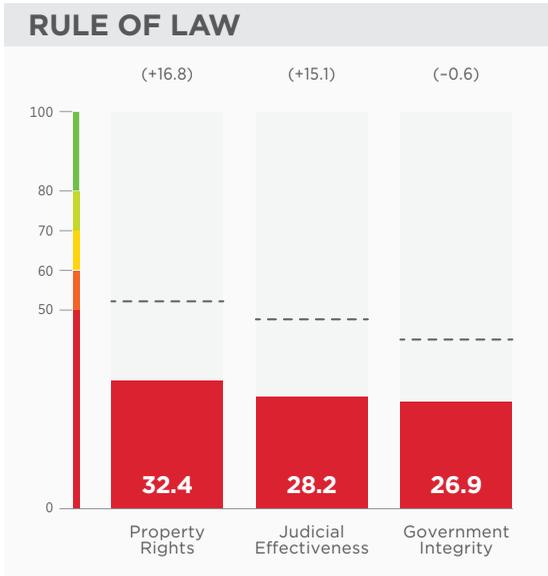
FDI INFLOW:
\$104.3 million

PUBLIC DEBT:
56.0% of GDP

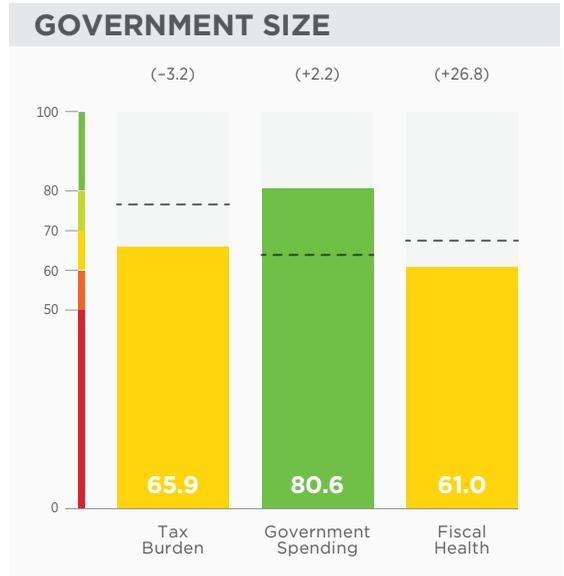
2016 data unless otherwise noted. Data compiled as of September 2017

BACKGROUND: In 2010, Alpha Condé won Guinea's first presidential election since independence from France in 1958, but the election was marred by irregularities and political violence. Condé easily won a second five-year term in October 2015 in elections boycotted by the opposition. His Rally of the Guinean People coalition lost its slim majority in parliament in February 2017, but the opposition is not united, and Condé still enjoys relatively wide support. The 2014 West Africa Ebola outbreak badly damaged Guinea's health care system and economy. Guinea has huge bauxite reserves and large deposits of iron ore, gold, and diamonds. In 1967, Guinea became the first African country to sever diplomatic ties with Israel; it reestablished them in 2016.

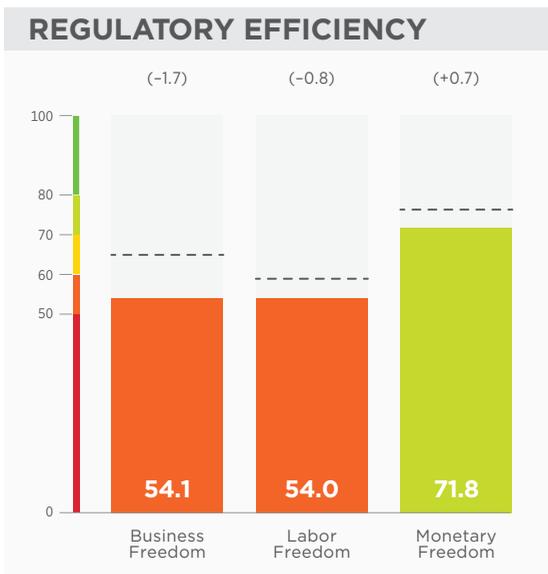
12 ECONOMIC FREEDOMS | GUINEA



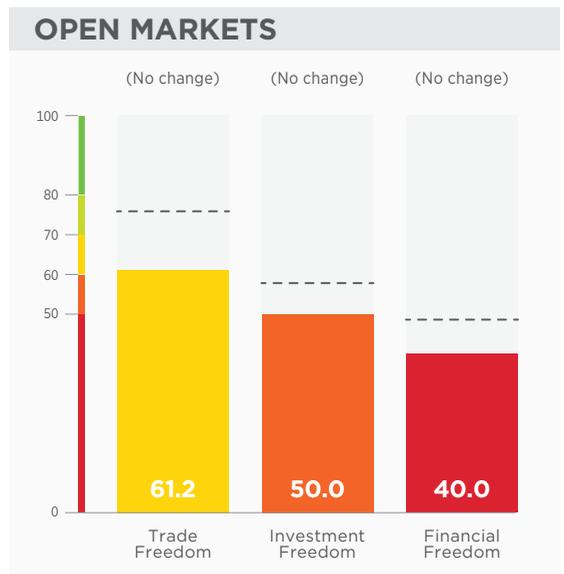
Both foreign and Guinean individuals have the right to own property and business enterprises, but enforcement of these rights depends on a corrupt and inefficient legal and administrative system. In addition, land sales and business contracts generally lack transparency. There is a pervasive culture of impunity and corruption within public institutions.



The top personal income tax rate is 40 percent, and the top corporate tax rate is 35 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 24.1 percent of total domestic income. Over the past three years, government spending has amounted to 25.4 percent of total output (GDP), and budget deficits have averaged 4.5 percent of GDP. Public debt is equivalent to 56.0 percent of GDP.



Incorporation and operation of private enterprises face numerous bureaucratic and regulatory hurdles, although in 2016, the government did make it easier for businesses to resolve insolvency. The labor code is not uniformly enforced, and a 2011 report reflects that about 40 percent of children work in hazardous conditions in violation of the code. Despite lower world oil prices, the government has maintained fuel and electricity subsidies.



Trade is significant for Guinea's economy; the combined value of exports and imports equals 70 percent of GDP. The average applied tariff rate is 11.9 percent. Nontariff barriers impede trade. Government openness to foreign investment is below average. The underdeveloped financial sector is a serious impediment to private-sector growth. Most economic activity remains outside of the formal banking sector.