

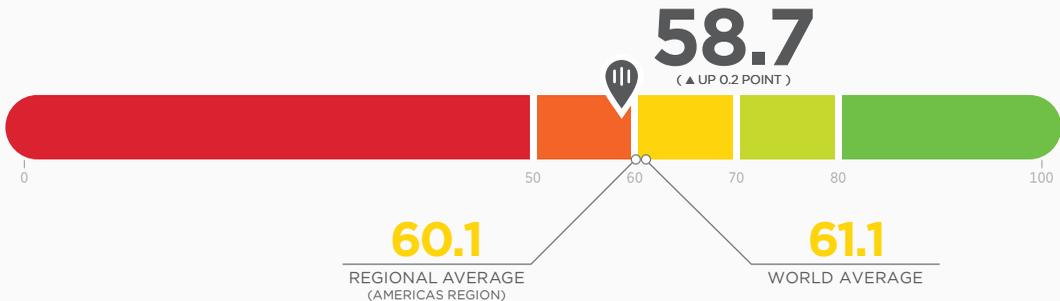
GUYANA



Guyana's economic freedom score is 58.7, making its economy the 102nd freest in the 2018 *Index*. Its overall score has increased by 0.2 point, with improvements in **judicial effectiveness** and **property rights** offsetting declines in the **fiscal health**, **business freedom**, and **government spending** indicators. Guyana is ranked 21st among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Long-standing constraints on economic freedom include inefficient bureaucracy, widespread corruption, fragile protection of property rights, and weak rule of law. To take advantage of the opportunities that will accompany the commencement of oil production in 2020, the government will need to implement structural reforms in such areas as procurement and financial monitoring to boost competitiveness and improve the business environment. The government may jeopardize its healthy balance sheet if it borrows to expand public investment to improve the country's deficient infrastructure.

ECONOMIC FREEDOM SCORE



NOTABLE SUCCESSES:
Monetary Stability, Fiscal Policy, and Trade Freedom

CONCERNS:
Rule of Law and Financial Freedom

OVERALL SCORE CHANGE SINCE 2014:
+3.0

FREEDOM TREND



QUICK FACTS

POPULATION:
0.8 million

GDP (PPP):
\$6.0 billion
3.3% growth in 2016
5-year compound annual growth 4.1%
\$7,873 per capita

UNEMPLOYMENT:
11.4%

INFLATION (CPI):
0.8%

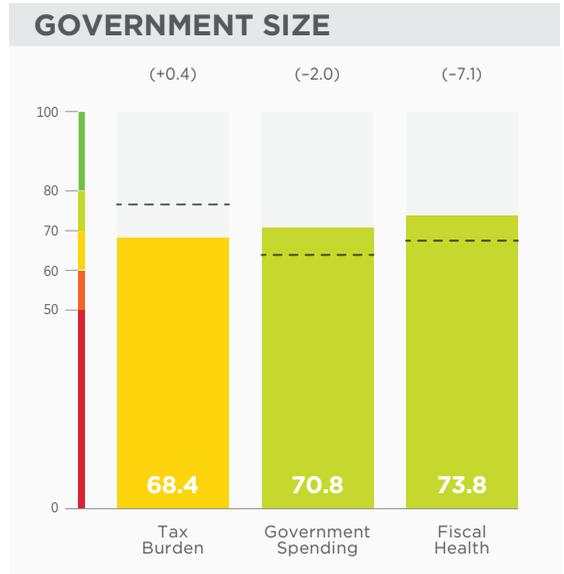
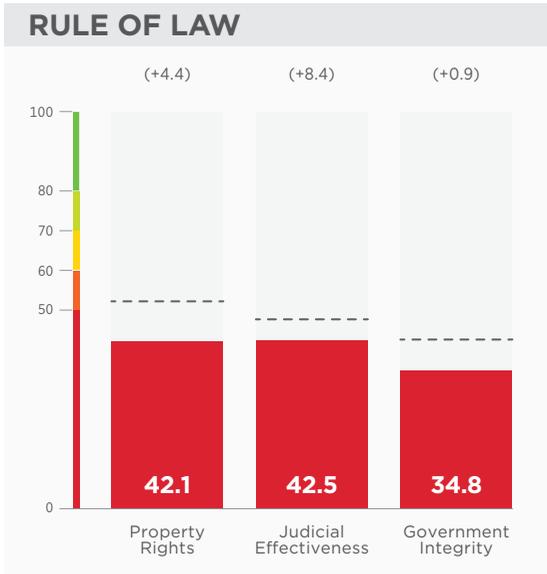
FDI INFLOW:
\$58.0 million

PUBLIC DEBT:
48.3% of GDP

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

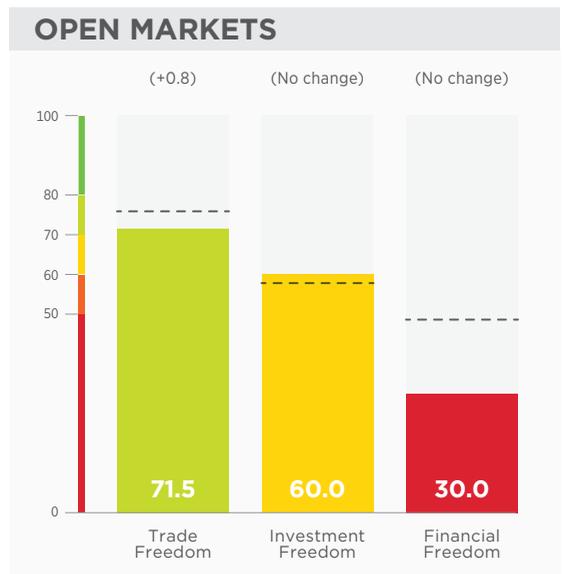
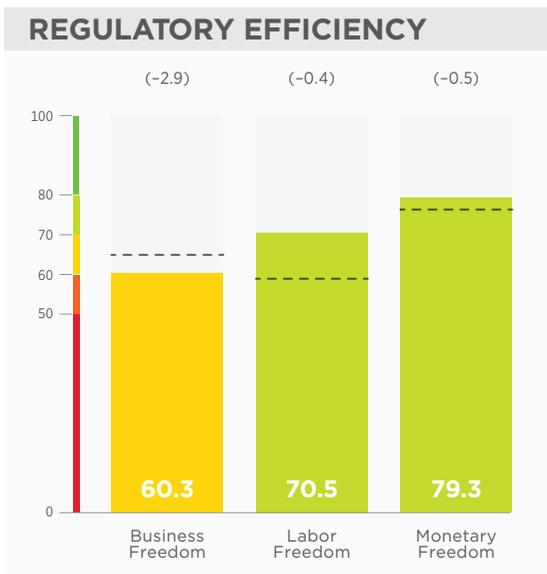
BACKGROUND: The abolition of slavery in British Guyana led to urban settlements of former slaves and recruitment of indentured servants from India to work on the sugar plantations. The resulting ethno-cultural divide has led to turbulent politics. Violent crime and drug trafficking are endemic. Since gaining independence in 1966, Guyana has been ruled mostly by socialist-oriented governments. A multiracial coalition government led by President David Granger was elected in 2015 and holds a one-seat majority in the legislature. Granger has struggled to implement his reform agenda, but his government has been bolstered by the recent discovery of large offshore oil reserves, which will boost investment. Exports of sugar, gold, bauxite, shrimp, timber, and rice represent nearly 60 percent of formal GDP.

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Although property registration has been made easier, Guyana’s complex property rights system is overly bureaucratic, overloaded, and nontransparent. The judicial system is generally perceived as slow and ineffective in enforcing contracts or resolving disputes. There is a widespread public perception of corruption involving officials at all levels, including the police and the judiciary.

The top personal income tax rate is 33.3 percent, and the top corporate tax rate is 40 percent. Other taxes include property and value-added taxes. The overall tax burden equals 21.3 percent of total domestic income. Over the past three years, government spending has amounted to 31.2 percent of total output (GDP), and budget deficits have averaged 3.7 percent of GDP. Public debt is equivalent to 48.3 percent of GDP.



Government ineffectiveness, high electricity costs, and crime remain barriers to entrepreneurial activity. Labor regulations are relatively flexible, but there is a chronic shortage of semiskilled and skilled labor. Nearly 90 percent of university-educated Guyanese eventually emigrate to other countries. The government continues to subsidize money-losing, state-owned sugar and electricity companies and to sell subsidized rice to Venezuela.

Trade is extremely important to Guyana’s economy; the combined value of exports and imports equals 106 percent of GDP. The average applied tariff rate is 6.7 percent. Nontariff barriers impede trade. Government openness to foreign investment is above average. Banking remains plagued by inefficiency and a poor financial regulatory framework. High credit costs and scarce access to financing remain barriers to more dynamic entrepreneurial activity.