

GUINEA

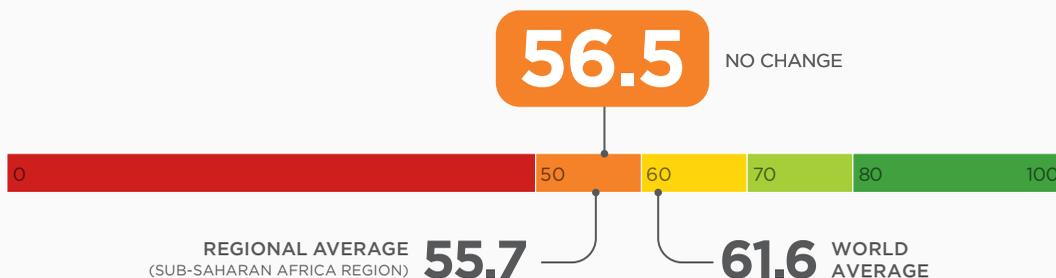
Guinea's economic freedom score is 56.5, making its economy the 123rd freest in the 2021 *Index*. Its overall score is unchanged, with a decline in **business freedom** offset by improvements in **trade freedom** and other scores. Guinea is ranked 20th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

With a few exceptions, the Guinean economy has been in the mostly unfree category since the inception of the *Index* in 1995. Guinea is one of the world's poorest countries, and growth is hindered by political instability. If the government wants to move toward greater economic freedom, it will have to start with a serious effort to address corruption and improve the rule of law.

IMPACT OF COVID-19: As of December 1, 2020, 76 deaths had been attributed to the pandemic in Guinea, and economic growth was forecast to decline to 1.4 percent for the year.

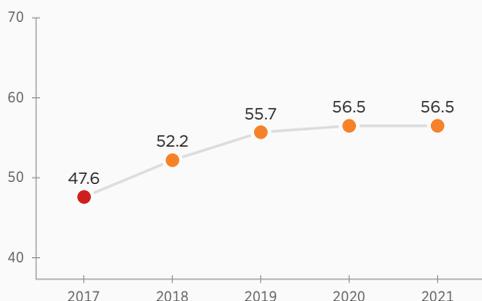
WORLD RANK: **123** | REGIONAL RANK: **20**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -2.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
12.8 million

GDP (PPP):
\$33.4 billion
5.6% growth in 2019
5-year compound annual growth 7.4%
\$2,670 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
9.5%

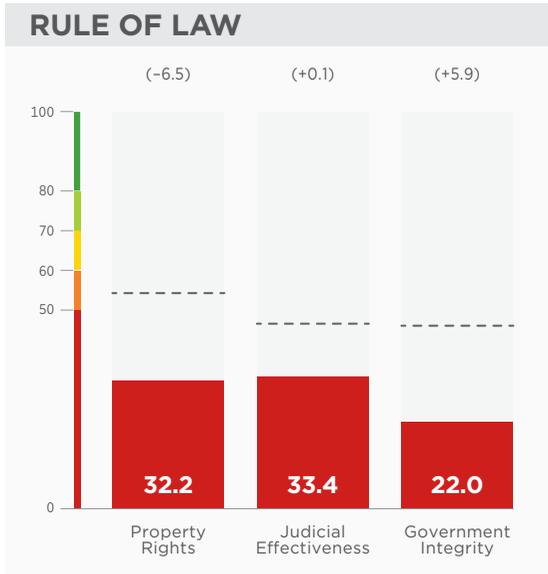
FDI INFLOW:
\$44.8 million

PUBLIC DEBT:
34.5% of GDP

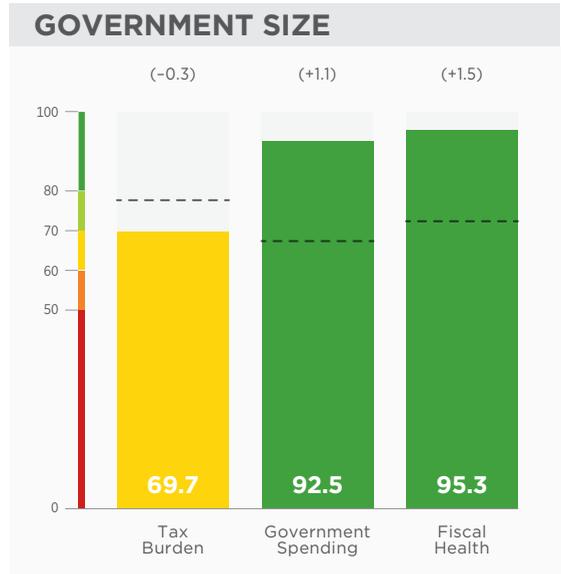
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: In 2010, Alpha Condé won Guinea's first presidential election since independence from France in 1958, but it was an election marred by irregularities and political violence. Condé easily won a second term in 2015 after the opposition boycotted the elections. A 2020 constitutional referendum cleared the way for him to seek a third term, which he won in October elections, the aftermath of which was marred by violence and arrests of opposition party leaders. Condé's maneuvers to remain in power have led to periodic protests in which hundreds of Guineans have been killed over the years. Guinea has huge bauxite reserves and large deposits of iron ore, gold, and diamonds. Despite this great mineral wealth, however, many Guineans live in poverty.

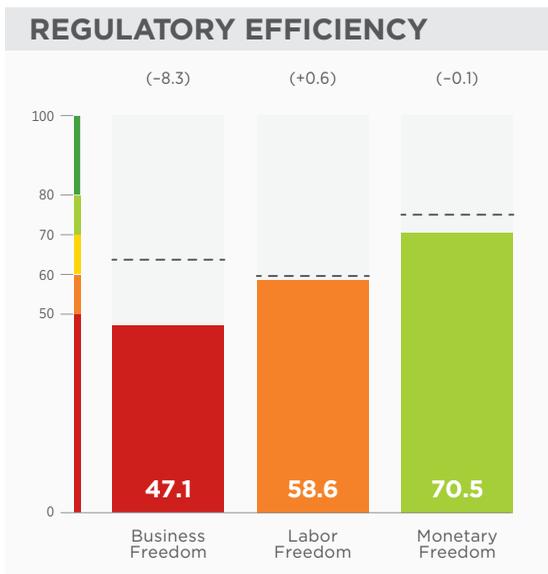
12 ECONOMIC FREEDOMS | GUINEA



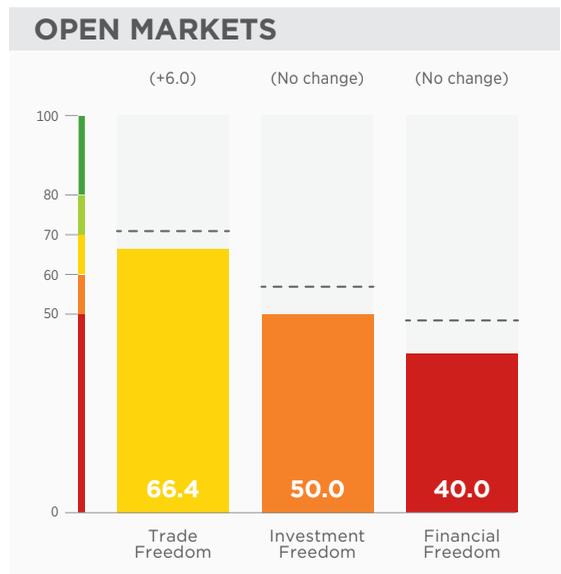
The Land Tenure Code of 1996 provides a legal base for documentation of property ownership, but enforcement of those rights depends on a corrupt and inefficient legal and administrative system. The same piece of land can have several overlapping deeds. The judiciary lacks independence and is underfunded and inefficient. There is a pervasive culture of impunity and corruption within public institutions.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 14.3 percent of total domestic income. Government spending has amounted to 15.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.2 percent of GDP. Public debt is equivalent to 34.5 percent of GDP.



Guinea's business freedom has deteriorated as dealing with construction permits has become more complicated and costly. Electricity connections are now more expensive as a percentage of per capita income. The low level of labor freedom has improved slightly, but only relative to other countries. Guinea maintains some state-owned enterprises for public utilities (water and electricity), but the government has reduced their subsidies.



Guinea has two preferential trade agreements in force. The trade-weighted average tariff rate is 9.3 percent, and nontariff barriers discourage more dynamic trade. The judicial and regulatory systems may impede foreign investment. The underdeveloped financial sector continues to provide a very limited range of services. Many people still rely on informal lending and have no bank accounts.