Guyana’s economic freedom score is 57.4, making its economy the 116th freest in the 2021 Index. Its overall score has increased by 1.2 points, primarily because of an increase in the government spending score. Guyana is ranked 22nd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Although Guyana’s economy has been considered mostly unfree since 2012, its rise within that category this year is welcome. Unfortunately, the government plans to use its huge new inflow of oil revenues to return to a state-led development model that will create a plethora of opportunities for corruption and could further weaken the rule of law, especially judicial effectiveness and government integrity.

**IMPACT OF COVID-19:** As of December 1, 2020, 151 deaths had been attributed to the pandemic in Guyana. The economy, bolstered by new oil revenue, was forecast to expand by 26.2 percent for the year.

**BACKGROUND:** After former slaves in British Guyana settled in urban areas, indentured servants from India were recruited to work on plantations. Guyana’s ethno-cultural divide has led to a history of political turmoil and electoral violence that stretches back to its independence from the United Kingdom in 1966. After a five-month standoff following disputed elections required a recount and international pressure for the sitting government to step aside, Irfaan Ali of the leftist People’s Progressive Party/Civic became president in August 2020. Petroleum production from recently discovered offshore oilfields has transformed Guyana’s economy and is expected to raise GDP substantially by 2021. Venezuela claims more than two-thirds of Guyana’s territory and has pursued annexation unsuccessfully in international courts.
Protection of property rights is weakened by an overly bureaucratic and complex system with overlapping, competing, and nontransparent regulations. The judiciary is undermined by personnel shortages. Courts are slow and ineffective in enforcing contracts or resolving disputes. Officials at times appear to engage in corrupt practices with impunity. Concerns about inefficiencies and corruption in the awarding of contracts are widespread.

The top individual income tax rate is 33.3 percent, and the top corporate tax rate is 40 percent. The overall tax burden equals 28.8 percent of total domestic income. Government spending has amounted to 27.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.2 percent of GDP. Public debt is equivalent to 32.7 percent of GDP.

Guyana has lost ground in business freedom as procedures for dealing with construction permits have become more onerous and electricity connections have become more expensive. Approximately 50 percent of the labor force holds informal jobs. The government plans to use oil revenue to fund a vast expansion of its state-run enterprises; huge new subsidies were granted to the state-owned sugar company in 2020.

Guyana has three preferential trade agreements in force. The trade-weighted average tariff rate is 6.6 percent, and 32 non-tariff measures are in effect. In general, foreign and domestic investors are treated equally under the law. The financial sector is underdeveloped, and limited access to financing impedes the long-term growth of entrepreneurial activity. In 2020, the central bank extended a moratorium permitting banks to defer repayments.