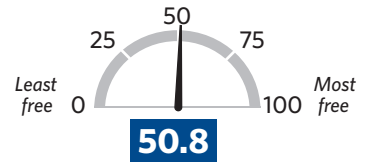


GUINEA

Economic Freedom Score



World Rank: **141**

Regional Rank: **30**

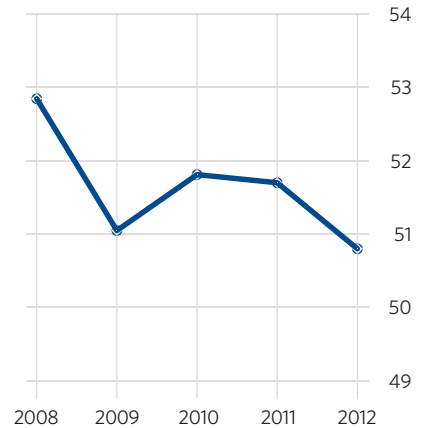
Guinea's economic freedom score is 50.8, making its economy the 141st freest in the 2012 *Index*. Its overall score is 0.9 point lower than last year, with improvements in freedom from corruption and investment freedom more than offset by declines in regulatory efficiency and the management of government finances. Guinea is ranked 30th out of 46 countries in the Sub-Saharan Africa region, and its overall score is below the world and regional averages.

Economic development in Guinea remains hampered by instability and the weak rule of law. Marginal enforcement of property rights and high levels of corruption have driven many people into the informal sector. The weak judicial system, vulnerable to political interference, undermines prospects for long-term economic development.

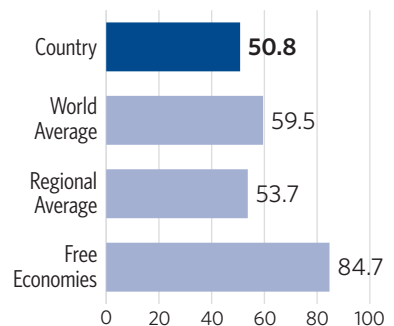
Guinea's economic growth remains fragile. State-controlled enterprises dominate key sectors, perpetuating inefficiency throughout the economy. An opaque regulatory environment, coupled with a lack of policies designed to facilitate flows of trade and investment, hinders entrepreneurial activity. Although the government has focused on improving its budgetary transparency and efficiency over the past several years, high deficits have increased public debt.

BACKGROUND: In 2008, a military junta led by Captain Moussa Dadis Camara seized power, suspended the constitution, and dissolved the parliament, supreme court, and other government institutions. The first free, democratic presidential election took place in November 2010, pitting Prime Minister Jean Marie Dore against Alpha Conde. Conde won the presidency, but Dore also declared himself the winner. The election results were upheld, and Conde was inaugurated in December. Because of fighting and instability in Côte d'Ivoire, Sierra Leone, and Liberia, Guinea is host to hundreds of thousands of refugees. Electricity and water shortages are common, and much of the population is engaged in subsistence agriculture. Guinea has two-thirds of the world's reserves of bauxite and large deposits of iron ore, gold, and diamonds.

Freedom Trend



Country Comparisons



Quick Facts

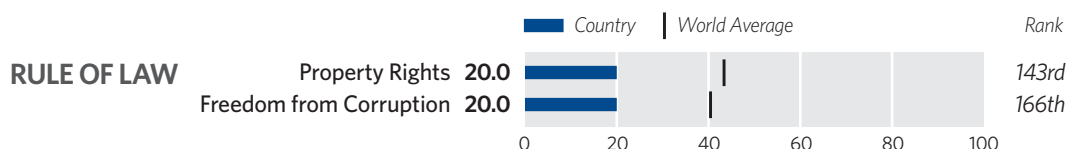
Population: 10.3 million
GDP (PPP): \$10.8 billion
 1.9% growth in 2010
 5-year compound annual growth 2.2%
 \$1,046 per capita
Unemployment: n/a
Inflation (CPI): 15.5%
FDI Inflow: \$302.9 million
Public Debt: 88.6% of GDP

How Do We Measure Economic Freedom?

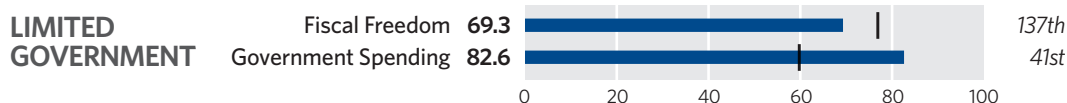
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

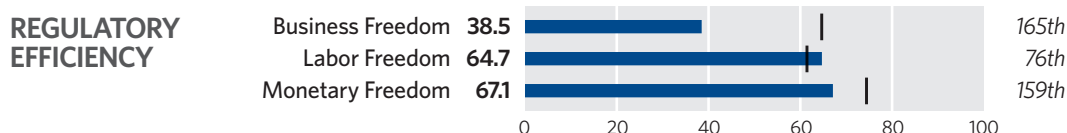
THE TEN ECONOMIC FREEDOMS



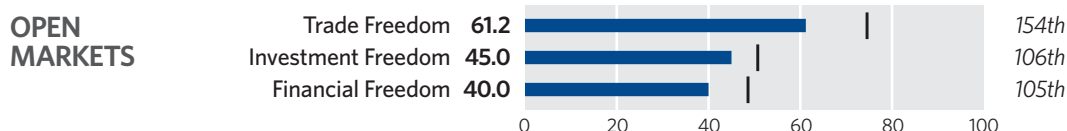
The rule of law is uneven across the country, and protection of property rights is very weak. The court system remains subject to political interference and lacks transparency. Corruption and nepotism continue to plague the administration of justice. The government has expressed its intention to reform the judiciary with the help of international donor agencies, but overall progress has been piecemeal or has even backtracked.



The top income tax rate is 40 percent, and the top corporate tax rate is 35 percent. Other taxes include a value-added tax (VAT) and an inheritance tax, with the overall tax burden equal to 15.8 percent of total domestic income. Government spending has increased to the equivalent of 24.1 percent of total domestic output. The deficit has nearly doubled to over 10 percent of GDP, and public debt has reached over 80 percent of GDP.



Private enterprises face numerous hurdles. Launching a company takes 40 days on average, minimum capital requirements exceed four times the average level of annual income, and licensing can take almost a year. The formal labor market remains underdeveloped. Rising inflation has weakened monetary stability. The government maintains administrative price controls for key products and services.



The trade weighted tariff rate is quite high at more than 10 percent, with non-tariff barriers further constraining freedom to trade. Political instability has deterred foreign investment in the past, but recent democratic elections are an encouraging development. The financial sector remains underdeveloped. Most economic activity remains outside of the formal banking sector as there are fewer than 10 commercial banks in the country.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.3	Business Freedom	-2.3	Trade Freedom	0
Freedom from Corruption	+2.0	Government Spending	-8.3	Labor Freedom	-1.9	Investment Freedom	+5.0
				Monetary Freedom	-3.2	Financial Freedom	0