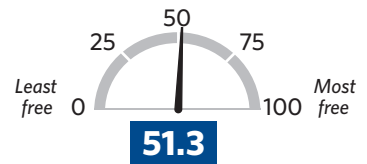


GUYANA

Economic Freedom Score



World Rank: **137** Regional Rank: **23**

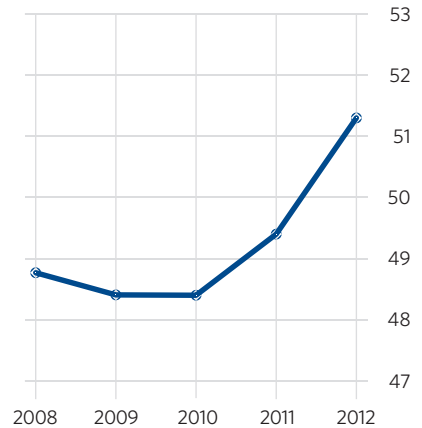
Guyana's economic freedom score is 51.3, making its economy the 137th freest in the 2012 *Index*. Its overall score is 1.9 points higher than last year, with score increases in freedom from corruption and government spending partially offset by declines in business freedom and financial freedom. Guyana is ranked 23rd out of 29 countries in the South and Central America/Caribbean region, and its overall score is well below the world and regional averages.

Guyana recorded one of the 20 largest score improvements in the 2012 *Index* and is no longer considered one of the least free in the *Index*. To sustain and capitalize on such growth in economic freedom, enhancements in the foundations of economic freedom have become more critical. Broad-based long-term economic development remains constrained by structural weaknesses that stem from an inefficient legal framework and widespread corruption.

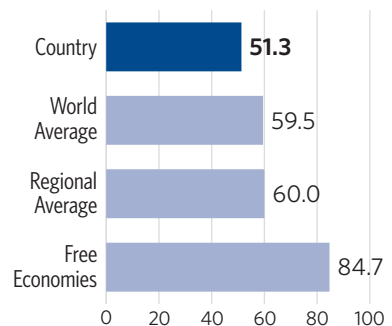
The government has acted to improve the management of public finances. Although some positive results have been achieved, overall progress remains uneven and fragile. The average tariff rate has gradually decreased, but non-tariff barriers continue to limit overall trade freedom. Significant restrictions on foreign investment and inefficient bureaucracy continue to undermine the entrepreneurial environment.

BACKGROUND: Support for the two major parties is ethnically and racially polarized, and attempts at reform have been made only under framework agreements with international organizations. In 2006, President Bharrat Jagdeo of the People's Progressive Party-Civic was returned to office in the first nonviolent elections in more than 20 years. Although the main opposition parties accepted the result and the risk of political violence is the lowest since the early 1990s, relations between the PPP-Civic and the People's National Congress-Reform remain hostile. Guyana is one of the Western Hemisphere's poorest countries, and its state-dominated economy, dependent mainly on agriculture and mining, has been stagnant for many years. Violent crime and drug trafficking persist.

Freedom Trend



Country Comparisons



Quick Facts

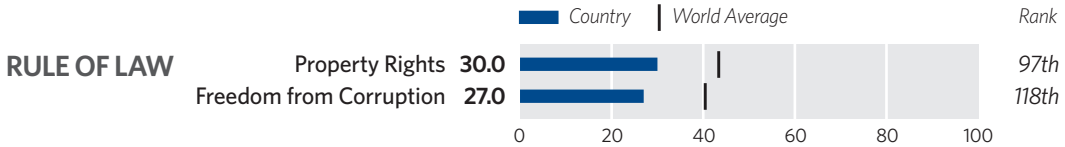
- Population:** 0.8 million
- GDP (PPP):** \$5.4 billion
- 3.6% growth in 2010
- 5-year compound annual growth 4.2%
- \$6,964 per capita
- Unemployment:** 11.0%
- Inflation (CPI):** 3.7%
- FDI Inflow:** \$187.5 million
- Public Debt:** 60.2% of GDP

How Do We Measure Economic Freedom?

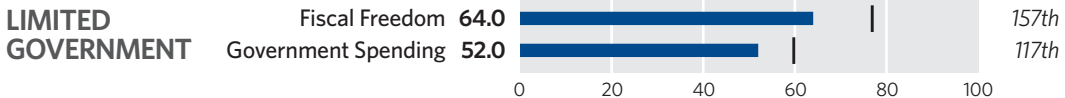
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

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

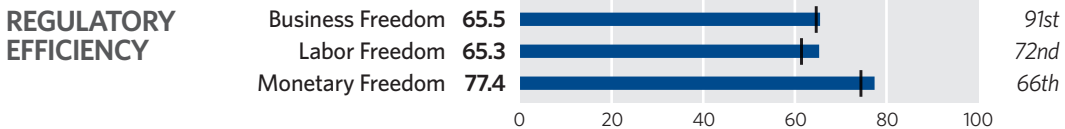
THE TEN ECONOMIC FREEDOMS



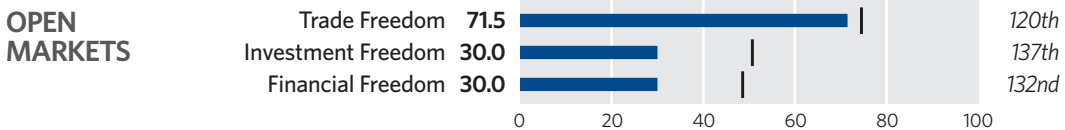
Guyana’s judicial system is inefficient, and the rule of law is uneven across the country. The judiciary remains highly vulnerable to political interference, and the protection of property rights is insufficient. There is no enforcement mechanism for the protection of intellectual property rights. Corruption, perceived as widespread, undermines the foundations for entrepreneurship and diverts resources from productive activity.



The top income tax rate is 33.3 percent, and the top corporate tax rate is 45 percent. Other taxes include a property tax and a value-added tax (VAT), with the overall tax burden equal to 21.6 percent of total domestic income. Government spending has dropped below the level of 40 percent of total domestic output. The budget balance is in deficit, and public debt has climbed to over 60 percent of total domestic output.



Reform measures in recent years have streamlined the procedures for establishing a business, and the cost of licenses has been sharply reduced. Nonetheless, the overall pace of regulatory reform has lagged behind other countries. The public sector is large and inefficient, and a well-functioning private labor market has not yet emerged. The government still influences prices through the regulation of state-owned utilities and enterprises.



The trade weighted tariff rate is 6.8 percent, with overall trade freedom hampered by various non-tariff measures. The government generally does not discriminate between foreign and domestic investment, but most new foreign investments are screened. The approval process for investments can be burdensome and non-transparent. The banking sector, plagued by inefficiency and a poor institutional framework, has become more fragile.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.6	Business Freedom	-1.3	Trade Freedom	+0.2
Freedom from Corruption	+1.0	Government Spending	+22.9	Labor Freedom	+5.0	Investment Freedom	0
				Monetary Freedom	+1.6	Financial Freedom	-10.0