U.S. DEPARTMENT OF STATE

DIPLOMACY IN ACTION

Executive Summary

Guyana's investment climate took a downward turn in 2013 as political gridlock and infighting hampered the country's development efforts on several fronts. The Amaila Falls Hydropower Project, which would have been the largest capital project in the country's history, fell apart after a decade of planning when U.S. developer and equity partner Sithe Global withdrew from the multinational development team in August 2013. The company had concerns related to political risk following objections to the venture by the country's largest opposition party. Guyana's failure to crack down on money laundering — including parliament's inability to pass legislation strengthening Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) laws — has resulted in the country being blacklisted by the Caribbean Financial Action Task Force (CFATF). Further action by the international Financial Action Task Force could result in increased costs and delays in processing international financial and trade transactions. The government continues to encourage foreign investment, but has had limited success in attracting that investment outside of the gold mining sector. Perceptions of corruption, inefficient government, inadequate infrastructure, and crime remain barriers to attracting foreign investment.

1. Openness To, and Restrictions Upon, Foreign Investment

The Government of Guyana publicly encourages foreign direct investment (FDI). While its track record in attracting government-to-government development assistance is strong, its long-term record in attracting private-sector investment remains poor.

The Government of Guyana supports a traditional investment agency, the Guyana Office for Investment (GO-INVEST). GO-INVEST focuses primarily on agriculture and agro-processing, tourism, manufacturing, information and communication technology, seafood and aquaculture, and wood processing. Potential investors should note that GO-INVEST is the first approval of many required to obtain necessary permits and tax concessions. GO-INVEST often determines that many prospective investors' proposals lack sufficient capital; these inquiries generally do not further progress. Due to the state's major role in the domestic economy and the Government of Guyana's tendency to centralize decision-making, relatively large foreign investments receive intense political attention, often from the highest political level. Over the past decade, the government enacted new laws or amended existing ones to encourage foreign direct investment, with mixed levels of success.

Investors should note that Guyana launched its Low Carbon Development Strategy (LCDS) on June 8, 2009 as a plan to transform Guyana's economy, conserve its forests, and adapt to global warming while reducing carbon emissions. Initially relying on donor assistance, with plans to eventually draw on private investment in a global market for carbon credits, the Government of Guyana intends to channel forest conservation payments into human capital development, climate change adaptation, and strategic investments in low-carbon economic sectors like business process outsourcing, hydropower, sustainable forestry and wood products processing, ecotourism, biofuels, aquaculture, and other high-value, export-oriented agriculture. Guyana established the Office for Climate Change as well as a Project Management Unit within the Office of the President to attract and vet potential foreign investors in sectors complimentary to the LCDS.

Following the launch of the LCDS, the Government of Norway entered into an agreement to protect Guyana’s tropical forest for its carbon storage and other ecological services. Norway has contributed $70 million to date and will provide a total of up to US$250 million by 2015 if Guyana demonstrates continued low rates of deforestation and forest degradation. The Government of Guyana believes this financial commitment and inclusion of incentives for forest conservation in the 2009 Copenhagen Accord will lead to higher levels of LCDS investment in coming years. Thus far, however, no other international donors have stepped forward in any substantial way to pay for Guyana’s ecosystem services, and the Norway payments are likely to be reduced following recent verification that Guyana’s deforestation rate has increased.

Sufficient legislation exists in Guyana to enable foreign investment in the country, but implementation of the legislation continues to be inadequate. The objectives of the Investment Act of 2004 are to stimulate socioeconomic development by attracting and facilitating foreign investment. Other relevant laws include the Income Tax Act, the Customs Act, the Procurement Act of 2003, the Companies Act of 1991, the Securities Act of 1998, and the Small Business Act. Regulatory actions are still required for much of this legislation to be effectively implemented.

The judicial system is generally perceived to be slow and ineffective in enforcing legal contracts. Suspected corrupt practices and long delays make the courts an unattractive option for settling investment or contractual disputes, particularly for foreign investors unfamiliar with Guyana. In order to redress this obstacle to investment, the Government of Guyana, with support from the Inter-American Development Bank (IDB), established a Commercial Court in June 2006.

Foreign ownership of companies is permitted. There is no mandatory screening of foreign investment. The government, however, conducts de facto screenings of most investments to determine which businesses are eligible for special tax treatment, access to licenses, land, and approval for investment incentives. In spite of recent efforts to remove discretionary power from the various ministries, ministers still retain significant authority to determine how relevant laws, such as the Investment Act, Small Business Act, and Procurement Act, are applied.

In general, international investors receive the same treatment as local investors in Guyana. One exception is the special approval required for local financing. Foreign borrowers applying for a loan of more than GY$2 Million (US$10,000) must request permission from the Minister of Finance. This requirement reflects Guyana's preference for foreign investors to bring capital into the country.

Another exception exists in the mining sector, where ownership of property for small and medium-scale mining is restricted to citizens of Guyana. Foreigners may enter into joint-venture arrangements under which the two parties agree to jointly develop a mining property. There are no restrictions on the percentage of the investment shouldered by the foreign investor; these arrangements are strictly by private contract. However, such relationships are highly risky, and appropriate due diligence of potential joint venture partners is required.

Foreign investors generally have equal access to privatization opportunities. For some larger operations, foreign investment is openly preferred. Since 1992, the Government of Guyana has privatized 16 of 21 government entities. Only Guyana Oil Company Limited, Guyana National Printers Limited, Guyana Sugar Corporation, the National Communication Network (NCN) and Guyana Power & Light (GPL) remain as major state-owned enterprises (SOE). The head of the Privatization Unit/National Industrial and Commercial Investments Limited also serves as Chairman of Guyana Power and Light. There is little Government of Guyana impetus for further privatization of these SOEs.

Most large-scale investments in Guyana's infrastructure are government projects financed by international lending institutions, with the IDB as the largest lender. U.S. firms are generally given equal access to these projects.

In evaluating the ease of doing business in Guyana, a World Bank and International Finance Corporation Report "Doing Business 2014" ranked Guyana 115 out of 189 countries. According to the report, the process to start a business in Guyana is challenging. For example, an entrepreneur can expect to go through 8 procedures requiring an average of 20 working days total in order to launch a business. To enforce a contract, 36 procedures are required with an expected timeline of 581 days to complete the process. Registering property requires 6 procedures with an expected timeline of 75 days.

In assessing Guyana's competitiveness, the World Economic Forum publication, "The Global Competitiveness Report 2013 - 2014" ranked Guyana 102 out of 148. The report identified the following as the most problematic factors for doing business in Guyana: corruption, tax rates, inefficient government bureaucracy, inadequate infrastructure, and crime and theft.

According to the 2014 Index of Economic Freedom, Guyana’s economy underperformed its global and regional counterparts. Guyana is ranked 121st out of 186 countries globally, and ranked 22nd out of 29 countries in the South and Central America/Caribbean region. Its overall economic freedom score of 55.7, remains below the world average of 59.7, and the regional average of 60.3. The economic indicators used to determine Guyana's economic freedom were business freedom (64.3), trade freedom (72), fiscal freedom (68.4), government spending (71.8), monetary freedom (78.1), investment freedom (45.0), financial freedom (30.0), property rights (30.0), freedom from corruption (24.4), and labor freedom (72.6). Guyana's overall score is 1.9 points higher than last year, reflecting notable score increases in control of government spending and investment freedom. Over the 20-year history of the Index, Guyana has advanced its economic freedom score by 10 points. This overall increase has been achieved by enhancements in seven of the 10 economic freedoms, notably the management of public spending, freedom from corruption, and monetary freedom—all of which have improved by 10 points or more.

Table 1: Guyana’s International Index Rankings

Year	**Measure**	**Index/Ranking**
2013	TI Corruption Index	136

2014	Heritage Economic Freedom	121
2014	World Bank Doing Business	115
FY 2014	MCC Government Effectiveness	0.25 (73%)
FY 2014	MCC Rule of Law	-0.05 (45%)
FY 2014	MCC Control on Corruption	-0.18 (23%)
FY 2014	MCC Fiscal Policy	-3.4 (42%)
FY 2014	MCC Trade Policy	72.0 (33%)
FY 2014	MCC Regulatory Quality	-0.31 (31%)
FY 2014	MCC Business Start-Up	0.936 (58%)
FY 2014	MCC Land Rights and Access	0.78 (77%)
FY 2014	MCC Natural Resource Protection	30.0 (38%)

Source: *Transparency International (TI), Millennium Challenge Corporation (MCC), Heritage Economic Freedom, World Bank Doing Business Report*

2. Conversion and Transfer Policies

The Guyana dollar is fully convertible and transferable. According to the Bank of Guyana Annual Report 2012, the average exchange rate is US$1 to GY$204.50 at the end of December 2012 (http://www.bankofguyana.org.gy/bog/). No limits exist on inflows or repatriation of funds, although there are spot shortages of foreign currency. Regulations also require that all persons entering and exiting Guyana declare all currency in excess of US$10,000 to Customs authorities at the port of entry. There is no limit to the acquisition of foreign currency, although the government limits the amount that a number of state-owned firms may keep for their own purchases. Regulations on foreign currency denominated bank accounts in Guyana allow funds to be wired in and out of the country electronically without having to go through cumbersome exchange procedures. Foreign companies operating in Guyana have experienced no government induced difficulties in repatriating earnings in recent years.

In practice, many large foreign investors in Guyana use subsidiaries outside Guyana to handle earnings generated by the export of primary products, including timber, gold, and bauxite. Those companies then advance funds to their local entities to cover operating costs.

Guyana has a floating exchange rate that is determined by supply and demand, which is predominantly driven by activities of Guyana's three largest commercial banks. The government has intervened in support of the Guyana dollar with some success. The government will likely continue to intervene in defense of the Guyana dollar and its international reserves.

The Guyana dollar is generally stable, depreciating marginally by 0.37 percent against the U.S. dollar in 2012. The relative stability of the currency is underpinned by a sufficient flow of foreign exchange to the market. The exchange rate is expected to remain relatively stable since there is more than an adequate supply of foreign exchange in the system to meet balance of payments needs.

Guyana is neither an important regional nor an offshore financial center, nor does it have any free trade zones. Money laundering is perceived as a serious problem, and has been linked to drug trafficking (principally cocaine), firearms, corruption, and fraud, as well as to the influx of foreign currency. Guyana has a large informal economy in which cash is preferred by both buyers and sellers for most transactions, making it highly vulnerable to money laundering. On November 20, 2013, the Caribbean Financial Action Task Force (CFATF) issued a statement classifying Guyana among **"jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not complied with their Action Plan developed with the CFATF to address these deficiencies. The CFATF calls on its members to consider implementing counter measures to protect their financial systems from the ongoing money laundering and terrorist financing risks emanating from each jurisdiction."**

3. Expropriation and Compensation

On August 16, 2001, the National Assembly approved the Acquisition of Lands for Public Purposes Bill 2001.This Act cleared the way for the government to acquire private parcels of land at prices below market value. Since its inception, the government exercised the Act in a limited capacity, mainly for development purposes deemed to be in the national interest (e.g., clearing the way to build the Berbice River Bridge) and in breach of contract cases.

Evidence of discrimination against U.S. investments, companies, or representatives in the application of expropriation laws has not been identified.

The forestry sector operates at greater risk for expropriatory or similar actions. Some forestry companies and individuals have been subject to action under the aforementioned 2001 Act, due to alleged breach of contracts with the government, non-use of their concessions and/or owing debts to the government.

4. Dispute Settlement

Guyana is a signatory to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. International arbitration decisions are enforceable under the Arbitration Act of 1931. Guyana is also a member of the International Center for the Settlement of Investment Disputes (ICSID).

There are three ongoing investment disputes involving U.S. interests in Guyana.

American firm Atlantic Tele Network (ATN), which owns 80% of Guyana Telephone and Telegraph (GT&T), has expressed concern over the Government of Guyana's stated intentions to terminate GT&T's contractually guaranteed monopoly on land-line and international telecommunications prior to its expiration. The government's intention to do so is linked to its desire to introduce legislation that would fully liberalize the telecommunications sector. ATN and the Government of Guyana are in ongoing discussions with the aim of finding a mutually acceptable agreement on the issue. Absent such an agreement, the government has not unilaterally moved forward with passage of the telecommunications liberalization legislation.

American company Caribbean Telecommunications Ltd. has filed a lawsuit against Guyana Telephone and Telegraph (GT&T), alleging that GT&T engaged in unfair trade practices in order to have Caribbean Telecommunications Ltd.'s license to provide cellular services in Guyana cancelled.

5. Performance Requirements and Investment Incentives

Although no explicit government policy regarding performance requirements exists, some are written into contracts with foreign investors and could include the requirement of a performance bond. Some contracts require a certain minimum level of investment. Investors are not required to source locally, nor must they export a certain percentage of output. Foreign exchange is not rationed in proportion to exports, nor are there any requirements for national ownership or technology transfer.

The Status of Aliens Act allows a non-resident of Guyana to acquire and dispose of assets and moveable and immoveable property in the same manner as a citizen of Guyana. The government treats domestic and foreign investors alike with regard to investment incentives. Guyana offers incentives based on specific criteria such as location of an investment or investment in specific government-targeted sectors.

The Fiscal Enactments Act of 2003 allows the Minister of Finance to grant exemptions from Corporate Tax for a period of five years to an investor if the activity demonstrably creates new employment in certain regions of the country (primarily hinterland regions one, eight, nine, and 10). In the case of new economic activity, the Minister may grant a tax holiday of up to 10 years if the activity falls under the following categories: non-traditional agro processing (excluding sugar refining, rice milling and chicken farming); tourist hotels or eco-tourist hotels; information and communications technology (excluding retailing and distributing); petroleum exploration, extraction, or refining; and mineral exploration, extraction, or refining. The Minister maintains final discretion over which investors receive corporate tax exemptions.

The Income Tax Act of 1998 provides for accelerated depreciation of plant and equipment pending approval of the Minister of Finance on a case specific basis. The Government of Guyana previously utilized the Act to provide export tax allowances for manufacturing or processing of non-traditional products exported to countries outside of the Caribbean Community; and tax allowances for research and development.

The Minister of Finance maintains authority to approve exemptions and waivers from customs duty, excise tax and value added tax on plant, equipment, machinery and spare parts. Though not required, the government expects investors to submit business proposals to GO-INVEST that outline the proposed project, the value of the investment, and employment to be generated from the investment. GO-INVEST reviews proposals and makes recommendations to the Guyana Revenue Authority (GRA) in accordance with the Customs Duties Order of 2003. The GRA determines whether imports comply with regulation and whether those materials are eligible for tax relief. GRA makes the final recommendation to the Minister of Finance whether to grant exemptions and waivers from customs duty, excise tax, and value added tax.

Similarly, the policy provides for a tax allowance for non-traditional exports to non-CARICOM countries. Traditional products include rice, sugar, bauxite, gold, diamonds, timber, petroleum, lumber, shrimp, molasses, and rum. The allowance ranges between 25 percent and 75 percent and at least 10 percent of sales must be exported to qualify.

In certain circumstances, Guyana also offers duty-free imports and tax holidays to investors on request. A key factor in the determination of duty-free status and value added tax waiver is value addition. The authorities note that blanket approvals are not given; instead each import consignment is reviewed individually. When granted, GRA lowers or waives the duty and value added tax completely, based on the industry and item. The authorities note that tax holidays are less likely to be granted than duty-free status or a value added tax waiver.

A number of companies/businesses both foreign and domestic have benefited from investment incentives such as corporate tax exemption, income tax (In Aid of Industry) exemption, export tax exemption on non-traditional exports and, exemption from customs duty, excise tax and value added tax.

6. Right to Private Ownership and Establishment

Guyana's constitution specifically protects the right of foreigners to own property or land in Guyana. Private entities may freely acquire and dispose of interests in business enterprises, although some newly privatized entities have limits on the number of shares that may be acquired by any one individual or entity (domestic or foreign). Similarly, the articles of association of some firms prohibit the issuance of more than a certain number of share transfers to any one individual or company in an effort to prevent attempts to gain control of such companies in the secondary market.

Foreign and domestic firms possess the right to establish and own business enterprises and engage in all forms of remunerative activity. Enterprises in mining, telecommunications, forestry, banking, and tourism sectors require licenses. Obtaining necessary licenses can be a time-consuming task. According to GO-INVEST's Investor's Roadmap, the estimated processing time to obtain the approvals to lease state or government owned lands may take one year; some investors report much longer processing times.

7. Protection of Property Rights

Upon independence in 1966, Guyana adopted British law on intellectual property rights (IPR). Guyana's Copyright Act is dated 1956 and its Trademark Act and Patents and Design Act are dated 1973. Numerous attempts to pass comprehensive legislative updates to this legislation have been unsuccessful. Piecemeal modernization amendments contained in the Geographic Indication Act of 2005, the Competition and Fair Trading Act 2006, the Business Names Registration Act 2000, and the Deeds Registry Authority Act 1999 have offered additional protection to local products and companies. No such modern legislation exists to protect the foreign-registered rights of investors. Guyana joined the World Intellectual Property Organization (WIPO) and acceded to the Bern and Paris Conventions in late 1994. Guyana has not ratified a bilateral intellectual property rights agreement with the United States.

Registering a patent or trademark can take six months or longer, but no effective enforcement mechanisms exist to protect intellectual property rights. Patent and trademark infringement continues to be common. Local television stations, including the state-owned and operated National Communication Network (NCN), pirate and rebroadcast TV satellite signals with impunity. Most music, videos and software for sale are pirated. Book piracy is also rampant, especially foreign textbooks; some estimates say illegally photocopied textbooks account for nearly one-third of local sales

As recently as September 2012, both local and international media reported that the Education Ministry invited seven pre-selected local firms to supply photocopies of primary and secondary level textbooks published by Trinidad and Tobago-based Royards Publishing Company. In response, Royards Publishing submitted a bid to supply the government with the original textbooks. However, it was only after legal threats from Royards that the government came to purchase the textbooks legally. The government's initial willingness to sanction textbook piracy generated international and local criticism for its apparent indifference to IPR. Guyana does not have a ratified intellectual property rights agreement with the United States.

The Ministry of Foreign Trade and International Cooperation and the Ministry of Legal Affairs drafted Trade Related Intellectual Property Rights (TRIPS) legislation in 2001, but the draft still lies dormant and unused.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Embassy point of contact: Frisco McDonald McDonaldFJ@state.gov and Wynette Oudkerk OudkerkW@state.gov

Local attorneys list: http://georgetown.usembassy.gov/emergency-services.html

8. Transparency of the Regulatory System

Guyana does not possess anti-trust legislation. In April 2006, Parliament passed a Competition and Fair Trading Act, which targets offenses such as price fixing, conspiracy, bid-rigging, misleading advertisements, anti-competitiveness, abuse of dominant position, and resale price maintenance. A Competition Commission with authority to review anti-competitive business practices has been established but remains understaffed.

Historical factors, Guyana's small population, and limited economy have led many sectors to be dominated by one or two firms. Bureaucratic procedures appear cumbersome and often require the involvement of multiple ministries. Investors often receive conflicting messages from various officials, causing difficulty in determining where the authority for decision-making lies.

In the current absence of adequate legislation, much decision-making remains centralized. An extraordinary number of issues continue to be resolved in Cabinet or in the Office of the President, a process that is commonly perceived as non-transparent and often results in delays. Attempts to reform Guyana's many bureaucratic procedures have failed to reduce red tape.

Generally, draft pieces of legislation are available in the Parliament Library for public review.

9. Efficient Capital Markets and Portfolio Investment

Guyana's banking system remains underdeveloped. Inefficiencies and delays periodically plague the foreign currency market. Businesses report that currency shortages can result in significant delays in converting Guyana dollars to U.S. dollars at some banks. Because Guyana has yet to develop an effective interbank trading system, some banks may be short of foreign exchange while others have currency available.

The Financial Institutions Act of 2004 gives the Central Bank power to take temporary control of financial institutions in trouble. This Act provides legal ability for the Central Bank to take a more proactive role in helping insolvent local banks.

Interest rates on capital loans typically range from 10% to 20%. The Minister of Finance must grant permission for a foreign investor to borrow more than US$10,000 (GY$2 million) from local banks. The government sells Government of Guyana Treasury Bills at auction to finance the public debt, and other government-controlled rates move with the Treasury Bill rate. Past private attempts at bond financing failed, and no private companies have made large bond offers in recent years.

The banking system in Guyana is liquid. Local bank statements reveal that deposits continue to increase even as loans remain flat; a trend that suggests the existence of a large informal, cash-only economy. Analysts estimate that the informal economic activity accounts for 50 percent or more of Guyana's total economic activity. Eager to lend money, but skeptical of Guyana's legal system, banks claim an inability to find suitable local applicants for loans at prevailing interest rates.

Guyana adopted the Credit Reporting Act No. 9 of 2010, which guarantees consumers' right to access their data. The first credit reporting bureau license was granted to Creditinfo with effect from July 15, 2013, and was open for business to the public starting December 1, 2013. The credit reporting bureau has been working with banks and utility companies to compile reliable credit information for use by lenders. Lack of access to capital remains a serious barrier to entrepreneurship and business expansion in the country.

The Guyana Association of Securities Companies and Intermediaries Inc. (GASCI)was formed in 2003 and operates the Guyana Stock Exchange. GASCI consists of four member firms, all of which trade on the stock exchange. The Guyana Stock Exchange is an electronic exchange and currently trades shares in companies that are either listed on the "official list" or on the "secondary list." Inclusion on the official list is a time consuming and expensive process. Thus far, only a single company, Trinidad Cement Ltd., has been placed on the "official list." The "secondary list" consists of those companies that have not been admitted to the "official list," but are registered with the Guyana Securities Council (GSC) and thus eligible for trading. The "secondary list" consists of 16 companies. Total market capitalization of listed companies in March 2014 was US$749 million. Trade volume on the Guyana Stock Exchange remains very light due both to the limited number of companies and shares on offer Companies appear to prefer to utilize the very liquid local banking sector to finance investments rather than share or bond issuance.

The Guyana Securities Council (GSC) is the regulatory body for the securities industry. Since its creation in 2001, it has struggled to obtain required disclosure information from listed, local firms.

10. Competition from State-Owned Enterprises

Private enterprises compete with public enterprises under the same terms and conditions of market access, credit and other business operations, and licenses. Six SOEs exist in Guyana: Guyana Sugar Corporation (GUYSUCO), Guyana Gold Board, Guyana Oil Company Limited, Guyana Power and Light Inc., National Communications Network, and the Guyana National Printers. The corporate governance structure of Guyanese SOEs requires that the senior management report to the chief executive officer, who reports to the board of directors, who in turn report to a government minister. Political interventions occur in the management of SOEs, since their boards of directors are filled through political appointments directed by the Office of the President.

The National Industrial and Commercial Investments Limited (NICIL), a private limited company, acts as subscriber and manager of the government's shares, stocks, and debentures of any company, cooperative societies or other corporate body. It also manages government-owned real estate properties, including their acquisition, disposal or rental. Managing the government's shareholdings and minimizing conflict of interests is NICIL's main function.

Guyana underwent a significant privatization process during the 1990s, divesting many of its holdings in the banking, telecommunications, agriculture, and manufacturing sectors. Since then the pace of privatization has slowed. Since 2003, the government has privatized only two entities: National Bank for Industry and Commerce, which now does business as Republic Bank; and National Edible Oil Company, acquired by a biofuels company. Furthermore, the state reduced its participation in two of Guyana's leading bauxite mining companies, the Aroaima Mining Company and Linmine Bauxite.

The Public Corporation Act requires public corporations to publish an annual report no later than six months after the expiry of each calendar year. The Public Corporations Act also requires that the accounts of a public corporation be audited annually by an independent auditor.

11. Corporate Social Responsibility

Compared to corporate social responsibility (CSR) norms in North America and Europe, Guyana-based businesses lag in adopting CSR policies and activities. Though many businesses engage in charitable acts, the totality of these deeds does not constitute good CSR practices. Guyanese consumers generally are not aware of CSR principles and do not demand them from local businesses they patronize. The Guyanese government has expressed the hope that large multinational companies will lead the way on CSR practices, setting an example for smaller local firms to follow, particularly in the extractive industries sector.

12. Political Violence

Political violence has occurred in Guyana; however, U.S. companies and individuals have not been singled out as targets of such politically motivated violence.

Political protests in Guyana have a history of turning violent. In October 2012, protests in the Agricola suburb of Georgetown degenerated into rioting. Public anger over perceived injustice in the case of a police officer accused of murdering a local teenager prompted the protests. In August 2013 hundreds of persons gathered outside of Parliament to protest a range of political and social issues, ranging from Amerindian land title rights to the removal of the Town Clerk in the Mayor of Georgetown's office. The protest became mildly violent between the protestors and police on guard.

Increased violence between the Indo-Guyanese and Afro-Guyanese communities has historically occurred at the time of national elections. The 2011 national elections, however, were the second in which such communal violence was greatly reduced. The 2011 election period saw one incident in which the police used force to quell a peaceful march, but no one was seriously injured.

Long overdue local elections are projected to occur in August 2014. Political violence may occur during the local election period.

Crime continues to be a major problem in Guyana, and has a severe dampening effect on the economy and investment. Serious crime, including murder and armed robbery, continues to be a major problem. According to the United Nations Office of Drugs and Crime, the murder rate in Guyana was three-times higher than the murder rate in the United States.

The U.S. Embassy encourages U.S. citizens to maintain a high level of vigilance, consider security issues when planning activities throughout Guyana, and avoid traveling at night, when possible. More information for business travelers visiting Guyana is available at: http://travel.state.gov.

13. Corruption

Allegations of corruption remain common. According to Transparency International's 2013 Corruption Perceptions Index (CPI), Guyana is ranked 136rd out of 177 countries for perceptions of corruption– rising by three slots from 133 the previous year. Guyana ranks 28th in the Western Hemisphere, out of 32 countries. Guyana has ratified the IACAC, and bribery is established as a criminal offense under Guyanese law. Although the government passed legislation in 1997 that requires public officials to disclose their assets to an Integrity Commission prior to assuming office, the Integrity Commission has never been constituted and remains inoperative. Public Officials' compliance with the legislation has therefore been uneven.

The Procurement Act of 2003 provides for the establishment of a National Procurement and Tender Administration Board (NPTAB). The Minister of Finance appoints the members of this board. The Public Procurement Commission, a constitutionally mandated independent body that is to ensure transparency and accountability throughout the government procurement process including in regards to the NPTAB's operations, has never been established.

Widespread concerns about inefficiencies and corruption at the ministerial, regional, or national level exist regarding the awarding of contracts particularly relating to concerns of collusion and non-transparency. The Auditor General in his annual reports has noted continuous disregard for the procedures, rules, and the law that govern public procurement systems.

The Criminal Law Act classifies both corruption and bribery as illegal. Offences carry a penalty of GY$390,000 and three to seven years imprisonment.

On April 16, 2008, Guyana ratified the United Nations Convention against Corruption. Guyana is neither a member of the Organization for Economic Cooperation and Development (OECD) nor a signatory to OECD Anti-Bribery Convention. Guyana is a member of the Organization of American States (OAS) and ratified the Inter-American Convention against Corruption on December 11, 2000.

The World Economic Forum, "Global Competitiveness Report 2013-2014," identified corruption as the largest obstacle, followed by tax rates, to doing business in Guyana. Corruption discourages potential foreign direct investments and foreign investors, and it also undermines economic development and growth.

14. Bilateral Investment Agreements

Guyana does not have a Bilateral Investment Treaty with the United States. Negotiations began in 1993, but broke down in 1995 due to disagreements on formal investment rules. The two nations conducted no subsequent negotiations since 1995.

Double taxation treaties are in force with Canada (1987), the United Kingdom and Northern Ireland (1992), and CARICOM (1995). Other double taxation agreements remain under negotiation with India, Kuwait, and the Seychelles. The CARICOM-Dominican Republic Free Trade Agreement provides for the negotiation of a double taxation agreement, but no significant developments occurred since March 2009.

Table 2: Guyana has bilateral investment treaties

Partner	Date of Signature	Entry into Force
United Kingdom	27 October 1989	11 April 1990

Germany	06 December 1989	08 March 1994
Cuba	22 October 1999	
China	27 March 2003	26 October 2004
Switzerland	13 December 2005	
South Korea	31 July 2006	
Indonesia	30 January 2008	

Source: *Organization of American States' Foreign Trade Information System and Ministry of Foreign Affairs*

15. OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) renewed its support for U.S. investors in Guyana in 2000 following the settlement of a long-standing dispute between an OPIC client, Green Mining, Inc., and the Government of Guyana.

The Export Import Bank of the United States (EX-IM) offers insurance and financing to support American exports to Guyana. EX-IM will currently consider financing exports to both private and public sector entities in which the total term of the financing is either less than one year or between one and seven years.

16. Labor

The World Bank estimates that in 2012 Guyana's labor force comprised 308,766 persons. The unemployment rate for 2012 is estimated at 21 percent, however the government does not track either unemployment or job creation rates.

Approximately 22 percent or 67,928 workers are unionized. Guyana currently has 18 trade unions. 13 of these unions fall under the umbrella of the Guyana Trade Union Congress. Four of these unions are members of the Federation of Independent Trade Unions of Guyana. The Trade Union Recognition Act of 1997 requires businesses operating in Guyana to recognize and collectively bargain with the trade union selected by a majority of its workers. Guyana adheres to the International Labor Organization (ILO) Convention protecting worker rights.

Guyana provides education and skills development through primary, secondary, and technical schools, as well as at the University of Guyana and privately-owned institutions of higher learning. Individual companies mount various programs to develop human resources specific to their needs.

Emigration, particularly of skilled labor, poses a serious problem to employers in Guyana. Guyana's net emigration rate in 2012 was estimated at 12.78 percent – the seventh highest in the world. An International Monetary Fund study in 2005 found that 89 percent of university-educated Guyanese eventually leave the country due to better employment options abroad; this represents the highest percentage of "brain drain" of any country. Large private sector companies report a turnover of about 20 percent to 25 percent of their workforce annually and experience difficulty in recruiting and retaining qualified employees. Skilled workers generally migrate to the United States, Canada, the Caribbean, and Europe.

17. Foreign Trade Zones/Free Ports

Guyana currently does not maintain any duty-free zones, although the Government of Guyana announced the possibility of establishing such zones in the Lethem area, on the border with Brazil.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Total FDI in Guyana decreased by 27.1 percent, from US$293.8 million in 2012 to US$214.0 million in 2013. Following is a list of foreign direct investment by sector compiled by the Guyana Office for Investment for 2007-2013 (the latest for which statistics are available.

Table 3: Foreign Direct Investment by Sector 2007-2010 (**Value in US$ Million)**

Sector	**2007**	**2008**	**2009**	**2010**	**2012**	**2013**
Agro, Forestry, Fishing	22.6	41.2	15.0	17.2	22.6	95.2
Energy	7.0	1.3	8.2	13.0	14.6	14.3
Mining and Quarrying	42.1	22.0	42.1	64.0	80.0	6.2
Manufacturing	5.0	14.9	7.8	15.5	85.2	63.3
Tourism and Hospitality	5.4	23.7	12.5	16.0	43.9	9.5
Transport and Telecommunication	51.2	53.3	64.0	54.0	33.2	11.2
Others	19.2	5.1	14.4	18.3	14.3	14.4
Total	152.5	161.5	164.0	198.0	293.7	214.0

Source: *Bank of Guyana*

Table 4: Total Investment 1999-2012

Years	**Private (Local & FDI)**	**Public (Government)**	**Total Investment**
	Value in US$ Million		
1999	157.0	81.0	**238.0**
2000	152.0	98.5	**250.5**
2001	166.0	91.0	**257.0**
2002	162.0	101.5	**263.5**
2003	155.5	97.0	**252.5**
2004	152.5	98.0	**250.5**
2005	157.0	109.5	**266.5**

2006	205.0	209.0	**414.0**
2007	222.5	211.5	**434.0**
2008	259.5	209.0	**468.5**
2009	285.5	265.0	**550.5**
2010	281.5	303.0	**584.5**
2011	313.9	299.8	**613.7**
2012	380.0	330.1	**710.1**

Source: *Bank of Guyana Annual Reports*

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