

Eritrea

RISK & COMPLIANCE REPORT

DATE: December 2018

Executive Summary - Eritrea

Sanctions:	All UN and EU sanctions in place were repealed in November/December 2018
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	<p>Compliance with FATF 40 + 9 Recommendations (mutual evaluation not yet completed)</p> <p>Weakness in Government Legislation to combat Money Laundering</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Corruption Index (Transparency International & W.G.I.)</p> <p>World Governance Indicators (Average Score)</p> <p>Failed States Index (Political Issues)(Average Score)</p>
<p>Major Investment Areas:</p> <p>Industries:</p> <p>food processing, beverages, clothing and textiles, light manufacturing, salt, cement</p> <p>Exports - commodities:</p> <p>livestock, sorghum, textiles, food, small manufactures</p> <p>Imports - commodities:</p> <p>machinery, petroleum products, food, manufactured goods</p>	
<p>Investment Restrictions:</p> <p>The Foreign Financed Special Investments (FFSI) Proclamation specifically limits foreign investment in financial services, domestic wholesale trade, domestic retail trade, and commission agencies, but permits investment in other sectors.</p> <p>Overall, investors in Eritrea face risks including lack of transparency in the regulatory process, limits on possession and exchange of foreign currency, lack of thoroughgoing dispute settlement mechanisms, difficulty in obtaining licenses, potential expropriation of private assets, and infrastructure challenges such as high fuel prices and inconsistent provision of electricity and water.</p> <p>The nation's most successful economic sector is mining. The GSE has courted diaspora and other foreign investors in additional sectors including energy, fisheries and tourism,</p>	

although these areas remain underdeveloped at present. Firms slated for privatization include the electric and telephone companies and the state-run soft-drink and beer bottling concession.

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Section 1 - Background

The UN established Eritrea as an autonomous region within the Ethiopian federation in 1952. Ethiopia's full annexation of Eritrea as a province 10 years later sparked a violent 30-year struggle for independence that ended in 1991 with Eritrean rebels defeating government forces. Eritreans overwhelmingly approved independence in a 1993 referendum. ISAIAS Afworki has been Eritrea's only president since independence; his rule, particularly since 2001, has been highly autocratic and repressive. His government has created a highly militarized society by pursuing an unpopular program of mandatory conscription into national service, sometimes of indefinite length. A two-and-a-half-year border war with Ethiopia that erupted in 1998 ended under UN auspices in December 2000. The Eritrea-Ethiopia Boundary Commission (EEBC) created in April 2003 was tasked "to delimit and demarcate the colonial treaty border based on pertinent colonial treaties (1900, 1902, and 1908) and applicable international law." Eritrea for several years hosted a UN peacekeeping operation that monitored a 25 km-wide Temporary Security Zone. The EEBC on 30 November 2007 remotely demarcated the border, assigning the town of Badme to Eritrea, despite Ethiopia's maintaining forces there from the time of the 1998-2000 war. An increasingly hostile Eritrea insisted that the UN terminate its peacekeeping mission on 31 July 2008. Eritrea has accepted the EEBC's "virtual demarcation" decision and repeatedly called on Ethiopia to remove its troops. Ethiopia has not accepted the demarcation decision, and neither party has entered into meaningful dialogue to resolve the impasse. Eritrea is subject to several UN Security Council Resolutions (from 2009, 2011, and 2012) imposing various military and economic sanctions, in view of evidence that it has supported armed opposition groups in the region.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Eritrea is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

Eritrea has not yet undertaken a Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards.

US Department of State Money Laundering assessment (INCSR)

Eritrea was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Eritrea is not a regional financial center. Historically, the Government of the State of Eritrea has relied on command economic policies and arrangements. Although reliable statistics are unavailable, exports, with the exception of the mining industry, are small and generate little hard currency. The development of the mining sector and successful mining ventures, operated in partnership with large international mining companies, have led to an increased inflow of capital as earnings accrue from mineral exports, notably of gold and copper. However, lower commodity prices are likely to drag down export and fiscal revenues. The government relies in part on taxation of Eritreans living overseas to sustain itself. Many in the Eritrean domestic population are similarly dependent on remittances from relatives abroad.

Eritrea is a source country for men, women, and children subjected to forced labor in the National Service and, to a lesser extent, sex trafficking. The level of cross-border trafficking of narcotics is not known, but Eritrea is not believed to be a significant market or transit route for narcotics. There are, however, reports that Eritrean government and military officials profit from contraband and human smuggling and extortion.

Due to its informal, cash-based economy; limited regulatory structure; underground remittances; prevalent use of money or value transfer services, such as hawala; proximity to regions where terrorist and criminal organizations operate; and increasing corruption, Eritrea is vulnerable to money laundering and related activities. The non-convertibility of the nakfa

currency in international markets helps drive the use of underground remittance systems. All banks in Eritrea are government controlled.

Some sources continue to charge that elements of the Eritrean security apparatus provide training, supplies, and financing to destabilizing forces in the region. Evidence of the government's past support to insurgents in neighboring states resulted in the UNSC levying an arms embargo against Eritrea beginning in 2009. In December 2011, the UNSC toughened existing sanctions, also addressing concerns over the potential use of Eritrean mining revenues to support destabilizing activities. In 2015, the UN Somalia-Eritrea Monitoring Group (SEMG) reported it found no evidence of continued Eritrean support to al-Shabaab during the course of its present mandate.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: Not available

Are legal persons covered: criminally: Not available civilly: Not available

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES

KYC covered entities: Banks

REPORTING REQUIREMENTS:

Number of STRs received and time frame: Not available Number of CTRs received and time frame: Not available STR covered entities: Banks

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: Not available

Convictions: Not available

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: Not available

With other governments/jurisdictions: Not available Eritrea is not a member of a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

The government professes to take action against money laundering and has introduced a new currency, as well as new currency and banking regulations, with the intent of fighting corruption and money laundering. Eritrea does not publish national accounts or trade statistics. The international community has long pressed for fiscal transparency, but Eritrean officials generally have not been willing to discuss AML/CFT initiatives with international experts.

Money laundering is punishable by imprisonment of five to ten years and a fine not exceeding 50,000 nakfa (approximately \$3,330). Corruption is a significant problem in Eritrea and affects all sectors of government and society. The line separating the finances of the Eritrean government and the ruling party is blurred and wrapped in secrecy. The Eritrean banking, legal, and regulatory systems are underdeveloped and are not transparent. The Eritrean nakfa is one of the most non-convertible currencies in the world and basically worthless outside of Eritrea. With imports and exports severely restricted, Eritrea has little hard currency and, the government believes, is not vulnerable to money laundering.

Eritrean cooperation with the World Bank and IMF is limited. An IMF document from 2003 (the date of the IMF's most recent surveillance mission to the country), noted the government had put in place measures to criminalize money laundering and terrorism finance, confiscate terrorist funds, set reporting requirements for suspicious transactions, and establish a financial intelligence unit. On September 8, 2014, the government published Proclamation no. 175/2014, "The Anti-Money Laundering and Combating Financing of Terrorism Proclamation," that includes provisions establishing a financial intelligence unit and addressing customer due diligence, politically exposed persons (PEPs), record-keeping, and financial institution employee training and audit requirements. Reportedly, a new criminal code has been developed, but it is unclear whether it has actually been adopted and is in force.

Due to a lack of transparency from the Government of the State of Eritrea, it is impossible to determine the extent of law enforcement measures taken to combat money laundering and terrorist financing. There is no publically available evidence the government has ever prosecuted a money laundering or terrorist financing case. The major deterrents to Eritrea's responding more effectively to the threat of money laundering are the underdeveloped financial system and a lack of political will on the part of the government, which does not perceive drug trafficking and money laundering as major problems in Eritrea.

Eritrea became a party to the UN Convention against Transnational Organized Crime on September 25, 2014.

The Government of the State of Eritrea should make public information and statistical data, including reporting, prosecution, and conviction data, to show the effectiveness of its AML/CFT regime. The government should become a member of a FATF-style regional body and re-engage with international financial institutions. Eritrea also should become a party to the UN Convention against Corruption and the International Convention for the Suppression of the Financing of Terrorism.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Eritrea does not conform with regard to the following government legislation: -

Criminalised Drug Money Laundering - The jurisdiction has enacted laws criminalizing the offense of money laundering related to drug trafficking.

Criminalised Beyond Drugs - The jurisdiction has extended anti-money laundering statutes and regulations to include nondrug-related money laundering.

System for Identifying/Forfeiting Assets - The jurisdiction has enacted laws authorizing the tracing, freezing, seizure, and forfeiture of assets identified as relating to or generated by money laundering activities.

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

Cooperates with International Law Enforcement - By law or regulation, banks are permitted/required to cooperate with authorized investigations involving or initiated by third party jurisdictions, including sharing of records or other financial data.

Ability to freeze assets without delay - The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations)

Disclosure Protection - "Safe Harbour" - By law, the jurisdiction provides a "safe harbour" defence to banks or other financial institutions and their employees who provide otherwise confidential banking data to authorities in pursuit of authorized investigations.

Criminalised Financing of Terrorism - The jurisdiction has criminalized the provision of material support to terrorists and/or terrorist organizations.

International Terrorism Financing Convention - States parties to the International Convention for the Suppression of the Financing of Terrorism, or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

Know Your Customer Provisions - By law or regulation, the government requires banks and/or other covered entities to adopt and implement Know Your Customer/ Customer Due Diligence programs for their customers or clientele.

Reports Suspected Terrorist Financing - By law or regulation, banks and/or other covered entities are required to record and report transactions suspected to relate to the financing of terrorists, terrorist groups or terrorist activities to designated authorities.

Criminalised Tipping Off - By law, disclosure of the reporting of suspicious or unusual activity to an individual who is the subject of such a report, or to a third party, is a criminal offense.

States Party to United Nations Transnational Organised Crime Convention - States party to the United Nations Convention against Transnational Organized Crime (UNTOC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

States Party to United Nations Convention Against Corruption - States party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

EU White list of Equivalent Jurisdictions

Eritrea is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Eritrea is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2011 (introduction):

No report available

US State Dept Trafficking in Persons Report 2016 (introduction):

Eritrea is classified a Tier 3 country - a country whose government does not fully comply with the minimum standards and is not making significant efforts to do so.

Eritrea is a source country for men, women, and children subjected to forced labor. To a lesser extent, Eritrean adults and children are subjected to sex and labor trafficking abroad. The government continues to be complicit in trafficking through the implementation of national policies and mandatory programs amounting to forced labor within the country, which cause many citizens to flee the country and subsequently increases their vulnerability to trafficking abroad. Proclamation 82 of 1995 requires persons aged 18 to 40 years to perform compulsory active national service for a period of 18 months—six months of military training followed by 12 months of active military and development tasks in military forces in a government-run work unit, including the Eritrean Defense Forces. However, the 18-month timeframe is arbitrary and unenforced; many individuals are not demobilized from government work units after their mandatory period of service but rather forced to serve indefinitely under threats of detention, torture, or familial reprisal. In 2012, the government instituted a compulsory citizen militia, requiring medically fit adults up to age 70 not currently in the military to carry firearms and attend military training or participate in national development programs, such as soil and water conservation projects. Working conditions are often harsh and sometimes involve physical abuse.

All 12th-grade students, including some younger than age 18, are required to complete their final year of secondary education at the Sawa military and educational camp; those who refuse to attend cannot receive high school graduation certificates, attain higher education, or be offered some types of jobs. Government policy bans persons younger than 18 from military conscription; however, following some round-ups, the government detains children younger than age 18 and sends them to Sawa. Reports indicate male and female recruits at Sawa were beaten, and female recruits sexually abused and raped in previous years. The government continued Maetot, a national service program in which secondary-school children are assigned to work in public works projects, usually within the agricultural sector, during their summer holidays. Some Eritrean children are subjected to forced labor, including forced begging, and some women and girls are subjected to sex trafficking within the country.

Perennially, thousands of Eritreans flee the country overland to Sudan, Ethiopia, and—to a lesser extent—Djibouti, to escape forced labor or government persecution, as well as to seek better economic opportunities; for many, their ultimate goal is to attain asylum in Europe—predominantly Italy, Sweden, Norway, Switzerland, and Germany—or North America, or at minimum, achieve refugee status in Sudan, Ethiopia, Kenya, Egypt, Israel, or Uganda. Unaccompanied minors are increasingly at risk of being subjected to violence and

exploitation. The government's strict exit control procedures and limited issuance of passports and departure visas prevent most Eritreans who wish to travel abroad from doing so legally, increasing their vulnerability to trafficking. Children who attempt to leave Eritrea are sometimes detained or forced to undergo military training despite being younger than the minimum service age of 18. Some Eritrean women and girls travel to Gulf States for domestic work but are subjected to sex trafficking upon arrival. Smaller numbers of Eritrean women and girls are subjected to sex trafficking in South Sudan, Sudan, and Israel; reportedly, some Eritrean men are vulnerable to sex trafficking in Israel. International criminal groups kidnap vulnerable Eritreans living inside or in proximity to refugee camps, particularly in Sudan, and transport them primarily to Libya, where they are subjected to human trafficking and other abuses, including extortion for ransom. Some migrants and refugees report being forced to work as cleaners or on construction sites during their captivity. Reports allege Eritrean diplomats, particularly those posted in Sudan, provide travel documents and legal services to Eritrean nationals in exchange for bribes or inflated fees, potentially facilitating their subjection to trafficking. Some Eritrean military and police officers are complicit in trafficking crimes along the border with Sudan.

The Government of Eritrea does not fully meet the minimum standards for the elimination of trafficking and is not making significant efforts to do so. It continued to subject its nationals to forced labor in its citizen militia and compulsory national service, often for periods of indefinite duration. The government failed to investigate or prosecute any trafficking offenses or identify or protect any victims. Although the government continued to warn its citizens of the dangers of trafficking, authorities lacked understanding of the crime, conflating it with transnational migration or smuggling.

US State Dept report on Terrorism 2016

Overview:

The Government of Eritrea continued to make regular public statements about its commitment to fighting terrorism. Eritrea also continued and broadened its support for the Saudi-led coalition in Yemen; it allowed military elements of the coalition to base in Eritrea.

In May 2016, the United States re-certified Eritrea as “not cooperating fully” with U.S. counterterrorism efforts under Section 40A of the Arms Export and Control Act, as amended. In considering this annual determination, the Department of State reviewed Eritrea's overall level of cooperation with U.S. efforts to counter terrorism, taking into account U.S. counterterrorism objectives and a realistic assessment of Eritrean capabilities.

The Government of Eritrea has been under UNSC sanctions since December 2009 as a result of past evidence of support for al-Shabaab and regional destabilization. UN Security Council (UNSC) resolution 1907 (2009) and 2013 (2011) continued an arms embargo on Eritrea and a travel ban and asset freeze on some military and political leaders, calling on the nation to “cease arming, training, and equipping armed groups and their members, including al-Shabaab, that aim to destabilize the region.” While the Somalia-Eritrea Monitoring Group's (SEMG's) 2016 report found no evidence that Eritrea is supporting al-Shabaab, the SEMG found that it could not make a determination that Eritrea is in compliance with the

requirements of the UNSC resolutions because the Government of Eritrea continued to refuse to allow SEMG inspectors to enter Eritrea.

The Government of Eritrea's lack of transparency means there was no clear picture of the methods it used to track terrorists or maintain safeguards for its citizens. For a number of years, members of the police have refused to meet with security officials from western nations to discuss policy matters, although the United States had informal contact with some law enforcement counterparts in 2016.

Legislation, Law Enforcement, and Border Security: Eritrea's penal code, grandfathered into its present-day law from Ethiopia's 1957 code, contains a number of statutes that can be used to prosecute various types of terrorist activity, including conspiracies carried out by organized armed groups and the use of bombs, dynamite, explosives, or other methods constituting a public danger. Other sections of Eritrean law are sufficiently broad to apply to terrorism cases, including acts related to offenses against public safety, property, and the state and its national interests.

The Government of Eritrea does not share information about its ports of entry, law enforcement actions, and arrests or disruptions of terrorist's activities or prosecutions. Entities including the Eritrean Defense Forces, the National Security Agency (NSA), the police, and Immigration and Customs authorities all potentially have counterterrorism responsibilities. There are special units of the NSA that monitor fundamentalism or violent extremism. Chain of command may work effectively within some security and law enforcement elements, but there are rivalries and responsibilities that overlap between and among the various forces. Whether information sharing occurs depends on personal relationships between and among particular unit commanders. Many soldiers, police officers, and immigration and customs agents, are young national service recruits or assignees, performing their jobs without adequate training.

The Eritrean government closely monitors passenger manifests for any flights coming into Asmara and scrutinizes travel documents of visitors, but does not collect biometric data. Government officials lacked the training and technology to recognize fraudulent documents.

Countering the Financing of Terrorism: Eritrea is not a member or observer of a Financial Action Task Force-style regional body. Assessing terrorist financing risks in the country is challenging due to Eritrea's general lack of transparency on banking, financial, and economic matters. The lack of basic banking infrastructure, such as credit cards and online banking technology, and the fact that the Eritrean currency is nonconvertible, limit Eritrea's ability to engage in international financial markets. There is no available information to indicate that Eritrea has identified any terrorist assets or prosecuted any terrorist financing cases.

International Sanctions

All UN and EU sanctions in place were repealed in November/December 2018

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	20
World Governance Indicator – Control of Corruption	12

Corruption and Government Transparency - Report by US State Department

Eritrea has historically suffered less from corruption than many other nations on the African continent, but many indications suggest that corruption is on the rise. Some persons claim that civil court cases may be influenced by the Office of the President, or that decisions are rendered based on political factors. The President's Office has in the past assigned housing to high officials and military officers, in some cases forcing original owners, whether Diaspora members or foreigners from the colonial period, to sell property at discounted rates to address the housing needs of regime loyalists. The practice continues, but original owners have insisted, with some success, on fairer prices for compensation over the years. The GSE controls most foreign exchange, virtually the only legal source of imports, creating illicit profit opportunities for smugglers. Eritrea is not a party to international anti-corruption agreements, although officials have previously claimed that they want to subscribe to such instruments. The GSE does not publish a national budget or national accounts.

Unstable political conditions, strict regulations regarding imports, and lack of consistency regarding granting of exit visas for Eritrean nationals have encouraged bribery and money laundering, specifically with respect to those responsible for customs and immigration.

Section 3 - Economy

Since formal independence from Ethiopia in 1993, Eritrea has faced many economic problems, including lack of financial resources and chronic drought, which have been exacerbated by restrictive economic policies. Eritrea has a command economy under the control of the sole political party, the People's Front for Democracy and Justice. Like the economies of many African nations, a large share of the population - nearly 80% in Eritrea - is engaged in subsistence agriculture, but the sector only produces a small share of the country's total output.

Since the conclusion of the Ethiopia-Eritrea war in 2000, the government has expanded use of military and party-owned businesses to complete President ISAIAS's development agenda. The government has strictly controlled the use of foreign currency by limiting access and availability; new regulations in 2013 aimed at relaxing currency controls have had little economic effect. Few large private enterprises exist in Eritrea and most operate in conjunction with government partners, including a number of large international mining ventures, which began production in 2013. In late 2015, the government of Eritrea introduced a new currency, retaining the name nakfa, and restricted the amount of hard currency individuals could withdraw from banks per month. The changeover has resulted in exchange fluctuations and the scarcity of hard currency available in the market.

While reliable statistics on food security are difficult to obtain, erratic rainfall and the percentage of the labour force tied up in national service continue to interfere with agricultural production and economic development. Eritrea's harvests generally cannot meet the food needs of the country without supplemental grain purchases. Copper, potash, and gold production are likely to drive economic growth and government revenue over the next few years, but military spending will continue to compete with development and investment plans. Eritrea's economic future will depend on market reform, international sanctions, global food prices, and success at addressing social problems such as refugee emigration.

Agriculture - products:

sorghum, lentils, vegetables, corn, cotton, tobacco, sisal; livestock, goats; fish

Industries:

food processing, beverages, clothing and textiles, light manufacturing, salt, cement

Exports - commodities:

gold and other minerals, livestock, sorghum, textiles, food, small industry manufactures

Imports - commodities:

machinery, petroleum products, food, manufactured goods

Executive Summary

The investment climate in Eritrea is not conducive to U.S. investment.

While there are opportunities, especially in the extractive industries sector, the Government of the State of Eritrea (GSE) maintains a command economy, with government activities predominating over private enterprise. Unreliable power, complicated and changing import regulations, limited air and ground transportation links, insufficient port facilities, lack of fuel, unrealistic exchange rates, restrictions on repatriation of profits, the near impossibility of getting a construction permit unless the project is government-sanctioned, and in-country travel restrictions all work to undermine trade and investment. In addition, the potential U.S. investor must be aware of the international sanctions regime placed on Eritrea. As a result, there is very little U.S. direct investment. There is no American Chamber of Commerce and few American companies are working in Eritrea.

According to its Five Year Indicative Development Plan 2014-2018, the GSE states that it wants to encourage Foreign Direct Investment, but its policies belie those pronouncements. The GSE began encouraging some types of international investment in 2012, and some reforms were introduced in 2013, ending, as a matter of doctrine, years of adherence to self-imposed isolation and strict self-reliance. However, at the end of 2015, the government recalled all old currency and issued new currency, creating a severe problem in liquidity as there was a severely restricted and insufficient supply of money. The unofficial exchange rate rose from 55 Nakfa/\$1 to near parity with the official rate of 15 Nakfa to \$1. A series of broader reforms that would ease restrictions on business licensing and imports, described as ready for enactment several times as far back as 2013, have never been approved by the President. Recently, more flights in and out of Asmara have been added to replace Lufthansa flights that terminated in 2013. Eritrea achieved Millennium Development Goals related to public health in the course of 2014, and is making progress toward other MDGs.

Eritrea's labor pool is well qualified compared with those in neighboring states. Eritreans start English classes in elementary school and are educated almost exclusively in English from grade six onwards. The people are generally resourceful and industrious. Historically, corruption in Eritrea appears less pervasive than in other countries in the region, but there are signs that corruption is on the rise, particularly in the areas of smuggling and immigration. The country's mandatory national service program and possibility of the GSE to place persons performing national service in some commercial enterprises, may leave businesses open to charges of relying on conscripts as a labor force.

Investment opportunities in Eritrea are most promising in the mining, minerals, energy and agricultural sectors. Foreign activity in financial services, domestic wholesale trade, domestic retail trade, and commission agencies is prohibited. The GSE prefers to obtain a controlling interest in any large ventures.

The country performs poorly with regard to public finance management. It has never published a national budget. Economic indicators are based on conjecture and incomplete information.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions Index	2015	154 of 168	http://www.transparency.org/cpi2015/#results-table
World Bank's Doing Business Report "Ease of Doing Business"	2015	189 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	Not ranked	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2014	USD 7	BEA/Host government
World Bank GNI per capita	2011	USD 480	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of \$4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

In its Five Year Indicative Development Plan 2014-2018, the GSE states it "encourages foreign direct investment and has enacted competitive fiscal regulations and packages to ensure a fair return for risk while maximizing the benefits to the host country", but its actual policies do not support these pronouncements. The Foreign Financed Special Investments (FFSI) Proclamation permits foreign investment, but specifically limits FDI in financial services, domestic wholesale trade, domestic retail trade, and commission agencies, as these sectors are seen as more promising for domestic investment. Investment opportunities in Eritrea are most promising in the extractive industries, energy and agricultural sectors. The GSE prefers to obtain an interest in any large venture of 30 to 40%.

Lack of consistent, high-level government commitment to structural reform continues to hamper Eritrea's economic prospects. Investors in Eritrea face risks including lack of transparency in the regulatory process, limits on possession and exchange of foreign currency as well as repatriation of profits, difficulty in accessing any part of the country outside of Asmara and obstacles in obtaining licenses and construction permits.

Other Investment Policy Reviews

In the past three years, the GSE has not conducted an OECD, WTO or UNCTAD investment policy review, nor has it cooperated with an institution to produce a report on the investment climate. The last UNCTAD report was in 2001.

Laws/Regulations on Foreign Direct Investment

The Foreign Financed Special Investments (FFSI) Proclamation of April 2007 specifically limits foreign investment in financial services, domestic wholesale trade, domestic retail trade, and commission agencies, but permits investment in other sectors. The Proclamation established a framework for investments greater than USD 20 million and aims to achieve self-sustaining growth, facilitate the rapid expansion of exports, expand employment, and promote and protect foreign investment. The FFSI makes allowances for remittance of net profits and has guarantees against nationalization or confiscation, except for public purposes and with due process of law.

Eritrea's legal and regulatory frameworks are underdeveloped and judges sometimes are inexperienced. Judicial cases can take an inordinate amount of time to conclude. Civil courts are open and operate slowly, but generally under the rule of law without government interference. Judicial decisions are not published.

Eritrea has no legislature or parliament. "Laws" are passed by proclamation and are usually published at <http://erigazette.org/>.

Business Registration

A. Eritrea has no business registration website. Local businesses are required to obtain licenses from the Ministry of Trade, License Division.

B. Eritrea has no investment promotion agency and any services available to individual investors are not provided on a transparent basis nor made available to all potential investors.

There is no link to Eritrea in www.GER.co. [UNCTAD Global Enterprise Registration]

Industrial Promotion

The GSE sponsors a mining conference for international investors usually every year in October. The GSE sponsored two investment conferences for diaspora returnees in the course of 2012 but has not hosted similar events since then.

Limits on Foreign Control and Right to Private Ownership and Establishment

The Government of the State of Eritrea does not recognize a right for foreign and domestic private entities to establish and own business enterprises and engage in all forms of remunerative activity.

The Foreign Financed Special Investments (FFSI) Proclamation specifically limits foreign investment in financial services, domestic wholesale trade, domestic retail trade, and commission agencies, but permits investment in other sectors. No waivers are granted. In any case, FDI is not widespread in Eritrea and most medium and large businesses are controlled by either the GSE or the ruling party. The GSE appears to prefer obtaining a controlling interest in any large venture and to favor partnering with smaller entities as opposed to larger, multinational firms. The FFSI makes allowances for remittance of net profits, but this has

not been permitted for some firms, especially airlines. The FFSI has guarantees against nationalization or confiscation, except for public purposes and with due process of law.

In 2005, the GSE suspended all private construction activity, leaving only state-run firms in operation for this purpose. One of the economic reforms promised in the course of 2013 but not enacted by the President aimed to facilitate provision of construction licenses to private entities. Tired of waiting years for a construction/building permit many families built homes without authorization. In 2014 and continuing in 2015, the GSE bulldozed and destroyed hundreds of such homes throughout the country.

Privatization Program

Most medium and large businesses in Eritrea are controlled by either the GSE or the ruling party. The government signals it is seeking to privatize some state-owned firms, but little progress has been made. Firms slated for privatization include the telephone company, hotels and some food production and packaging entities. However, to date, no state-owned enterprise has been totally privatized. Privatization is by direct negotiation, not an open bidding process. Proclamation 114 issued in 2001 gave the Ministry of Trade and Industry authority to negotiate the sale of public enterprises, but in practice, other ad hoc approval requirements, particularly for large-scale projects, may be imposed on new investors. For example, a South African firm began discussions about the sale of the national brewery in 2013, and these discussions are ongoing, but with limited forward movement.

Screening of FDI

In the Eritrean command economy, the GSE reviews all FDI and is often involved in the direct negotiation, but the process is obscure and non-appealable. Over the years, the GSE has enacted a number of commercial "proclamations" designed to facilitate conduct of private enterprise, but these are not consistently implemented.

Competition Law

There is no separate agency in Eritrea that reviews transactions for competition-related concerns.

2. Conversion and Transfer Policies

Foreign Exchange

In 2015, the Government of the State of Eritrea introduced new nakfa notes to replace the nakfa notes that had been used since the creation of the original Eritrean currency. The official exchange rate is fixed at 15 nakfa (ERN)/USD 1. In early 2015, the exchange rate of the old nakfa, on the unofficial market, had fluctuated between 40-55 nakfa to the dollar. With the adoption of the new currency, the exchange rate for the new nakfa was reduced to 17-23 nakfa to the dollar. Exchanging nakfa at the unofficial market rate outside of the banks was widespread, although illegal, but is now severely reduced due to many factors: primarily the lack of money supply but also the arrest of anyone known to be changing money and the almost parity of the official and unofficial rates.

The GSE places limits on possession and exchange of foreign currency and lacks transparency in conversion and transfer policies. It is generally illegal for Eritrean citizens to hold or exchange foreign currency, although import restrictions for foreigners, including

returning Diaspora investors, were eased in 2013 via Proclamation 173/2013 so that only foreign currency in excess of USD 10,000 required declaration. Repatriating hard currency is legally permissible but in practice, it remains difficult. Foreign companies have sometimes found themselves unable to convert nakfa into foreign currencies: for example, foreign air carriers have millions of unconvertible nakfa in local banks, a circumstance that prompted Lufthansa, long the premier international carrier serving Asmara, to suspend flight operations in 2013. In 2014, Qatar Airways and Turkish Airlines opened routes to Asmara and in 2015 Fly Dubai. Egypt Air and Sudan Airways continue to provide service to Asmara. Airlines require payment in hard currency for foreign travelers. Some airlines accept payment in nakfa, but only from Eritrean citizens, who are resident in Eritrea and who do not have a foreign passport and not for one-way tickets out of Eritrea. Companies have reported that signed contracts allowing for payment against certain services in nakfa have been violated, with the GSE insisting on payment in U.S. dollars or other hard currency. Eritrean hotels serving foreign visitors require payment in hard currency and do not take credit cards. There are no ATMs in Eritrea. As a general matter, lack of hard currency motivates the GSE to seek payment in U.S. dollars where possible, but to provide nakfa to cover its own expenditures.

Eritrea's banking system was established under Proclamation 32/1993 and later modified under Proclamation 93/1997. The Proclamation pertaining to foreign exchange bureaus was introduced in 1998. State-owned institutions are the only bodies authorized to maintain an account for foreign currency reserves and manage foreign exchange activities. There are three state-owned banks in Eritrea: the Bank of Eritrea, the Commercial Bank, and the Commercial and Housing Bank. Himbol Financial Services, the arrangement by which foreign currency is transferred from abroad, both for payment of the two per cent tax and also for personal transfers from the Diaspora to Eritrea-based family members, is run by the sole political party, the People's Front for Democracy and Justice (PFDJ). Eritrean Embassy personnel and consular agents abroad collect the two per cent tax, channeling it to the Himbol system in Eritrea. Because the Himbol system processes both public (two per cent tax) and private transactions (gifts from relatives abroad), some incoming foreign currency exists in a legal no man's land, without adequate accountability or transparency. In 2015, in response to the UN's Somalia Eritrea Monitoring Group (SEMG) report, the Eritrean government disclosed its revenue in relation to the 2 percent income tax imposed on Eritreans living abroad, claiming that the, "aggregate RRT collected in the past four years did not exceed 73 million US dollars." No documentation was released, however, to substantiate this figure.

Remittance Policies

The FFSI makes allowances for remittance of net profits and has guarantees against nationalization or confiscation, except for public purposes and with due process of law, but these allowances are not always observed in practice. Foreign exchange for investment remittances is coordinated by individual contracts unique to each investment.

Eritrean is not a member of the Middle East and North Africa Financial Action Task Force (MENAFATF)

3. Expropriation and Compensation

Legal provisions for expropriations, other than eminent domain for public purposes, do not exist. The GSE liberally interprets the idea of public purpose. Article 13 of Investment Proclamation No. 59/1994 requires the government to compensate investors who have been

denied rights to property if the denial is related to government action. Compensation, if and when it happens, must legally involve the concepts of: (1) full and fair compensation; and (2) due process of law. In practice, compensation is seldom paid under any conditions.

We know of no cases of GSE expropriation of private businesses during the reporting period. However, in the past, the GSE has expropriated profitable businesses without notice, explanation, compensation, or recourse. In October 2008, it abruptly terminated the Intercontinental Hotel Corporation's management contract for a government-owned hotel in Asmara. The hotel later reopened as a GSE-operated establishment.

There is currently very little American direct investment in Eritrea.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Eritrea's legal system is a civil law system borrowed from Ethiopia's adaptation of the Napoleonic Code. There is Commercial Code of Eritrea and Provisional Civil Code of Eritrea (1993). Eritrea's legal and regulatory frameworks are underdeveloped and judges often young and inexperienced. Judicial cases can take an inordinate amount of time to conclude. Civil courts are open and operate slowly, but generally under rule of law without government interference. Eritrea's rankings in "Enforcing Contracts" in the World Bank's "Doing Business" its ranking for was 121 of 189, down significantly from the previous year.

Bankruptcy

In theory, a debtor may file for both liquidation and reorganization. A creditor may file for liquidation only. Eritrea ranked 189 out of 189 in the World Bank's 2015 "Doing Business" Index for resolving insolvency and the overall comment on the ranking for "strength of insolvency framework index is "no practice."

Investment Disputes

Eritrea does not have thorough, ongoing or neutral dispute resolution mechanisms, although there are several laws regarding the settlement of disputes. Article 15 of Investment Proclamation No. 59/1994 provides a framework for investment dispute settlement and pledges that the GSE will enter into bilateral and multilateral protection treaties. Foreign investors sometimes report that they are treated in a discriminatory manner by local courts, and that, in comparison with citizens of the host nation, they receive inefficient judicial services. Theoretically, foreign investors also have the option to resolve disputes through mechanisms created by multilateral treaties such as International Center for Settlement of Investment Disputes (ICSID) but Eritrea has neither ratified nor signed the ICSID Convention, although it has said it intends to do so. There are currently no known cases in which the GSE has accepted international arbitration for business disputes.

International Arbitration

Article 15 of Investment Proclamation No. 59/1994 provides a framework for investment dispute settlement and pledges that the GSE will enter into bilateral and multilateral protection treaties. There are currently no known cases in which the GSE has accepted international arbitration for business disputes. See also above section on Investment Disputes.

ICSID Convention and New York Convention

Eritrea has neither ratified nor signed the ICCID Convention, although it has said it intends to do so.

Duration of Dispute Resolution – Local Courts

The resolution of dispute proceedings is measured in years, not months. Eritrean judges are few, overworked and often inexperienced. Post is unaware of any court decision or arbitration award or enforcement thereof.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Eritrea is not a member of the WTO.

Investment Incentives

Information on any form of investment incentive, if it exists, is close-held by the government and the existence thereof, or details about it are unknown. All foreign investment is overseen and regulated by the government.

Research and Development

If U.S. and/or other foreign firms participate in research or development, it is self-financed. The GSE does not subsidize or fund non-Eritrean entities.

Performance Requirements

All foreigners are restricted from traveling outside the capital, Asmara. A travel permit is required and must be requested 10 days in advance for any travel outside the capital. Travel to border areas or outside recognized tourist areas is generally not approved.

It is widely believed that the GSE or the sole political party (PFDJ) owns a stake in all large going concerns or investments, including the new investments in the mining and extractive industries. However, information about ownership structures and performance requirements are neither published nor generally available.

The GSE does not impose "forced localization" by specifically law, but requests for visas or work permits for foreigners are not granted. In any case, most goods and technologies that investors would use would have to be imported. There is very little local production or manufacturing except for agricultural goods, textiles, and shoes.

Data Storage

There are no laws on IT software, hardware or data storage.

6. Protection of Property Rights

Real Property

Foreign ownership/investment in financial services, domestic wholesale trade, domestic retail trade, and commission agencies is prohibited.

Under Proclamation no. 58/1994 to "Reform the System of Land Tenure in Eritrea" all property is state owned but every Eritrean citizen has a usufruct right over land. Eritrea's civil law

protects private property, but the GSE has a history of expropriating houses, businesses, and other private property without notice, explanation or compensation. World Bank's Doing Business Report ranks Eritrea 177 out of 189 on Registering Property. Land titles meant to be recorded, but due to prohibitions on transferring one's usufruct rights and exorbitant taxes of up to 30 percent or more on transfers, most transfers are not recorded.

Intellectual Property Rights

IPR is enforced through Eritrea's Commercial Code and Provisional Civil Code of 1993. http://www.wipo.int/wipolex/en/text.jsp?file_id=244453. Trademarks, patents, and copyrights are available through a procedure involving a public advertisement in the local press. The legal structure for enforcement is extremely weak to non-existent. Pirated DVDs, software and music are openly available and sold, as often as legitimate products. There have been no known enforcement actions.

Eritrea is listed neither in USTR's Special 301 report nor in the notorious market report. Eritrea joined WIPO in 1997.

Resources for Rights Holders

Post's Economic Officer: Edward Thompson
Phone: +291 12004
Email: ThompsonEC@state.gov

Eritrea has no American Chamber of Commerce.

Post's list of attorneys can be found here: <http://eritrea.usembassy.gov/professional-services.html>

7. Transparency of the Regulatory System

Eritrea has not convened its parliament for over a decade and all laws are issued by proclamation from the executive branch and usually published here: <http://erigazette.org/>. There is no process in place to review the legality of these proclamations. The nation's constitution was ratified in 1997 but has never been implemented. Since the border war with Ethiopia from 1998 to 2000, many regulatory systems continue to adhere to special arrangements resembling martial law.

The GSE does not operate a clearly organized regulatory system. Procedures appear to be created haphazardly, with irregular enforcement. The GSE does not always announce new regulations prior to their implementation, and they may be subject to abrupt change. For example, in 2014 the regulation for importing cars was abruptly changed from allowing no vehicles older than 10 years to allowing no vehicles older than 5 years. Recently, after the introduction of new Nakfa currency, all transfers of vehicle titles were stopped. The GSE neither publishes accounts of its decision-making processes nor offers a public comment period for proposed laws or regulations. Asmara's only law school reopened in the fall of 2010 after being closed for three years; the first class graduated in 2012. There are new training programs for paralegals under way, with the first classes having graduated in 2013.

There are no private nongovernmental organizations or private sector professional associations that are open to foreigners.

8. Efficient Capital Markets and Portfolio Investment

The GSE controls all banks and legal financial institutions and there are no formal capital markets or free market institutions for private citizens to create or manage private investment portfolios.

Money and Banking System, Hostile Takeovers

The health of the banking sector is unknown, but likely it is not healthy. All banks are state-owned and are the only bodies authorized to maintain accounts for foreign currency reserves and manage foreign exchange activities. The state run banks do not publish financial statements. Foreigners can maintain bank accounts, but could have trouble withdrawing funds. Distrust of the banking system is high.

9. Competition from State-Owned Enterprises

State-owned Enterprises (SOEs) are active in every sector of the economy except retail. In the mining industry, the government owns a significant share of going concerns but is not actively involved in the management. As no national budget has ever been published and statistics and information are closely held by government officials, any data about SOEs is based on conjecture, rumor and/or guesswork.

There is no published list of SOEs and Eritrea is not a member of the WTO.

OECD Guidelines on Corporate Governance of SOEs

The SOEs do not have Boards of Directors and management is overseen/controlled by the government or the PFDJ, the sole political party. For example, the Coca-Cola bottling plant (majority owned by the PFDJ) was shut down for several months, allegedly because it could not get hard currency from the Government to purchase supplies not available locally. Private concerns are not allowed to compete against SOEs.

OECD Guidelines on Corporate Governance of SOEs

There is no general awareness of the concept of corporate social responsibility in Eritrea.

The activities of the few NGOs in Eritrea are tightly restricted by the GSE.

Nevsun, the Canadian majority-owner of the Bisha mining operations, partners with the Eritrean National Mining Corporation (ENAMCO), reports that the Bisha Mine will work towards adhering to the 2012 International Finance Corporation (IFC) Performance Standards for Social and Environmental Sustainability. Per its website, Nevsun's annual CSR Report follows much of the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines

OECD Guidelines for Multinational Enterprises

State-owned Enterprises (SOEs) are active in nearly every sector of the economy. No budgets or financial reports for these entities have ever been published and statistics and information about them are closely held by government officials. Post has no knowledge about their reporting structures or their accountability for meeting guidelines on corporate governance.

Sovereign Wealth Funds

Eritrea has no Sovereign Wealth Fund.

10. Responsible Business Conduct

There is no general awareness of the concept of corporate social responsibility in Eritrea, nor does the government factor RBC into its procurement decisions.

The activities of the few NGOs in Eritrea are tightly restricted by the GSE.

Nevsun, the Canadian majority-owner of the Bisha mining operations, partners with the Eritrean National Mining Corporation (ENAMCO), reports to practice RBC, and has published its reports on its website, including that the Bisha Mine will work towards adhering to the 2012 International Finance Corporation (IFC) Performance Standards for Social and Environmental Sustainability. No other company operating in Eritrea has undertaken similar actions.

OECD Guidelines for Multinational Enterprises

The GSE does not require foreign and local enterprises to follow generally accepted CSR principles such as the OECD Guidelines for Multinational and the United Nations Guiding Principles on Business and Human Rights. However, because the GSE does not publish or provide information about its regulation of multinational enterprises, such as Chinese owned mining companies, post has no knowledge about their accountability for meeting OECD Guidelines, corporate governance guidelines or human rights standards.

11. Political Violence

Eritrea has no recent history of political violence, as the Eritrean government is a highly centralized, authoritarian regime under the control of the President. Authorities generally maintained effective control over security forces and security forces maintain control over the citizens. The government suppresses civil unrest, opposition voices, political violence, and actions seen as threatening the stability of the regime, although some remote areas of the nation are not entirely under GSE control. Eritrea's relations with its neighbors Ethiopia and Djibouti are tense due to unresolved border issues.

In March 2015, two minor explosions occurred at the Bisha Mine 100 miles from Asmara. Nevsun, the Canadian mining company with majority-ownership of the Bisha operations, released a press statement blaming it on an act of vandalism. The GSE accused Ethiopia. No group has publicly taken responsibility.

12. Corruption

Eritrea has historically suffered less from corruption than many other nations on the African continent, but many indications suggest that corruption is on the rise. Some persons claim that civil court cases may be influenced by the Office of the President or that decisions are rendered based on political factors. The President's Office has in the past assigned housing to high officials and military officers, in some cases forcing original owners, whether Diaspora members or foreigners from the colonial period, to sell property at discounted rates to address the housing needs of regime loyalists. The GSE controls most foreign exchange, virtually the only legal source of imports, creating illicit profit opportunities for smugglers. Eritrea is not yet a party to international anti-corruption agreements. The GSE does not publish a national budget or national accounts.

Uncertain political conditions, strict regulations regarding imports, and lack of consistency regarding granting of exit visas have encouraged bribery and money laundering, specifically with respect to those responsible for customs and immigration.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Eritrea is neither a party to the UN Anticorruption Convention nor the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Special courts have jurisdiction over corruption as national security cases. During the year, authorities did not bring persons detained on national security grounds, for corruption or otherwise, to trial, although it was rumored over 100 people were arrested in March 2015 for corruption, having to do with smuggling goods and fuel. In practice, special courts do not protect the rights of defendants or ensure access to a lawyer. Special Court judges are military officials. The court reports to the Ministry of Defense and the Office of the President. Trials in Special Court are not open to the public and the court's decisions are final, without appeal.

Resources to Report Corruption

There is no watchdog organization operating in Eritrea. Transparency International ranked Eritrea 154 out of 168 countries, scoring 18 out of a possible 100 in their 2015 Corruption Perception Index.

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

Eritrea has only one formalized bilateral investment agreement that is currently in force (with Italy). It has signed other agreements, but they are not in force. Eritrea has no trade agreements with the U.S.

Eritrea-Netherlands Bilateral Investment Treaty; date of signature: 02/12/2003. Eritrea-Uganda Bilateral Investment Treaty; date of signature: 30/06/2001. Eritrea-Qatar Bilateral Investment Treaty; date of signature: 07/08/2000. Eritrea-Italy Bilateral Investment Treaty; date of signature: 06/02/1996, date of Entry into Force: 14/07/2003.

Bilateral Taxation Treaties

Eritrea does not have a bilateral taxation treaty with the United States.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

The GSE constructed a free trade zone in the port city of Massawa in 2001 and promised to issue the first licenses in 2006. Of those expressing an interest, most are Chinese. Proclamation 115 issued in August 2001 declares that in the zone there will be: 1) no taxes on income, profits, or dividends; 2) no customs duties on imports; 3) no currency convertibility restrictions; 4) no minimum investment; 5) 100 percent foreign ownership; and 6) 100 percent repatriation on profits and capital. Few foreign companies operate in the zone, and whether it actually operates per the terms of the proclamation is difficult to determine.

In June 2013, talks between the Presidents of Eritrea and Sudan resulted in agreement to establish a free-trade zone along their common border. The majority of Eritrea's imports come from Sudan, either legitimately or through smuggling of consumer goods, which occurs regularly across the border. However, Sudanese traders were stuck with millions of now worthless old Nakfa when the GSE changed its currency, so trading may decline between these two nations.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	N/A	N/A	2011	\$2.608	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	N/A	N/A	2014	\$7	BEA
Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	2014	\$0	BEA
Total inbound stock of FDI as % host GDP	N/A	N/A	N/A	N/A	N/A

Table 3: Sources and Destination of FDI

No data available.

Table 4: Sources of Portfolio Investment

No data available.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

mixed legal system of civil, customary, and Islamic religious law

International organization participation:

ACP, AfDB, AU, COMESA, FAO, G-77, IAEA, IBRD, ICAO, ICC (NGOs), IDA, IFAD, IFC, IFRC (observer), ILO, IMF, IMO, Interpol, IOC, ISO (subscriber), ITU, ITUC (NGOs), LAS (observer), MIGA, NAM, OPCW, PCA, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO

Section 6 - Tax

Exchange control

For further information - <http://www.shabait.com/>

Treaty and non-treaty withholding tax rates

For further information - <http://www.shabait.com/>

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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