Guyana

RISK & COMPLIANCE REPORT

DATE: March 2018

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Executive Summary - Guyana	
Sanctions:	None
FAFT list of AML Deficient Countries	No longer on list
Higher Risk Areas:	Offshore Financial Centre US Dept of State Money Laundering Assessment Compliance with FATF 40 + 9 Recommendations Not on EU White list equivalent jurisdictions Corruption Index (Transparency International & W.G.I.)) World Governance Indicators (Average Score)
Medium Risk Areas:	Weakness in Government Legislation to combat Money Laundering Failed States Index (Political Issues)(Average Score)

Major Investment Areas:

Agriculture - products:

sugarcane, rice, edible oils; beef, pork, poultry; shrimp, fish

Industries:

bauxite, sugar, rice milling, timber, textiles, gold mining

Exports - commodities:

sugar, gold, bauxite, alumina, rice, shrimp, molasses, rum, timber

Exports - partners:

US 30.8%, Canada 28.9%, UK 6.2% (2012)

Imports - commodities:

manufactures, machinery, petroleum, food

Imports - partners:

US 22.2%, Trinidad and Tobago 21.9%, China 12.3%, Cuba 6.1%, Suriname 4% (2012)

Investment Restrictions:

While maintaining a strong track record in attracting government-to-government development assistance, its record in attracting private sector investment has been inconsistent, though increased activity in extractive industries and energy could lead to large investments in coming years, driven by development in the hydroelectric, mining and oil and gas sectors. Overall, Guyana is open for investment, and poses few legal impediments to foreign investors, but needs to do more to facilitate investment and implement more transparent and accountable procedures.

The main investment agency, the Guyana Office for Investment (GO-INVEST), focuses primarily on agriculture and agro-processing, tourism, manufacturing, information and communication technology, seafood and aquaculture, as well as wood processing sectors.

Guyanese law permits foreign ownership of companies, and there is no mandatory screening of foreign investment.

The right of foreigners to own property or land in Guyana is specifically protected under the Constitution. 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.

The Government of Guyana grants foreign and domestic firms the right to establish and own business enterprises and engage in all forms of remunerative activity. Licenses are required in the mining, telecommunications, forestry, banking, and tourism sectors.

Contents

Section 1 - Background

Originally a Dutch colony in the 17th century, by 1815 Guyana had become a British possession. The abolition of slavery led to black settlement of urban areas and the importation of indentured servants from India to work the sugar plantations. The resulting ethnocultural divide has persisted and has led to turbulent politics. Guyana achieved independence from the UK in 1966, and since then it has been ruled mostly by socialist-oriented governments. In 1992, Cheddi JAGAN was elected president in what is considered the country's first free and fair election since independence. After his death five years later, his wife, Janet JAGAN, became president but resigned in 1999 due to poor health. Her successor, Bharrat JAGDEO, was reelected in 2001 and again in 2006. Donald RAMOTAR was elected president in 2011.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Guyana is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 21 October 2016

The FATF welcomes Guyana's significant progress in improving its AML/CFT regime and notes that Guyana has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in October 2014. Guyana is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Guyana will work with CFATF as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

CFATF Statement re AML Strategic Deficiencies

As a result of not meeting the agreed timelines in its Action Plan, the CFATF recognises Guyana as a jurisdiction with significant AML/CFT deficiencies, which has failed to make significant progress in addressing those deficiencies and the CFATF considers Guyana to be a risk to the international financial system. Members are therefore called upon to implement further counter measures to protect their financial systems from the ongoing money laundering and terrorist financing risks emanating from Guyana. Also, the CFATF has referred Guyana to the FATF.

Countermeasures could entail, among others, the requirement of enhanced due diligence measures; introducing enhanced reporting mechanisms or systematic reporting of financial transactions; refusing the establishment of subsidiaries or branches or representative offices in the country concerned, or otherwise taking into account the fact that the relevant financial institution is from a country that does not have adequate AML/CFT systems and limiting the business relationships or financial transactions with the identified country or persons in that country.

BACKGROUND INFORMATION

In November 2011 the CFATF brought to the attention of its Members certain jurisdictions including Guyana with significant strategic deficiencies in their AML/CFT regime. With a view to encouraging expeditious rectification of the identified strategic deficiencies Guyana and the CFATF developed an Action Plan with identified target dates to address the strategic deficiencies that exist in Guyana's national architecture to combat money laundering and the financing of terrorism.

The CFATF issued a public statement in May 2013 recommending that Guyana took steps to ensure that it addressed its AML/CFT deficiencies. Additionally, in November 2013 CFATF issued a further public statement calling upon its Members to consider implementing counter measures to protect their financial systems from the ongoing money laundering and terrorist financing risks emanating from Guyana. Guyana has failed to pass the relevant legislation necessary for it to significantly improve its AML/CFT regime and therefore has not substantially addressed the outstanding deficiencies from its mutual evaluation report. The CFATF urges Guyana to urgently, immediately and meaningfully address its AML/CFT deficiencies, in particular by: 1) fully criminalising money laundering and terrorist financing offences, 2) addressing all the requirements on beneficial ownership, 3) strengthening the requirements for suspicious transaction reporting, international co-operation, and the freezing and confiscation of terrorist assets, and 4) fully implementing the UN conventions. Please refer to the 6th follow-up report on Guyana, available at www.cfatf-gafic-org for greater details.

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Guyana was undertaken by the Financial Action Task Force (FATF) in 2011. According to that Evaluation, Guyana was deemed Compliant for 1 and Largely Compliant for 5 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

US Department of State Money Laundering Assessment (INCSR)

Guyana is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Guyana is a transit country for South American cocaine destined for Europe, the United States, Canada, and the Caribbean. Cocaine is concealed in legitimate commodities and smuggled via commercial maritime vessels, air transport, human couriers, or the postal services. Traffickers are attracted to Guyana's remote airstrips, porous land borders, and weak security infrastructure. Largely unregulated currency exchange houses, used to transfer funds to and from the diaspora, pose a risk to Guyana's AML regime. Guyana has made much progress on the AML front, but more training, education, and resources are needed in the future.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Narcotics trafficking and government corruption are the primary sources of laundered funds. However, other illicit activities, such as human trafficking, illicit gold mining, contraband, and tax evasion, are also sources. Common money laundering typologies include: fake agreements of sale for precious minerals used to support large cash deposits at financial institutions; cross- border transport of volumes of precious metals small enough to avoid scrutiny by relevant officials and the payment of the relevant taxes and duties; and using middle-aged and elderly couriers for cross-border transport of large sums of U.S. dollars.

The major agencies involved in anti-drug and money laundering efforts are the Guyana Police Force (GPF), Guyana Revenue Authority, the Customs Anti-Narcotics Unit, the Special Organized Crimes Unit (SOCU), the Bank of Guyana, the Ministry of Finance, the Financial Intelligence Unit (FIU), and the National Anti-Narcotic Agency. The investigative effectiveness of these agencies is limited due to inadequate human resources, insufficient training, and a lack of strong interagency cooperation. The business community's lack of cooperation also hinders Guyana's AML efforts.

Guyana does not have free-trade zones or offshore financial centers. Guyana has one casino.

KEY AML LAWS AND REGULATIONS

Guyana approved the Anti-Money Laundering and Countering the Financing of Terrorism Regulations 2015; amendments to the AML/CFT Act in 2015, 2016, and 2017; and Guidelines on Targeted Financial Sanctions 2015.

The Government of Guyana's Anti-Money Laundering and Countering the Financing of Terrorism Act of 2009, Interception of Communications Act of 2008, and Criminal Law Procedure Act are designed to enhance the investigative capabilities of law enforcement authorities and prosecutors. There is also a records exchange mechanism in place with the United States. Guyana has comprehensive KYC and STR regulations.

Guyana is a member of CFATF, a FATF-style regional body.

AML DEFICIENCIES

Guyana's AML regime extends to legal persons and provides for enhanced due diligence for PEPs.

Guyana applied for Egmont Group membership in 2011 and, in 2012, received two sponsors. Guyana's Egmont application is still pending due to new sponsor requirements, and the government is working with regional representatives to identify new sponsors who meet the requirements.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Guyana ratified the 1988 UN Drug Convention by enacting the Narcotic Drug and Psychotropic Substances (Control) Act of 1988.

The AML/CFT legislation gives the FIU investigative authority into alleged money laundering. In May 2017, the FIU completed its risk assessment and action plan, which guides the government's national AML strategy. In July 2017, the FIU purchased software to detect illegal financial activities and is in the process of hiring a financial analyst and a legal advisor.

The FIU refers cases to the SOCU, an arm of the GPF, for investigation and has submitted 11 money laundering reports to date. SOCU has launched an investigation of the Guyana Gold Board's involvement in money laundering for a gold dealer arrested in April and an investigation into a hotel and potential casino operator, whose Surinamese partner was jailed in the Netherlands for money laundering in 2006. In 2017, the government hosted an AML seminar to inform local reporting entities of their obligations and responsibilities under the AML regime.

Guyana has made great progress on the AML front but should continue to provide training to increase awareness and understanding of AML laws within the judiciary and agencies with investigative authority for financial crimes. Suspicious activity reporting, wire transfers, and customer due diligence regulations should be strengthened and additional resources given to the FIU and SOCU. Reporting and investigating entities should improve their inter-agency coordination in the future.

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

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

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.

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.

EU White list of Equivalent Jurisdictions

Guyana 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

Guyana is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2017 (introduction):

Introduction

Guyana is a transit country for cocaine destined for the United States, Canada, the Caribbean, Europe, and West Africa. Cocaine originating in Colombia is smuggled to Venezuela and onward to Guyana by sea or air. Smugglers also transit land borders with Brazil, Venezuela, and Suriname. Cocaine is often concealed in legitimate commodities and smuggled via commercial maritime vessels, air transport, human couriers, “go-fast” boats or various postal methods.

The influence of narcotics trafficking is evident in the country’s criminal justice systems and other sectors. Traffickers are attracted by the country’s poorly monitored ports, remote airstrips, intricate river networks, porous land borders, and weak security sector capacity.

Conclusion

The United States would welcome increased levels of cooperation with the Government of Guyana to advance mutual interests against the threat of international drug trafficking. Guyana has shown strong interest in furthering collaboration under CBSI. The United States looks forward to tangible progress on investigations, prosecutions, extraditions, security sector capacity enhancement, the engagement of at-risk communities, and enforcement of laws against money laundering and financial crimes.

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

Guyana is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act’s minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Guyana is a source and destination country for men, women, and children subjected to sex trafficking and forced labor. Women and children from Guyana, Brazil, the Dominican Republic, Suriname, and Venezuela are subjected to sex trafficking in mining communities in the interior and urban areas. Victims are subjected to forced labor in the mining, agriculture, and forestry sectors, as well as in domestic service and shops. While both sex trafficking and forced labor occur in interior mining communities, limited government presence in the country’s interior renders the full extent of trafficking unknown. Children are particularly vulnerable to sex and labor trafficking. Guyanese nationals are subjected to sex and labor trafficking in Jamaica, Suriname, and other Caribbean countries. Some police officers are complicit in trafficking crimes, and corruption impedes anti-trafficking efforts.

The Government of Guyana does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government convicted one trafficker, imposed a three-year prison sentence, and required her to pay the victim restitution—the first time restitution has been ordered for a trafficking offender in Guyana. The government also provided 600,000 Guyanese dollars (GYD) ($2,970) to an NGO-run shelter dedicated to trafficking victims—the first shelter of its kind in Guyana—to enhance the shelter's psycho-social services for victims. The government further increased collaboration with anti-trafficking NGOs by instituting procedures to refer victims to the shelter and including a leading anti-trafficking NGO on its inter-ministerial anti-trafficking taskforce. However, it did not allocate additional personnel to the severely understaffed anti-trafficking unit to facilitate trafficking investigations, nor did it increase protection and services for victims outside the capital or participating in investigations against their traffickers. The government continued to prosecute and punish suspected trafficking victims for crimes committed as a result of being subjected to trafficking.

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	35
World Governance Indicator – Control of Corruption	45

Corruption and Government Transparency - Report by US State Department

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.

Section 3 - Economy

The Guyanese economy exhibited moderate economic growth in recent years and is based largely on agriculture and extractive industries. The economy is heavily dependent upon the export of six commodities - sugar, gold, bauxite, shrimp, timber, and rice - which represent nearly 60% of the country's GDP and are highly susceptible to adverse weather conditions and fluctuations in commodity prices. Much of Guyana's growth in recent years has come from a surge in gold production in response to global prices, although downward trends in gold prices may threaten future growth. In 2014, production of sugar dropped to a 24-year low.

Guyana's entrance into the Caricom Single Market and Economy in January 2006 has broadened the country's export market, primarily in the raw materials sector. Guyana has experienced positive growth almost every year over the past decade. Inflation has been kept under control. Recent years have seen the government's stock of debt reduced significantly - with external debt now less than half of what it was in the early 1990s. Despite recent improvements, the government is still juggling a sizable external debt against the urgent need for expanded public investment. In March 2007, the Inter-American Development Bank, Guyana's principal donor, cancelled Guyana's nearly $470 million debt, equivalent to 21% of GDP, which along with other Highly Indebted Poor Country debt forgiveness, brought the debt-to-GDP ratio down from 183% in 2006 to 67% in 2015. Guyana had become heavily indebted as a result of the inward-looking, state-led development model pursued in the 1970s and 1980s.

Chronic problems include a shortage of skilled labour and a deficient infrastructure.

Agriculture - products:

sugarcane, rice, edible oils; beef, pork, poultry; shrimp, fish

Industries:

bauxite, sugar, rice milling, timber, textiles, gold mining

Exports - commodities:

sugar, gold, bauxite, alumina, rice, shrimp, molasses, rum, timber

Exports - partners:

US 33.5%, Canada 17.9%, UK 6.7%, Ukraine 4.3%, Jamaica 4% (2015)

Imports - commodities:

manufactures, machinery, petroleum, food

Imports - partners:

US 24.6%, Trinidad and Tobago 24.1%, China 10.8%, Suriname 9.5% (2015)

Section 4 - Investment Climate

Executive Summary

Guyana is a country located in South America's North Atlantic coast, bordering Venezuela, Suriname, and Brazil. Guyana has maintained moderate growth and is expected to have 4 percent growth in 2016.

Early general elections were held in May 2015. The A Partnership for National Unity+Alliance for Change (APNU+AFC) coalition won a one-seat majority in the National Assembly, ending 23 years of rule by the People's Progressive Party/Civic (PPP/C). Preceding the election, the uncertainty slowed investment because implementation of many governmental projects were either put on hold or curtailed until after elections. Upon taking power after more than 20 years of a PPP/C government, APNU+AFC reorganized several ministries, but has had some difficulty making the improvements they promised during the campaign.

The Government of Guyana publicly encourages foreign direct investment (FDI). Guyana offers potential investors – foreign and domestic alike – a broad spectrum of investment choices, ranging from more traditional industries (such as mining, sugar, rice, and timber), to non-traditional export sectors (such as aquaculture, agro-processing, fresh fruits and vegetables, light manufacturing, and value-added forest products), to services exports (such as tourism, call centers, and information technology (IT)-enabled services). Many products receive duty-free or reduced-duty treatment in destination markets. The government continues to encourage foreign investment but with limited success outside of the extractive industries sectors. Perceptions of corruption persist. Transparency International (TI) in its 2015 report on the subject scored Guyana 119 out of 168 ranked economies. Inefficient government, inadequate infrastructure, and crime remain barriers to attracting foreign investment. The government has publicly stated that it is working on changes that will improve its TI ranking.

Guyana continues to benefit from government-to-government development assistance from multiple donors focused on health care, education, climate change adaptation, disaster mitigation, and citizen security. In 2016, the United Kingdom announced significant new assistance for infrastructure development in Guyana to be administered over the next five years through the Caribbean Development Bank. Guyana's long-term record in attracting private-sector investment, however, remains poor. According to the Bank of Guyana, total FDI inflows decreased by 52.3 percent in 2015 to USD 121.7 million as compared to USD 255.2 million in 2014. In March 2015, ExxonMobil began exploratory drilling off Guyana's coast, initially investing roughly USD 300 million into the project. According to a study performed by the U.S. Geological Survey, as much as the equivalent of 15 billion barrels of oil are located in the Guyana-Suriname Basin.

Table 1

Measure	Year	Index or Rank	Website Address

TI Corruption Perceptions Index	2015	119	http://www.transparency.org/cpi2015/
World Bank's Doing Business Report	2015	137	doingbusiness.org/rankings
Global Innovation Index	2015	86	globalinnovationindex.org/content/page/data-analysis
World Bank GNI Per Capita	2013	3,940	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 USD 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.

Guyana has historically had difficulties complying with Financial Action Task Force/Caribbean Action Task Force (FATF/CATF) regulations. However, a top priority for the new government is to get Guyana removed from FATF's watch list. During the first year of the APNU+AFC government, the coalition passed three sets of amendments to the anti-money laundering and countering terrorist financing legislation. Both amendments were directly based on recommendations from the Americas Regional Review Group (AARG). The government has also focused on fighting crime, particularly financial crimes. The result, according to the Minister of Finance, has been an economic slowdown as illicit funds have been removed from Guyana's cash-based economy.

Political gridlock and infighting have historically hampered the country's development efforts on several fronts. For example, 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 then-opposition party – APNU. President Granger has recently resurrected talk of the project, and the Norwegian and Guyanese governments have agreed that a new feasibility study should be done to ascertain whether the government should go ahead with the construction. A number of other hydroelectric and renewable energy projects are also under consideration in order to lower Guyana's electricity costs and reduce its dependency on imports of diesel fuel. If successful, this will go a long way in promoting greater investment, since electrical costs are one of the largest impediments to significant value-added investment.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Foreign direct investment (FDI) into Guyana is actively encouraged and seen by the government as critical to its economic development. Numerous incentives are offered to investors in this regard. Despite these incentives, Guyana's long-term record in attracting private-sector investment remains poor. Consequently, investment productivity as measured by the Incremental Capital/Output Ratio (ICOR) has historically been low (USD 27 of investment to generate USD 1 of extra output in 2007); however, recent calculations of this indicator are not available.

The Government of Guyana (GoG) supports an 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 point of contact to obtain necessary permits and tax concessions. GO-Invest often determines that many prospective investors' proposals lack sufficient capital; these inquiries generally do not progress forward. Due to the state's formerly significant role in the domestic economy and the previous preference of the GoG for centralized decision-making, relatively large foreign investments have previously received intense political attention, often from the very highest political level. The newly elected government is attempting to reverse these trends. Over the past decade, the government enacted new laws or amended existing ones to encourage foreign direct investment, with mixed levels of success.

In 2009, the GoG launched its Low Carbon Development Strategy (LCDS) as a plan to transform the economy, conserve its forests, and adapt to global climate change 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 GoG 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 an Office for Climate Change, REDD+ Secretariat, 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. Depending on Guyana's performance, Norway had planned on contributing a total of up to USD 250 million by 2015 if Guyana demonstrated continued low rates of deforestation and forest degradation. However as of April 2015, Norway has only contributed USD 115 million. The GoG 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.

There are no significant laws and practices that discriminate against foreign investors who are accorded National Treatment.

Other Investment Policy Reviews

Guyana has been a World Trade Organization (WTO) member since 1995. Guyana underwent a WTO Trade Policy Review in September of 2015. According to the report, since its previous Review in 2009, Guyana's economic performance has improved, supported in particular by foreign direct investment and the expansion of private sector credit. GDP growth has been robust over the last several years. According to Bank of Guyana figures real GDP grew at 3.0 percent in 2015. Guyana's per capita GDP reached approximately USD 4,315 in 2015, up from around USD 2,360 in 2009. According to the Bank of Guyana, the annual inflation rate for 2015 was -1.8 percent (as compared to – the first time in many years that the country has experienced a downward trend in its Consumer Price Index).

Government policy is to encourage inward foreign direct investment. National treatment is applied to all economic activities except for certain mining operations. During the review period, the Government took actions to improve the business environment such as lowering corporate income tax rates, restructuring property registration fees and establishing a credit reporting system. Incentives for FDI include income tax holidays and tariff and value-added tax (VAT) exemptions.

Laws/Regulations on Foreign Direct Investment

Sufficient legislation exists in Guyana to enable foreign investment in the country, but implementation of relevant 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.

There is no executive interference in the court system that has adversely affected foreign investors. The judicial system is generally perceived to be slow and ineffective in enforcing legal contracts. Foreign investors should acquire proper legal counsel in-country, as suspected corrupt practices and long delays can generate difficulties in the settling of investment or contractual disputes. The 2016 World Bank's Doing Business Report states that it takes 581 days to enforce a contract in Guyana. In order to redress this obstacle to investment, the Government of Guyana, with support from the Inter-American Development Bank (IADB), established a Commercial Court in June 2006. Given Guyana's growth potential, there is need for expansion and strengthened capacity in the near future.

Business registration

All companies operating in Guyana must register with its Registrar of Companies. Registration fees are lower for companies incorporated in Guyana than those incorporated abroad. Locally-incorporated companies are subject to a flat fee of GYD 60,000 (roughly USD 300), and a company incorporated abroad is subject to a fee of GYD 80,000 (USD 400) if its capitalization is below GYD 1 million (USD 4,950), GYD 150,000 (USD 742) if its capitalization is between GYD 1 million (USD 4,950) and GYD 3 million (USD 14,851), and GYD 300,000 (USD 1,485) if it is greater than GYD 3 million (USD 14,851). Businesses in the sectors requiring specific licenses, for example, mining, telecommunications, forestry, and banking, must obtain operation licenses from relevant competent authorities before commencing operations.

The Guyana Office for Investment (GO-Invest), a semi-autonomous body under the Ministry of Business, is responsible for promotion of foreign and local investment. GO-Invest also advises the Government on the formulation and implementation of national investment policies. Go-Invest provides facilitation services, assisting domestic and foreign investors with completing administrative formalities such as their commercial registration and application for land purchase or lease. Under the Status of Aliens Act, foreign and domestic investors have the same rights to purchase and lease land. The Investment Act specifies that there should be no discrimination between private foreign and domestic investors, or among foreign investors from different countries. The authorities maintain that foreign investors have equal access to opportunities arising from privatization of state-owned companies

Guyana launched a "Micro- and Small-Enterprise Development and Building Alternative Livelihoods for Vulnerable Groups" (MSED) project on 14 October 2013. The MSED project provides interest subsidies (up to 5 percent) and credit guarantee (equivalent to 40 percent of loan) for micro and small enterprises. Under the MSED project, the maximum amount of loan facility available for each borrower is USD 150,000; before the end of April 2015, 21 loans with the total amount of USD 600,000 had been approved. In addition, a small amount of grant funds (USD 1500) were offered to small businesses in 17 sectors deemed as "low carbon sectors". The low carbon sectors are identified in the Guyana Low Carbon Development Strategy and include fruits and vegetables, aquaculture, business process outsourcing, and ecotourism.

Industrial Promotion

Guyana offers potential investors—foreign and domestic alike—a broad spectrum of investment choices, ranging from more traditional industries (such as mining, sugar, rice, and timber), to non-traditional export sectors (such as aquaculture, agro processing, fresh fruits, and vegetables, light manufacturing, and value-added forest products), to services exports (such as tourism and information technology-enabled services). Many products receive duty-free or reduced-duty treatment in destination markets.

Additionally, Guyana enjoys considerable established commercially-viable mineral reserves, principally in gold, diamonds, and bauxite. Smaller deposits of manganese, copper, rare earth elements, and uranium also exist. Their commercial viability, however, has not been definitively determined.

Opportunities can be found on the following websites:

Guyana Office for Investment: http://goinvest.gov.gy/investment/investment-guide/
The National Procurement & Tender Administration (NPTA): http://www.npta.gov.gy/
National Industrial & Commercial Investment Limited: http://www.privatisation.gov.gy/

Limits on Foreign Control and Right to Private Ownership and Establishment

In the mining sector there are restrictions on foreign ownership of property for small and medium-scale mining. Foreigners may enter into joint-venture arrangements with Guyanese nationals 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, and these arrangements are strictly governed through private contracts. Investors should practice proper due diligence when exploring any options in the mining sector, including an assessment of the risk involved in any joint-venture arrangements.

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 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.

Privatization Program

Foreign investors generally have equal access to privatization opportunities, even though the privatization process may not be wholly transparent. For some larger operations, foreign investment is openly preferred. Since 1992, the GOG has privatized 16 out of 22 state-owned enterprises (SOEs). Only Guyana Oil Company Limited, Guyana National Printers Limited, Guyana Sugar Corporation, the National Communication Network (NCN), Guyana Power & Light (GPL), and the Georgetown Marriott Hotel remain as SOEs. Most large-scale investments in Guyana's infrastructure are government projects financed by international financial institutions, with the Inter-American Development Bank (IDB) being the government's largest lender. U.S. firms are generally given equal access to these projects through a public bidding process. In some cases, allegations have been made that this bidding process has been less than transparent. In cases where international financial institution funding has been involved in the project, such allegations have been substantiated. In cases where the project relied solely on Government of Guyana funds, redress has been more problematic to achieve.

Screening of FDI

There is no mandatory screening of foreign investment. The government, however, conducts de facto screenings of many investments in order to determine which businesses are eligible for special tax treatment and 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 GYD 2 million (USD 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.

Competition Law

The Competition and Fair Trading Act of 2006 seeks to promote, maintain, and encourage competition; to prohibit the prevention, restriction, or distortion of competition and the abuse of dominant positions in trade; and to promote the welfare and interests of consumers and to establish a Competition Commission for connected matters.

In support of the functioning of this Act, a Competition Commission was instituted. The Commission is responsible for reviewing all commercial activities identifying those that adversely affect the economic interest of consumers; investigating businesses which do not comply with the Act; and conducting inquires in connection with any matter falling within the provisions of the Act.

2. Conversion and Transfer Policies

Foreign Exchange

The Guyana dollar (GYD) is fully convertible and transferable. According to the 2015 Bank of Guyana Annual Report, the average exchange rate was USD 1 to GYD 206.50 at the end of 2015. (https://www.bankofguyana.org.gy/bog/images/research/Reports/ANNREP2015.pdf). The exchange rate has been relatively stable, fluctuating between GYD 203 and GYD 209 for more than five years.

Guyana generally 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 GYD with some success. The government will likely continue to intervene in defense of the GYD and its international reserves.

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 USD 10,000 to customs authorities at the port of entry.

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.

The GYD is generally stable; its value against the USD remained unchanged in 2015. 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.

Remittance Policies

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.

Guyana is neither an important regional nor 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. Some success has been made since then; however .as of early 2016, the body has not reviewed Guyana's adjustments to the relevant legislation. The CFATF continues to call on its members to consider implementing counter measures to protect their financial systems from the ongoing money laundering and terrorist financing risks emanating from Guyana.

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 has 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. Nevertheless, expropriation can occur without proper fair market valuation.

The forestry sector operates at greater risk for expropriation 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

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

Guyana's legal system, like most Commonwealth countries, follows the English Common Law system. Vestiges of the Roman-Dutch legal system still remain, especially in the areas of land tenure. In early 2005, legislative amendments were made to allow Guyana's accession to the Caribbean Court of Justice as its final Court of Appeal.

Guyana's Supreme Court of Judicature hears both criminal and civil matters. Therefore, the Supreme Court in its civil jurisdiction has the standing to hear intellectual property claims. Though the Constitution of Guyana provides for the independence of the judiciary, in practice the executive has some influence over the judicial branch of the government. The hearing of civil matters is a slothful process and is perceived to be unfair. Judgments of Courts within the Commonwealth are considered judicial precedents where Guyanese laws are silent.

Suspected corrupt practices and long delays in the Guyanese court system can pose barriers 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 (IADB), established a Commercial Court in June 2006. Given Guyana's growth potential, there is need for expansion and strengthened capacity in the near future.

Bankruptcy

The 1998 Guyana Insolvency Act provides for the facilitation of insolvency proceedings. According to data collected by Doing Business, resolving insolvency takes 3.0 years on average and costs 29 percent of the debtor's estate, with the most likely outcome being that the company will be sold piecemeal. The average recovery rate is 18 cents on the dollar. Globally, Guyana stands at 141 in the ranking of 189 economies on the Ease of Resolving Insolvency.

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

Investment Disputes

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

A U.S firm that owns 80 percent of Guyana Telephone and Telegraph (GTT) has expressed concern over the GoG's intentions to terminate GTT's contractually guaranteed monopoly on land-line and international telecommunications prior to its expiration. The GoG's actions are linked to introducing legislation that would fully liberalize the telecommunications sector. The U.S firm and the GoG are having ongoing discussions to try and find a mutually acceptable agreement on the issue.

Another U.S company has filed a lawsuit against Guyana Telephone and Telegraph (GTT), alleging that they engaged in unfair trade practices in order to have Caribbean Telecommunications Ltd.'s license to provide cellular services in Guyana cancelled.

International Arbitration

Guyana does not have a bilateral investment treaty with the United States.

Double taxation treaties are in force with Canada (1987), the United Kingdom (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 have occurred since March 2009.

International arbitration decisions are enforceable under the Arbitration Act of British Guiana 1931, amended in 1998. The Act is fashioned from the Geneva Convention for the Execution of Foreign Arbitral Awards, 1927. Enforcement of foreign awards is done by way of judicial decisions or action, and must be in keeping with the public policy or law of Guyana.

ICSID Convention and New York Convention

Guyana is a member state to the International Centre for Settlement of Investment Disputes (ICSID convention).

Guyana has ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention), which went into force in December of 2014.

Duration of Dispute Resolution – Local Courts

According to the World Bank's, Doing Business report resolving disputes takes 581 days, costs 25.2 percent of the value of the claim and requires 36 procedures. Suspected corrupt practices and long delays have been cited by foreign investors.

A Commercial Court has been set up also to expedite commercial disputes but this court is overwhelmed by the huge backlog and the fact that a single judge presides over it.

To distinguish itself from the previous administration which ignored several commercial judgments against Guyana by the Caribbean Court of Justice, the current government has proactively agreed to respect court decisions.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Guyana has been a World Trade Organization (WTO) member since 1995 and adheres to TRIMS guidelines.

Investment Incentives

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 GoG 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 2003 Fiscal Enactments Act 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). 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 GoG 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 in order to be considered for such incentives. 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, both foreign and domestic, have benefited from investment incentives such as corporate tax exemption, income tax exemption, export tax exemption on non-traditional exports, and exemption from customs duty, excise tax, and value added tax.

Research and Development

The GoG has not financed research and developments programs, but foreign firms are encouraged to initiate research and development initiatives. The GoG does not force foreign investors to use domestic content in goods or technology. Both local and foreign investors, however, have found it useful to purchase from local sources as well as import goods unavailable on the local market.

Performance Requirements

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.

Data Storage

Foreign investors are not required to establish or maintain a certain amount of data storage within the country.

6. Protection of Property Rights

Real Property

The country has a dual registry system of property rights with distinct requirements, processes, and enforcement mechanisms. The two types of registry systems are deeds (Deeds Registry) and title (Land Registry) registries that operate in separate jurisdictions, which in theory help to avoid the problem of double entry and dual registration. But overall Guyana's property rights system is overly bureaucratic and complex, with regulations that are overlapping and competing, overloaded, and nontransparent. This affects the proper allocation, enforcement, and effectiveness of property rights, as well as the efficiency of all property-based markets such as housing, land, commercial property, and financial markets (especially primary ones such as mortgage markets). The judicial system is generally perceived to be slow and ineffective in enforcing legal contracts. The World Bank's Doing Business Report 2016 says that it takes 581 days to enforce such contracts.

Mortgage transactions in the Guyanese financial system are limited and the term, as used locally, refers solely to consumer loans dedicated to the construction of a primary residence.

There are three types of land ownership in Guyana today: a) public land – 85 percent: made of what used to be known as state and government lands; b) Amerindian land – 14 percent: lands held in common by indigenous communities; such lands are titled to the individual community; and c) private land – 1–2 percent: land that can be transferred by either freehold or absolute grant. A freehold transfer can be made either through a transport system or through a land registration system that is based on the Torrens type registry. Absolute grants are used in cases in which agricultural land is being transferred for non-agricultural use. In such cases, the land will first be transferred to the state, becoming public land, and is then titled to an individual. Such grants require a presidential decree.

Intellectual 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 modern legislation exists to protect the foreign-registered rights of investors. Guyana joined the World Intellectual Property Organization (WIPO) and acceded to the Berne 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 even with a completed registration, 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.

Additionally, Guyanese businesses and government agencies have been known to use pirated software for their computers. The new government has signaled disapproval and pledged to check that computers used in government offices are fully compliant IP rights for all software.

Guyana does not have a ratified intellectual property rights agreement with the United States.

The then-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/.

Resources for Rights Holders

Sandra Zuniga Guzman
Economic and Commercial Officer
Wynette Oudkerk
Economic and Commercial Assistant
Embassy of the United States of America
100 Duke and Young Streets
Kingston
Georgetown, Guyana
Phone: (011) (592) 225-4900-9 Ext. 4220 and Ext. 4213
Fax: (011) (592) 225-8597
Email: commercegeorgetown@state.gov
http://georgetown.usembassy.gov

7. Transparency of the Regulatory System

In April 2006, Parliament passed the Competition and Fair Trading Act, which serves as a partial fix for Guyana's lack of comprehensive anti-trust legislation. The act 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 often require the involvement of multiple agencies. Investors report receiving conflicting messages from various officials. In the absence of adequate legislation, much decision-making remains centralized. A significant number of issues continue to be resolved in Cabinet, 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.

Draft pieces of legislation are available in the Parliament Library and on the National Assembly website (http://parliament.gov.gy/) for public review.

8. Efficient Capital Markets and Portfolio Investment

In Guyana, interest rates on capital loans typically range from 10 percent to 20 percent. The Minister of Finance must grant permission for a foreign investor to borrow more than USD 10,000 (GYD 2 million) from a local bank. The GOG sells Treasury Bills at auction to finance the public debt. Past attempts at private bond financing have failed, and private companies have not made any 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 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 which went into effect on 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 trades shares in companies that are either listed on the primary list or on the secondary list. Inclusion on the primary list is both time consuming and an expensive process. Thus far, only one company, Trinidad Cement Ltd., has been able to register on the primary list. However, it was voluntarily delisted from the Guyana Stock Exchange with effect from January 18, 2016. The secondary list is composed of 16 companies and consists of those companies that are registered with the Guyana Securities Council (GSC) and eligible to trade. As of December 2015, total market capitalization was USD 717 million. Trade volume on the Guyana Stock Exchange remains very light due both to the limited number of companies and shares on offer.

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.

Money and Banking System, Hostile Takeovers

The Central Bank of Guyana was established by virtue of the 1965 Bank of Guyana Ordinance. Guyana's banking system remains underdeveloped. Inefficiencies and delays periodically plague the foreign currency market. Because Guyana has yet to develop an effective interbank trading system, some banks may be short of foreign exchange while others have currency available. Businesses report that currency shortages can result in significant delays in converting Guyana dollars to U.S. dollars at some banks.

The six commercial banks are by far the most important financial institutions in Guyana with assets worth GYD 443 billion (USD 2.2 billion) in 2015 equivalent to 78 percent of the Gross Domestic Product (GDP).

9. Competition from State-Owned Enterprises

Private enterprises compete with state-owned enterprises (SOEs) under the same terms and conditions for market access, credit and other business operations, and licenses. Currently there are six SOEs in Guyana: Guyana Sugar Corporation (GUYSUCO), Guyana Oil Company Limited, Guyana Power and Light Inc., National Communications Network, the Guyana National Printers, and the Georgetown Marriott Hotel. 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.

During the 1990s, Guyana underwent a significant privatization process, 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 end of the calendar year. These financial reports must be audited by an independent auditor.

OECD Guidelines on Corporate Governance of SOEs

Not applicable.

Sovereign Wealth Funds

Guyana does not currently have a Sovereign Wealth Fund. However, the government has expressed its intention to create one.

10. Responsible Business Conduct

Compared to responsible business conduct (RBC) norms in North America and Europe, Guyana-based businesses lag in adopting RBC policies and activities. Though many businesses engage in charitable acts, the totality of these deeds does not constitute good RBC practices. Guyanese consumers generally are not aware of RBC 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 RBC practices, setting an example for smaller local firms to follow, particularly in the extractive industries sector.

11. Political Violence

Political violence has occurred in Guyana. Political protests in Guyana have a history of turning violent. In April 2015, police used mild force to clear political activists, parliamentarians, and the mayor of the capital city as they protested against the government's investment in a private hotel enterprise (the Georgetown Marriott). Kaieteur News, a newspaper in Guyana, even reported that the former Minister of Health – who was dismissed from his position after the incident – threatened violence against a female protestor should she continue to protest. No one was hurt as a result of the standoff between the protesters and the police. As of May 2016, there have been no reported incidents of political violence since the change in government in May 2015.

Increased violence between the Indo-Guyanese and Afro-Guyanese communities has historically occurred at the time of national elections. The 2015 national elections, however, were the third successive iteration in which there was no significant communal violence. The 2015 election period saw a few isolated incidences of unrest, but no one was seriously injured and the police did not resort to the use of force.

12. Corruption

Allegations of corruption remain common. According to Transparency International's 2015 Corruption Perceptions Index (CPI), Guyana is ranked 119th out of 168 countries for perceptions of corruption– rising by five slots from 124 the previous year. Guyana has ratified the Inter-American Convention Against Corruption (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 an oversight body, a Public Procurement Commission and the National Procurement and Tender Administration Board (NPTAB), which handles day-to-day operations. The Minister of Finance appoints the members of this Board. The Public Procurement Commission's job is to ensure transparency and accountability throughout the government procurement process including in regards to the NPTAB's operations; it has never been established.

There are widespread concerns about inefficiencies and corruption regarding the awarding of contracts particularly with respect to concerns of collusion and non-transparency. In his annual report, the Auditor General has noted continuous disregard for the procedures, rules, and the laws that govern public procurement systems.

The Criminal Law Act classifies both corruption and bribery as illegal. Offenses carry a penalty of GYD 390,000 (USD 2,000) 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 2015-2016," identified inefficient government bureaucracy as the largest obstacle to doing business in Guyana, followed by corruption. Corruption discourages potential foreign direct investments and foreign investors, and it also undermines economic development and growth.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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.

Resources to Report Corruption

Transparency International
Reverend Father Compton Meerabux
Transparency International Guyana
79B Cowan Street, Kingston,
592-231-9586
infotransparencygy@gmail.com

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

Guyana does not have a bilateral investment treaty with the United States. Guyana has bilateral investment treaties with the United Kingdom, Germany, Cuba, China, Switzerland, South Korea, and Indonesia.

Bilateral Taxation Treaties

Double taxation treaties are in force with Canada (1987), the United Kingdom (1992), and CARICOM (1995).

14. Foreign Trade Zones/Free Ports/Trade Facilitation

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.

Guyana has become the 53rd WTO member and first South American nation to ratify the new Trade Facilitation Agreement (TFA). The WTO Secretariat received the country's instrument of acceptance on November 30, 2015.

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) ($B USD)	2015	$3.2	2014	$3.1	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	2014	$255.2	2013	$240	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States ($M USD, stock positions)	N/A	N/A	N/A	N/A	N/A
Total inbound stock of FDI as % host GDP	2015	3.8%	N/A	N/A	N/A

*Bank of Guyana Annual report 2015.

Table 3: Sources and Destination of FDI

Foreign direct investment position data are not available for Guyana.

Table 4: Sources of Portfolio Investment

Portfolio investment data are not available for Guyana.

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:

common law system, based on the English model, with some Roman-Dutch civil law influence

International organization participation:

ACP, AOSIS, C, Caricom, CD, CDB, CELAC, FAO, G-77, IADB, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRCS, ILO, IMF, IMO, Interpol, IOC, IOM, ISO (correspondent), ITU, LAES, MIGA, NAM, OAS, OIC, OPANAL, OPCW, PCA, Petrocaribe, UN, UNASUR, UNCTAD, UNESCO, UNIDO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

For more information - http://gina.gov.gy/wp/

Treaty and non-treaty withholding tax rates

Guyana has double taxation treaties with the United Kingdom, Canada and Caricom Countries. The withholding taxes applicable for each territory are as follows:

On dividends and interest 15%
On other payments 10%.

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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