Guinea

RISK & COMPLIANCE REPORT

DATE: January 2017

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Executive Summary - Guinea	
Sanctions:	EU Financial Sanctions
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Compliance with FATF 40 + 9 Recommendations Weakness in Government Legislation to combat Money Laundering Not on EU White list equivalent jurisdictions Corruption Index (Transparency International & W.G.I.)) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)

Major Investment Areas:

Agriculture - products:

rice, coffee, pineapples, palm kernels, cassava (manioc), bananas, sweet potatoes; cattle, sheep, goats; timber

Industries:

bauxite, gold, diamonds, iron; alumina refining; light manufacturing, and agricultural processing

Exports - commodities:

bauxite, alumina, gold, diamonds, coffee, fish, agricultural products

Exports - partners:

India 10.6%, Spain 9.6%, Chile 9.4%, US 7.1%, Ireland 6.3%, Germany 6.3%, Ukraine 5.7%, France 5% (2012)

Imports - commodities:

petroleum products, metals, machinery, transport equipment, textiles, grain and other foodstuffs

Imports - partners:

China 14.2%, Netherlands 7.6% (2012)

Investment Restrictions:

Guinea's Investment Code of 1987 guarantees, on paper, the right of all individuals (of both Guinean and foreign nationality) to undertake any economic activity in accordance with current laws and regulations. Foreign ownership of up to 100% is permitted in commercial, industrial, mining, agricultural and service sectors. However, some industries, such as radio, television, and print media, are legally restricted from having a majority foreign ownership. Revised in 1992, the Investment Code authorizes private investment of all types: foreign private, mixed foreign and local, and mixed public and private. The Guinean government provides a guarantee in the Investment Code that it will not, except for reasons of public interest, take any steps to expropriate or nationalize foreign or locally held assets or businesses. In reality, this guarantee is insufficient protection, as both the CNDD and the Transition Government carried out (or threatened to carry out) expropriations in 2009 and 2010 in the sake of "public interest". While the Conde administration announced its intent to revise the Investment Code sometime in 2012, little outward progress was made.

Contents

Section 1 - Background

Guinea has had a history of authoritarian rule since gaining its independence from France in 1958. Lansana CONTE came to power in 1984 when the military seized the government after the death of the first president, Sekou TOURE. Guinea did not hold democratic elections until 1993 when Gen. CONTE (head of the military government) was elected president of the civilian government. He was reelected in 1998 and again in 2003, though all the polls were marred by irregularities. History repeated itself in December 2008 when following President CONTE's death, Capt. Moussa Dadis CAMARA led a military coup, seizing power and suspending the constitution. His unwillingness to yield to domestic and international pressure to step down led to heightened political tensions that culminated in September 2009 when presidential guards opened fire on an opposition rally killing more than 150 people, and in early December 2009 when CAMARA was wounded in an assassination attempt and evacuated to Morocco and subsequently to Burkina Faso. A transitional government led by Gen. Sekouba KONATE held democratic elections in 2010 and Alpha CONDE was elected president in the country's first free and fair elections since independence. CONDE in July 2011 survived an attack on his residence allegedly perpetrated by the military. In October 2012, he announced a cabinet reshuffle that removed three members of the military from their positions, making the current administration Guinea's first all-civilian government.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

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

Compliance with FATF Recommendations

The initial Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Guinea was undertaken by the Financial Action Task Force (FATF) in 2012. According to that Evaluation, Guinea was deemed Compliant for 1 and Largely Compliant for 7 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

First follow-up report of Guinea

The 18th GIABA Technical Commission/Plenary held in November 2012 adopted the MER of Guinea and placed the country on Expedited Regular Follow-up in accordance with the GIABA ME P&P. Consequently, Guinea was directed to submit its fi follow-up report to the Plenary in November 2013. Following Guinea's inability to submit this report at the 20th GIABA Plenary in November 2013, the Secretariat presented a Memorandum on the Status of Implementation of AML/CFT measures in Guinea which highlighted the outstanding deficiencies identified in the country's AML/CFT system, the technical assistance provided by GIABA, and other efforts made to ensure effective implementation of AML/CFT measures. The memorandum also stated the implications of the country's failure to submit its follow-up report as per the Plenary decision. In defence of its inaction, Guinea provided information on its recent developments, particularly the establishment of the FIU and appointment of its leadership, and pledged to take significant steps to address the outstanding deficiencies in its AML/CFT regime.

The Plenary noted the efforts made by Guinea and encouraged the country to accelerate the pace of implementing AML/CFT measures, including taking immediate action to ensure the full operation of the FIU.

However, due to the country's non-compliance with the ME P&P regarding the submission of follow-up reports and the minimal progress made by Guinea since the adoption of its MER in November 2012, and thus applying appropriate steps as provided in paragraph 48(a) of the GIABA ME P&P, the Plenary escalated Guinea to Enhanced Follow-up and directed the country to submit its first follow-up report to the Plenary within six months in May 2014.

Evaluation of National AML/CFT activities

The Anti-money laundering and counter-terrorism financing campaign has not recorded any improvement in routine activities in Guinea. There is no operational mechanism, which makes it difficult to obtain statistics indicating the level of performance.

Though provided for by the law, the FIU is yet to be operational. This significantly reduces the country's AML/CFT activities. However, within the banking sector, suspicious transaction reports are sent to the Central Bank, where an ad hoc unit has been created for this purpose. The summary analysis of the files by the unit shows that most of the offences identified concern transfer of funds without a valid economic justification and such monies were simply returned to the institutions that originated the transaction. This highlights the weakness of the AML/CFT regime in place.

Finally, another equally important aspect of the country's anti-money laundering regime relates to public expenditure control. Guinea is plagued by misappropriation of public finances. This was particularly persistent during the transition period. The new Government has adopted corrective measures and intends to restore the uniqueness of Government accounts, a major factor in curbing the embezzlement of public funds and corruption within the State administrative apparatus, and therefore a source of money laundering.

The main challenge of the AML/CFT regime in Guinea has to do with the failure to establish an FIU, which naturally makes it impossible to contact the other segments and entities accountable to money laundering and the financing of terrorism.

Prevalence of Predicate Crimes

The difficult socio-economic conditions in Guinea make it easy for transnational organized crime to thrive. Also, the country's informal and cash-based economy, weak law enforcement and poor record-keeping and widespread corruption provide a fertile environment for predicate crimes to flourish. Among these crimes are drug trafficking, smuggling of commodities, weapons and ammunition, and currency counterfeiting.

The World Drug Report 2013 lists Guinea as the 17th most frequently mentioned country of origin for individual cocaine seizure cases in 2011–2012. The UNODC 2012 ATS Situation Report also included Guinea as a point of origin of methamphetamine trafficked to East and Southeast Asia. Human trafficking is also a thriving component of organized crime in the country, although it is more of a source and transit country than a destination country for persons subjected to forced labour and sex trafficking. Women and girls from the country are mostly subjected to domestic servitude and sex trafficking in Nigeria, Côte d'Ivoire, Benin, Senegal, Greece and Spain.

Some of the known techniques for laundering the proceeds of these crimes include investment in real estate in Guinea for immediate sale, purchase of diamonds or gold for resale, and resale of stolen cars from the USA. The weakness of public institutions of governance, occasioned by decades of misrule and political crises, has made confronting the threats of ML/TF particularly challenging for Guinea.

The porosity of Guinea's borders, which it shares with six other countries, most of which have a long history of conflict, makes the country particularly vulnerable to transnational organized crime. The country lacks the capacity to effectively monitor those borders against the risk of crime. The dominance of the informal sector in a cash-based economy also facilitates financial crimes, particularly ML/TF. There is a large presence in the country of a Middle Eastern community, as well as an informal money transfer service, though there is no evidence to link the businesses of members of this community to terrorism or terrorist financing.

AML/CFT Situation

Owing to the difficult political situation in Guinea, the mutual evaluation of Guinea did not take place until late 2012. The MER revealed tremendous weaknesses in the country's AML/CFT regime that needed to be addressed urgently. These weaknesses include non-existence of a functional FIU, inadequate criminalization of ML/TF, inadequate implementation of reporting and CDD obligations, weak supervision or regulation of business entities, ineffective enforcement, and lack of an AML/CFT national strategy.

The absence of an FIU until very recently has meant that reporting entities do not generate CTRs, STRs and other reports for analysis and investigations. There are also no ML/TF prosecutions and convictions. In the last quarter of 2013, Guinea established an FIU and appointed its board members.

Conclusion

Although Guinea faces huge political, economic and development challenges, it needs to give urgent attention to building its AML/CFT regime. Its failure to prioritize AML/CFT issues could mar the modest political and economic gains it has made in the last few years, given its high-risk environment.

The country's authorities should, therefore, adequately criminalize ML/TF, in line with international standards, as a matter of urgency. It should also ensure that the newly established FIU is adequately resourced and staffed, develop and adopt its national strategy as a prelude to developing its National Risk Assessment Framework, strengthen its supervisory regime, and enhance the capacity of law enforcement and the judiciary to combat financial crimes, including ML/TF.

US Department of State Money Laundering assessment (INCSR)

Guinea 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:

The lack of record-keeping, weak law enforcement, corruption, and the informal, cash-based economy in Guinea provide a fertile environment for money laundering and its predicate offenses. The situation is made more complex by the Economic Community of West African States' principle of free movement of persons and goods. The country's openness to the sea and the existence of a large seaport provide a major economic opportunity but also constitute risks that should be addressed by the authorities. With the 2015 presidential elections completed and the Ebola epidemic in Guinea winding down, the government is turning its attention to economic expansion and rule of law.

The number of unauthorized currency dealers that resist government measures against unlicensed operators continues to grow. Guinea has an extensive black market for smuggled goods, which includes illegal drugs trafficked from Guinea-Bissau and Sierra Leone. The Port of Conakry is also used as a way-point between drug suppliers in South America and consumers in Europe. The Guinean customs office, for example, reported its participation in the interdiction of 71 kilos of cocaine headed for Spain in 2015. Local officials believe the sale of counterfeit U.S. currency in Guinea involves money laundering. It is estimated that 80 percent of the pharmaceutical drugs sold in the region are counterfeit, although the government has recently undertaken efforts to address this out of concern for public safety.

Reportedly, certain segments of the large Lebanese expatriate community launder the proceeds of outside criminal activity by purchasing or constructing buildings in Guinea for immediate sale. Other money laundering methods used in Guinea include the purchasing of diamonds or gold for resale. Stolen cars from the United States are often destined for West African markets, including Guinea. Due to limited law enforcement capacity, Guinean authorities struggle to determine the nexus between illicit funds and criminal organizations, and possible links to terrorism financing.

Guinea is plagued by misappropriation of public funds; however, there are no investigations that have connected corrupt Guinean officials with laundering activities. Most illicit funds are transferred via a widespread and well established network of money transfer agents operating out of local markets.

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: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:
Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES KYC covered entities: The Public Treasury, Central Bank, banks, currency exchanges and money remitters, microfinance institutions, insurance companies, the post office, real estate and travel agencies, auditors, service companies, cash couriers, non-governmental organizations (NGOs), lawyers, independent legal advisors, accountants, brokers, dealers, casinos, dealers in precious metals and stones, and notaries

REPORTING REQUIREMENTS:
Number of STRs received and time frame: 5: May – December, 2015
Number of CTRs received and time frame: Not applicable
STR covered entities: The Public Treasury, Central Bank, banks, currency exchanges and money remitters, microfinance institutions, insurance companies, the post office, real estate and travel agencies, auditors, service companies, cash couriers, NGOs, lawyers, independent legal advisors, accountants, brokers, dealers, casinos, dealers in precious metals and stones, and notaries

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:
Prosecutions: 0 in 2015
Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:
With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

Guinea is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

Although Guinea has criminalized money laundering, the Guinean government does not consider money laundering and drug trafficking to be high-priority issues. A law criminalizing terrorism financing was passed by the National Assembly in May 2014 and went into effect in 2015. It was the first law passed by the National Assembly, Guinea's first democratically-elected legislature. The counter-terrorism financing law was passed unanimously. In 2015, the Ministry of Finance sponsored publication of an AML/CFT action plan.

Many types of entities are covered under the AML law, but its reporting and customer due diligence requirements are neither fully implemented nor properly enforced; and many covered entities are not subject to comprehensive supervision or regulation. The only financial reporting that occurs is between local banks and the Central Bank of Guinea.

Guinea lacks the resources necessary for the proper surveillance of its porous borders. Although some controls exist for cross-border currency tracking, they relate only to customs fraud. Customs officials have no authority to enforce AML/CFT controls, and there is no central electronic database to record reported cross-border currency movements.

The CENTIF, Guinea's financial intelligence unit, was established in 2013. The CENTIF committee members include representatives of the Ministry of Economy and Finance, police, Ministry of Justice, Ministry of Security and Civil Protection, Customs, and the Central Bank. Backed by a $2.8 million budget allocation, the CENTIF's action plan for 2015-2017 is focused on building capacity and developing a national strategy. In addition to purchasing vehicles and equipment, the action plan calls for the training of CENTIF personnel, their counterparts, and "at risk occupations." The majority of the action plan's budget is not earmarked and the actual destination of the remaining funds is yet to be determined. As of November 2015, CENTIF has an operating budget of approximately $135,500.

Guinea's autonomous Anti-Corruption Agency (ANLC) reports directly to the president and is currently the only state agency focused solely on fighting corruption. However, it has been largely ineffective in its role with only two cases prosecuted, with no convictions, in 2014. The ANLC previously received anonymous tips from a hotline concerning possible corruption cases. However, the hotline has not functioned since February 2014 and during the past two years there have been no prosecutions as a result of these tips. In addition, no successor has yet been named following the 2014 death of the last director. The ANLC building requires renovation to adequately accommodate ANLC staff, and the ANLC reportedly lacks a discrete budget.

In August 2014, Senegalese Customs officials seized the equivalent of $20 million in Guinean francs at the international airport in Dakar when it was being transferred from a flight from Conakry to a flight going to Dubai. Guinea's Central Bank claimed the transfer was authorized and routine. However, the seizure was widely covered by the media and a full explanation concerning the currency transfer has not been given. Corruption within the judiciary, funding shortages, and ineffective law enforcement make it difficult for Guinea to cooperate fully with foreign governments to combat financial crime. Guinea has been cooperative with U.S. law enforcement efforts.

The Government of Guinea should take action to deter and prosecute corruption. Guinea has laws to criminalize money laundering and terrorism financing but it must now devote the necessary resources to implement and enforce these laws. Although Guinea has a tipping off provision, it only applies to the subject of an STR; it should be expanded to apply to disclosure to any third person. The government has made strides to staff and train the CENTIF, but it remains to be seen if the new office will have the capacity and political capital to enforce its mandate.

Current Weaknesses in Government Legislation (2014 INCRS Comparative Tables):

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

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

Egmont Financial Intelligence Units - .The jurisdiction has established an operative central, national agency responsible for receiving (and, as permitted, requesting), analyzing, and disseminating to the competent authorities disclosures of financial information concerning suspected proceeds of crime, or required by national legislation or regulation, in order to counter money launderingThese reflect those jurisdictions that are members of the Egmont Group.

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.

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)

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

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.

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

Guinea 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

Guinea is not considered to be an Offshore Financial Centre

Reports

US State Dept Narcotics Report 2015

Guinea remains a transshipment point for narcotics, primarily cocaine from South America. Corruption and complicity by government agents in supporting the illicit drug trade remains a major impediment to international and local counter narcotics efforts.

The U.S. Drug Enforcement Administration (DEA) activated a joint U.S.-Guinea counternarcotics effort in 2014 – "Operation Shifting Sands" – which focused on investigative techniques and intelligence support. Several illegal shipments of narcotics were disrupted and prosecutions were underway at the end of 2014 as a direct result of this program. This program also exposed alleged involvement and support by mid-level security officials at the capital city's airport.

Trusted officials with Guinea's security apparatus have been very receptive to the partnership and efforts to disrupt the trade and expose the corruption that exists within elements of the local security apparatus. Unfortunately, due to the public health crisis of the Ebola virus disease in Guinea, this joint program was suspended in late 2014.

United States law enforcement agencies have demonstrated an ability to effectively cooperate with select elements of Guinea's law enforcement and counternarcotics community. DEA established a new regional office in Senegal in 2014 that has enabled enhanced engagement between U.S. and regional authorities, including in Guinea. The Gendarmes counternarcotics unit was eager to engage with DEA in 2014 and this engagement produced immediate and visible results. Although the joint program was suspended in late 2014, it remains a significant opportunity for re-engagement when the Ebola outbreak is contained and the environment is once again conducive to regional support. The United States is encouraged by the steps taken by Guinea in 2014, which demonstrated growing capacity and political will to address the challenging issues presented by the illicit drug trade.

Guinea does not have a mutual legal assistance treaty or extradition agreement with the United States, although Guinea has acceded to relevant multilateral conventions that enable such cooperation.

US State Dept Trafficking in Persons Report 2014 (introduction):

Guinea is classified a Tier 2 (watch list) 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.

Guinea is a source, transit, and, to a lesser extent, a destination country for men, women, and children subjected to forced labor and sex trafficking. The majority of Guinea's identified trafficking victims are children, and incidents of trafficking are more prevalent among Guinean citizens than foreign migrants residing in Guinea. In Guinea, girls are sometimes sent to third parties where they are subjected to domestic servitude and commercial sexual exploitation, while boys are forced to beg on the streets, work as street vendors or shoe shiners, or labor in gold and diamond mines. Some Guinean women, men, and children are subjected to forced labor in agriculture. For example, reports indicate that children are sent to the coastal region of Boke for forced labor on farms or to Senegal for education in Koranic schools, some of which exploit students through forced begging. Some Guinean boys and girls are subjected to forced labor in gold mining in Senegal, Mali, and possibly other West African countries. Guinea was used as a transit point for West African children subjected to forced labor in gold mining throughout the region. Guinean women and girls have been subjected to domestic servitude and sex trafficking in Nigeria, Cote d'Ivoire, Benin, Senegal, Greece, Spain, Belgium, France, Denmark, the Netherlands, the United States, and countries in the Middle East. Guinean boys have also been subjected to forced prostitution in Holland. During the reporting period, there were increased reports of Guinean girls and women discovered in Europe for the purposes of forced prostitution. Thai, Chinese, and Vietnamese women are subjected to forced prostitution in Guinea. Children from Mauritania, Costa Rica, Cabo Verde, Mali, Gabon, Senegal, and Ghana have been identified as child trafficking victims within Guinea. A small number of girls from Mali, Sierra Leone, Nigeria, Ghana, Liberia, Senegal, Burkina Faso, and Guinea-Bissau migrate to Guinea, where they are subjected to domestic servitude and to possible commercial sexual exploitation.

The Government of Guinea does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Despite these efforts, the government did not demonstrate evidence of overall increasing anti-trafficking efforts compared to the previous reporting period; therefore Guinea is placed on Tier 2 Watch List for the second consecutive year. The government conducted six investigations of possible trafficking offenses, and prosecuted and convicted one trafficking offender during the reporting period. The government, however, did not provide adequate resources or training to law enforcement and judiciary personnel, failed to provide basic protections to trafficking victims, did not provide any funding to support activities of the National Committee to Fight Against Trafficking in Persons, and did not take any tangible action to prevent trafficking during the reporting period.

US State Dept Terrorism Report

No report available

Arms

The EU adopted COUNCIL DECISION 2014/213/CFSP on 14 April 2014 ending Decision 2010/638/CFSP (see below) concerning restrictive measures against the Republic of Guinea.

The EU adopted Council Common Position 2009/788/CFSP on 27 October 2009. The Regulation provided, among other matters, an arms embargo.

The EU has subsequently amended the this Common Position via the adoption of Council Decision 2009/1003/CFSP and Council Regulation (EU) No 1284/2009 which entered into force on 23 December 2009. These new regulations add new restrictive measures on the sale, supply, transfer and export of equipment which might be used for internal repression. The Council Decision also provides for new controls on technical assistance, brokering and other services, and financing and financial assistance relating to such equipment.

Financial

In 2009 the European Union imposed restrictive measures concerning members of the National Council for Democracy and Development (NCDD) and persons associated with them. In 2011, the European Union revised the scope of the measures to apply only to persons identified by the International Commission of Inquiry as responsible for the 28 September 2009 events in the Republic of Guinea.

Current EU regulations

- 21.03.2011 Council Regulation (EU) No 269/2011 Revised the scope of the measures to apply only to persons identified by the International Commission of Inquiry. Amended Annex II to Regulation 1284/2009.
- 31.03.2010 Commission Regulation (EU) No 279/2010 Amended Annex II to Council Regulation (EC) No 1284/2009 by removing four individuals.
- 22.12.2009 Council Regulation (EU) No 1284/2009 Provided for certain restrictive measures concerning members of the National Council for Democracy and Development (NCDD) and persons associated with them, including an asset freeze.

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	27
World Governance Indicator – Control of Corruption	15

Corruption and Government Transparency - Report by US State Department

Corruption and bureaucratic red tape are hallmarks of Guinea's business climate. In its annual "Ease of Doing Business" index, the World Bank ranks Guinea 175th of 189 countries worldwide. Transparency International's 2013 "Corruption Perception Index" has Guinea ranked 150th of 177 countries listed.

The business and political cultures, coupled with low salaries, have historically combined to create and encourage a culture of corruption throughout Guinea's government system. Business is often conducted through the payment of bribes rather than by the rule of law. It is not uncommon for government officials to demand money for their personal use, in exchange for favors or to just perform their duties. Though it is illegal to pay bribes in Guinea, there is no enforcement of these laws. In practice, it is difficult and time-consuming to conduct business without paying bribes in Guinea, and as they must comply with the Foreign Corrupt Practices Act, this leaves U.S. companies at a disadvantage. Enforcement of the rule of law in Guinea is irregular and inefficient.

The Conde administration has promised to combat corruption in both the government and in commercial spheres as one of its top priority agenda items.

Section 3 - Economy

Guinea is a poor country that possesses major mineral, hydropower, solar power, and agricultural resources. Guinea has historically been an exporter of agricultural commodities, but in recent years has shifted to importing the majority of food crops. Bauxite is Guinea's main mineral resource as well as its main source of foreign currency. Guinea is the second largest producer of bauxite in the world and has the largest reserves of bauxite, estimated at 29 billion tons. The country also has significant iron ore, gold, and diamond reserves. However, Guinea has been unable to profit from this potential, as rampant corruption, dilapidated infrastructure, and political uncertainty have drained investor confidence. In the time since a 2008 coup following the death of long-term President Lansana CONTE, international donors, including the G-8, the IMF, and the World Bank, significantly curtailed their development programs but, following the December 2010 presidential elections, the IMF approved a new 3-year ECF arrangement in 2012. Guinea in September 2012 reached HIPC completion point status. Further international assistance and investment are contingent on the ability of the government to be transparent, combat corruption, reform its banking system, improve its business environment, and build infrastructure. International investors have expressed keen interest in Guinea's vast iron ore reserves, which could propel the country's growth. The government in April 2013 amended the September 2011 mining code to reduce taxes and royalties. Longer range plans to deploy broadband Internet throughout the country could spur economic growth as well. The biggest threats to Guinea's economy are political instability and low international commodity prices.

Agriculture - products:

rice, coffee, pineapples, palm kernels, cassava (manioc), bananas, sweet potatoes; cattle, sheep, goats; timber

Industries:

bauxite, gold, diamonds, iron; alumina refining; light manufacturing, and agricultural processing

Exports - commodities:

bauxite, alumina, gold, diamonds, coffee, fish, agricultural products

Exports - partners:

India 10.6%, Spain 9.6%, Chile 9.4%, US 7.1%, Ireland 6.3%, Germany 6.3%, Ukraine 5.7%, France 5% (2012)

Imports - commodities:

petroleum products, metals, machinery, transport equipment, textiles, grain and other foodstuffs

Imports - partners:

China 14.2%, Netherlands 7.6% (2012)

Banking

Guinea‟s banking system is loosely based on the rules and regulations governing the French banking system. Guinea‟s commercial banking sector was legalized by reforms in 1985 and 1986. Guinea‟s formal financial sector consists of the Central Bank and several commercial banks. The financial sector is largely controlled by foreign-owned banks. The system has a narrow base, is very fragile, and is unable to meet the development needs of the private sector; hence, there is a thriving black market for foreign currencies. Since banks are conservative and risk averse, there is not a significant amount of capital available to finance large investments. Commercial banks favor short-term lending at high interest rates (25% and up), as there is high potential for default. International banking institutions have reported harassment by the military in the form of robbery and attempted extortion.

Section 4 - Investment Climate

Executive Summary

Guinea, a country of approximately 12 million, has endured more than 50 years of authoritarian rule and severe economic mismanagement prior to the transition to a democratically elected government in 2010. Since then, and despite very real challenges in cementing democratic gains until the 2013 legislative elections, the country has been on a more stable, sustainable, and economically viable path.

Despite a history of rampant corruption and fiscal misrule, the long-term economic prognosis for Guinea is better today than it was ten, twenty or thirty years ago. Guinea is home to nearly one-half of the world's bauxite supply, the world's largest untapped deposit of high-grade iron and promising possibilities of oil reserves. In addition, Guinea enjoys ample fertile soil and hyper-abundant rainfall sufficient, if harnessed, to provide hydroelectric power throughout the West African region. Macroeconomic management in the years after the 2010 democratic transition have been solid, and is poised to improve further with a HIPC-derived fiscal space to expand investment in infrastructure, health and education – $2.1 billion in external debt was forgiven in the fall of 2012, including approximately $93 million in bilateral debt with the United States government.

Although much progress has been made, there is still far to go in order to reduce poverty and achieve shared prosperity. A legacy of political instability, insecurity and poor governance prevents the benefits of Guinea's natural wealth from reaching the vast majority living in extreme poverty.

Although the return of political stability has brought renewed interest in Guinea from the private sector, an enduring legacy of corruption, inefficiency, and lack of government transparency continues to undermine Guinea's economic viability. Successive governments have failed in their turn to address the crumbling infrastructure issues and Guinea lacks the infrastructure capabilities necessary to support advanced commercial activities. Shortages in electricity, disrepair of road and rail systems, and the lack of access to clean water continue to plague development efforts. Guinea suffers from deplorable electricity service, irregular throughout the capital city and effectively absent in much of the rest of the country.

Although the new government is eager to attract foreign investment and has made significant efforts to improve the process, Guinea remains a difficult place to invest.

Investment in Guinea has substantially lagged its regional peers, constituting a significant drag on potential economic growth and undercutting employment. The results have been weakened mining activity and underinvestment in infrastructure. Guinea's government has begun aggressively targeting higher investments, most notably during a major international investment conference ("Guinea is Back") in Abu Dhabi in November 2013. It is also speeding up review of mining concessions granted under previous governments to provide more stability to long term investments and assist investors put together the financing needed to actualize these often enormous projects.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude Toward FDI

The GOG is proactively seeking FDI as noted at the "Guinea is Back" investment conference in Abu Dhabi in November 2013 and demonstrated by a senior level delegation of Guinean officials travel to Washington in April 2014.

The technical process of starting a business in Guinea is theoretically straightforward. In December 2011, the GOG made an effort to centralize the process by establishing the Agency for the Promotion of Private Investment (APIP) (http://www.apiguinee.org), basically a one stop shop, which falls under the Office of the President.

Perhaps precisely because Guinea's economy has been mired at such a low level for so many decades, opportunities abound for rapid gains now that political stability is more firmly entrenched. Hotels and other key service industries attracted to the promise of ramped up foreign investment are sprouting around Conakry. Guinea's import levels are increasing as the country imports capital goods needed to upgrade infrastructure and set the stage for substantial expansion of the mining sector.

Guinea's new Mining Code commits the country to increasing transparency in the mining sector. In the code, the GOG commits to award mining contracts by competitive tender and to publish all past, current, and future mining contracts for public scrutiny. Members of mining sector governing bodies and employees of the Ministry of Mines are prohibited from owning shares in mining companies active in Guinea or their subcontractors. Each mining company must sign a code of good conduct and develop and implement a corruption monitoring plan. Guinea has already implemented a portion of its cutting-edge transparency approach through the creation of a public database of its mining contracts designed by the Revenue Watch Institute (http://www.contratsminiersguinee.org).

President Condé committed Guinea to full membership in the Extractive Industries Transparency Initiative (EITI), which seeks to deepen transparency for oil, gas and mining industries in developing countries. Guinea is a candidate country, and has until April 2014 to achieve EITI Compliance or faces suspension of its candidacy. The USG pledged to help Guinea advance its candidacy during the June 2013 G-8 summit.

Laws/Regulations of FDI

The Investment Code of the Republic of Guinea was approved by Ordinance N°001/PRG/87 of January 3, 1987 and modified by Act L/95/029/CTRN of June 30, 1995. It guarantees, on paper, the right of all individuals (both Guinean and foreign) to undertake any economic activity in accordance with current laws and regulations.

Limits on Foreign Control

Foreign ownership of up to 100% is permitted in commercial, industrial, mining, agricultural and service sectors. However, some industries, such as radio, television, and print media, are legally restricted from having a majority foreign ownership. Revised in 1992, the Investment Code authorizes private investment of all types: foreign private, mixed foreign and local, and mixed public and private. The Investment Code provides for penalties in the event that enterprises fail to meet their obligations and commitments. The Guinean government provides a guarantee in the Investment Code that it will not, except for reasons of public interest, take any steps to expropriate or nationalize foreign or locally held assets or businesses. In reality, this guarantee is insufficient protection, as the Transition Government carried out expropriations in 2009 and 2010 in the sake of "public interest".

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	(150 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	(133 of 177)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(175 of 189)	http//doingbusiness.org/rankings
Global Innovation Index	2013	(126 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	$440 USD	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

TABLE 1B - Scorecards: 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 2012 per capita gross national income (GNI) or $4,085 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/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf

2. Conversion and Transfer Policies

Individuals or legal entities considering investment in Guinea are guaranteed the freedom to transfer the original foreign capital, profits resulting from investment, capital gains on disposal of investment, and fair compensation paid in the case of nationalization or expropriation of the investment, to any country of their choice.

Foreign Exchange

Although there have been no recent changes to remittance policies, it is difficult to obtain foreign exchange in Guinea's economy. Guinea has experienced significantly weakened liquidity levels over the last several years due to government mismanagement, populist policies, corruption, a decrease in mining revenue due to political unrest, and dwindling foreign aid levels. Further, liquidity levels of commercial banks are affected by tight reserve requirements (22% of deposits) that are in line with IMF performance criteria.

Guinea's economy went through a difficult period in 2013, reflecting the fragile socio-political situation and a sharp slowdown in investment in the mining sector. As a result, growth is estimated to have slowed to 2.5 percent, sharply below the programmed 4.5 percent expansion. Inflation continued to fall, and at the end of 2013 was 10.5 percent year-on-year. International reserves were maintained at a satisfactory level, and the exchange rate remained broadly stable.

3. Expropriation and Compensation

Guinea's Investment Code states that the GOG will not, except for reasons of public interest, take any steps to expropriate or nationalize investments made by individuals and companies. It also promises fair compensation for expropriated property.

In 2011, the GOG claimed full ownership of several industrial facilities it had previously held partial shares in as part of joint ventures—including a canned food factory and processing plants for peanuts, tea, mangoes, and tobacco—with no compensation for the private sector partner. Each of these facilities had been founded as a state-owned enterprise and languished following privatization under corrupt circumstances in the late 1980s and early 1990s. According to GOG representatives, a joint committee composed of representatives from the Ministry of Industry and the Ministry of the Economy and Finance is preparing dossiers on each facility in order to solicit bids by public auction; the GOG plans to maintain a 20 to 30 percent share in each business. By expropriating these businesses from their owners, whom the GOG deemed to be corrupt and/or ineffective, and putting them to public auction the GOG hopes to correct past mistakes and put the assets in more productive hands. The private partner in at least one of these joint ventures has protested the seizure of its assets and has been battling the GOG decision in court. As of 2014, there has been no resolution of the case. GOG representatives have said that this expropriation applies only to former state-owned firms, fully-owned private businesses and other joint ventures with the GOG will not be affected.

4. Dispute Settlement

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

The country's legal system is largely based upon French civil law. However, the Guinean judicial system is reported to be understaffed, corrupt, lacking in transparency and accounting practices are frequently unreliable. U.S. businesspersons should exercise extreme caution when negotiating contract arrangements, and do so with proper local legal representation. From 2008 to 2009, the CNDD-led military junta reportedly sidelined the role of the formal judiciary in legal proceedings by transferring much of its power to a parallel military legal system. The Conde administration has targeted judicial reform as a major issue in need of renovation.

Investment Disputes

The Investment Code states that competent Guinean judicial authorities shall settle disputes resulting from interpretation of the Code in the accordance with laws and regulations. In practice, however, fair settlements may be difficult. The current Guinean constitution mandates an independent judiciary, although many business owners and high level government officials frequently claim that poorly trained magistrates, high levels of corruption, and nepotism plague the administration of justice. Guinea established an arbitration court in 1999, independent of the Ministry of Justice, to settle business disputes in a less costly and more expedient manner. The Arbitration Court is based upon the French system in which arbitrators are selected from among the Guinean business sector, rather than from among lawyers or judges, and are supervised by the Chamber of Commerce. All parties must be in agreement to have their case settled in the arbitration court. In general, Guinea's arbitration court has a better reputation than the judicial court system for settling business disputes.

International Arbitration

In 1993, Guinea became a member of the *Organisation pour l'Harmonisation du Droit des Affaires en Afrique* (Organization for the Harmonization of Commercial Law in Africa), known by its French initials, OHADA, which allows investors to appeal legal decisions on commercial and financial matters to a regional body based in Abidjan. The organization also seeks to create harmonization of commercial law, debt collection, bankruptcy, and secured transactions throughout the OHADA region. The treaty superseded the Code of Economic Activities and other national commercial laws when it was ratified in 2000, though many of the substantive changes to Guinean law have yet to be implemented. U.S. companies seeking to do business in Guinea should be aware that under OHADA, managers may be individually liable for corporate wrongdoing. See the OHADA website for specific OHADA rules and regulations (http://www.ohada.com).

ICSID Convention and New York Convention

Guinea is a member of the International Center for the Settlement of Investment Disputes (ICSID), an autonomous international institution established under the Convention on the Settlement of Investment Disputes between States and Nationals of other States with over one hundred and forty member states (https://icsid.worldbank.org/ICSID/Index.jsp). Guinea is also a member of the New York Convention which applies to the recognition and enforcement of foreign arbitral awards and the referral by a court to arbitration. (http://www.newyorkconvention.org)

Duration of Dispute Resolution

Despite the rights to dispute settlement set forth in Guinean law, business executives complain of the glacial pace of Guinean justice in business disputes. Most legal cases take many years and numerous legal fees to resolve. In speaking with local business leaders, the general sentiment is that any resolution occurring within 3-5 years would be considered relatively quick.

In many cases, the GOG does not meet payment obligations to private suppliers of goods and services, either foreign or Guinean, in a timely fashion. Arrears to the private sector are a major issue that is often ignored. The GOG is currently looking for ways to finance past arrears to the private sector -- possibly through issuing a public debt instrument. There is no independent enforcement mechanism for collecting debts from the government, although some contracts have international arbitration clauses. The government, while bound by law to honor judgments made by the arbitration court, often actively influences the decision itself.

Business executives, Guinean and foreign, have publicly expressed concern over the absence of rule of law in the country. In 2009, Guinean business leaders were targeted by the military for burglary and wide-scale harassment. Although the frequency of such harassment diminished under the Transitional Government and later under the Conde administration, some businesses have still been subject to sporadic harassment and “requests” for donations from military and police personnel.

5. Performance Requirements and Investment Incentives

The Investment Code, last revised in 1995, provides tax advantages for certain priority investments. The government’s priority investments are: promotion of small and medium-sized Guinean businesses, development of non-traditional exports, processing of local natural resources and local raw materials, and establishment of activities in less economically developed regions. Priority activities include agricultural promotion, especially of food, and rural development; commercial farming involving processing and packaging; livestock, especially when coupled with veterinary services; fisheries; fertilizer production, chemical or mechanical preparation and processing industries for vegetable, animal, or mineral products; health and education businesses; tourism facilities and hotel operations; real estate development with social benefit; and investment banks or any credit institutions settled outside specified population centers. (These priority sectors are also identified on the APIP website in paragraph 1.1).

Performance Requirements

Under the 2011 Mining Code, amended in April 2013 to reduce taxes and royalties, mining companies are required to hire Guinean citizens as a certain percentage of their staff, to have a Guinean country director eventually, and to award a certain percentage of contracts to Guinean-owned firms; the percentage varies based on employment category and the chronological phase of the project. The Code also aims to liberalize mining development and secure investment. In 2013, the Code created a Mining Promotion and Development Center, a one-stop shop to simplify the administrative process for investors.

6. Right to Private Ownership and Establishment

There is a right to private ownership of property in Guinea. The government’s regulations provide for a complex set of tax and duty exemptions and rebates in order to encourage private investment.

7. Protection of Property Rights

Real Property

The Land Tenure Code of 1996 provides a legal base for documentation of property ownership. As with ownership of business enterprises, both foreign and national individuals have the right to own property. However, enforcement of these rights depends upon a corrupt and inefficient Guinean legal and administrative system.

According to the 2014 World Bank's Doing Business Report, Guinea ranks 140 out of 189 countries for the ease of "registering property:" http://www.doingbusiness.org/data/exploreeconomies/guinea/

Intellectual Property Rights

Guinea is a member of the African Intellectual Property Organization (OAPI) comprised of 15 African countries and the World Intellectual Property Organization (WIPO) comprised of 186 members. OAPI is signatory to the Paris Convention for the Protection of Industrial Property, the Bern Convention for the Protection of Literary and Artistic Works, the Patent Cooperation Treaty, the TRIPS agreement, and several other intellectual property treaties. Guinea modified its intellectual property right laws in 2000 to bring them into line with established international standards. There have been no formal complaints filed on behalf of American companies concerning intellectual property rights infringements in Guinea. However, it is not certain that an intellectual property judgment would be enforceable, given the general lack of law enforcement capability. The Property Rights office in Guinea is severely understaffed and underfunded. For additional information about treaty obligations and points of contact at local Guinean IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/."

Embassy point of contact: Alan Royston, RoystonAR@state.gov

Local lawyers list: http://conakry.usembassy.gov/commercial_section.html

8. Transparency of the Regulatory System

Guinea's amended Mining Code commits the country to increasing transparency in the mining sector. In the code, the GOG commits to award mining contracts by competitive tender and to publish all past, current, and future mining contracts for public scrutiny. Members of mining sector governing bodies and employees of the Ministry of Mines are prohibited from owning shares in mining companies active in Guinea or their subcontractors. Each mining company must sign a code of good conduct and develop and implement a corruption monitoring plan. Guinea has already implemented a portion of its cutting-edge transparency approach through the creation of a public database of its mining contracts designed by the Revenue Watch Institute (http://www.contratsminiersguinee.org/).

While Guinea's laws promote free enterprise and competition, the government often lacks transparency in the application of the law. Business owners openly assert that application procedures are sufficiently opaque to allow for corruption, and regulatory activity is often applied based on personal interest.

9. Efficient Capital Markets and Portfolio Investment

Commercial credit for private and public enterprise is difficult and expensive to obtain in Guinea. The GOG passed a Build, Operate, and Transfer (BOT) convention law in 1998, which provides rules and guidelines for BOT and related infrastructure development projects. The law lays out the obligations and responsibilities of the government and investors and stipulates the guarantees provided by the government for such projects.

The Investment Code allows transfers of income derived from investment in Guinea, the proceeds of liquidating this investment, and the compensation paid in the event of nationalization to any country in convertible currency. The legal and regulatory procedures, while based on French civil law in theory, are not always applied uniformly or transparently.

Individuals or legal entities making foreign investments in Guinea are guaranteed the freedom to transfer the original foreign capital, profits resulting from investment, capital gains on disposal of investment, and fair compensation paid in the case of nationalization or expropriation of the investment, to any country of their choice.

The Guinean Franc uses a managed floating exchange rate. The average official exchange rate for 2013 was 6,912 to the USD. The few commercial banks in Guinea are dependent on the Central Bank for foreign exchange liquidity, making large transfers of foreign currency difficult.

Laws governing takeovers, mergers, acquisitions, and cross-shareholding are limited to rules for documenting financial transactions and filing any change of status documents with the economic register. There are no laws or regulations that specifically authorize private firms to adopt articles of incorporation that limit or prohibit investment.

10. Competition from State-Owned Enterprises

While Guinea maintains some SOE's for public utilities (water and electricity), the Alpha Conde government is slowly moving towards allowing private enterprises to operate in this sphere. Recent failures and allegations of corruption at the state owned energy company have led the Ministry of Energy to revise the management framework of the company and bring in private sector experts to evaluate and repair Guinea's dilapidated energy grid. Several private projects aimed at harnessing Guinea's hydroelectric energy potential are currently undergoing feasibility studies, with the goal of producing and selling energy throughout Guinea and to neighboring countries.

11. Corporate Social Responsibility

The amended 2011 Mining Code includes Guinea's first legal framework outlining corporate social responsibility. Under the provisions of the code, mining companies must submit social and environmental impact plans for approval before operations can begin and sign a code of good conduct, agreeing to refrain from corrupt activities and to follow the precepts of the Extractive Industry Transparency Initiative (EITI). However, lack of capacity in the various ministries involved will make monitoring and enforcement of corporate social responsibility requirements difficult.

12. Political Violence

Political instability, along with corruption, has historically been the most significant barrier to investment in Guinea.

Following the death of President Lansana Conte on December 22, 2008, a military junta calling themselves the National Council for Democracy and Development (CNDD) took power in a bloodless coup. Immediately following the coup, the USG suspended all but its humanitarian and election assistance to Guinea. The African Union (AU) and the Economic Community of West African States (ECOWAS) suspended Guinea's membership pending democratic elections and a relinquishment of power by the military junta.

After months of public opposition to the tactics of the military regime, the Forces Vives, a group formed of political opposition, civil society, economic actors, and labor unions, organized a large rally at the capital's soccer stadium to symbolize their rejection of junta-leader Moussa Dadis Camara's intention to run in upcoming presidential elections. Soon after the rally began, members of Guinea's armed forces entered the facility and opened fire on the crowd, killing at least 150 people and injuring over a thousand others. Many of the female protestors were also publicly and brutally raped. In the aftermath of the massacre, the military continued to target political and economic opposition. Much of the international community condemned the massacre and the subsequent gross human rights abuses. On December 3, Moussa Dadis Camara was shot by his Aide-de-camp Lt. Abubaker "Toumba" Diakite and was flown to Morocco for treatment. After over a month of recuperation in Morocco, Camara flew to Burkina Faso on January 13. On January 15, Camara, Burkinabe President Blaise Compaore, and Guinean Minister of Defense Sekouba Konate signed the Ouagadougou Accord, creating a transition government and naming Konate as the Interim President of Guinea, and a civilian, Jean Marie Dore, as Prime Minister. The Transition Government was tasked with organizing presidential and legislative elections to usher in a new democratic government of Guinea.

Guinea experienced additional violent incidents during 2011 and thereafter. On July 19, 2011, the President's personal residence was attacked with small arms fire and rocket propelled grenades. Following the attack the government arrested and charged 38 people, mostly military personnel. The government also temporarily reinstituted road blocks nationwide with night time check points continuing for months.

The small mining town of Zogota located in Guinea's Forest Region saw the deaths of five villagers including the village chief during August 2012 clashes with security forces over hiring practices at Brazilian iron-mining company Vale. The villagers alleged that Vale was not hiring enough local employees and was instead bringing workers from other regions of Guinea. The ensuing instability led to Vale evacuating all expatriate personnel from the town.

In 2013, numerous protests resulting in more than 30 deaths took place in the lead-up to the national legislative elections which had been repeatedly postponed prior to finally being held on September 28, 2013. Many other protests were held in 2013 by citizens and residents angry about the extreme lack of water and electricity in the capital city of Conakry. Some of these protests turned violent and many small businesses were negatively impacted by the frequency of the protests.

On July 15, 2013, violence erupted in N'Zerekore, the administrative capital of Guinea's Forestiere Region, 350 miles southeast of Conakry. Conflicting accounts exist of what triggered the onset of the violence which escalated as vicious confrontations ensued between members of Guerze and Konianke ethnic groups. According to local officials, mob and riot-inspired retaliation attacks put the death toll at more than 95 people dead and at least 150 injured. Local police and gendarmerie security forces were deployed to break up the fighting but were initially unable to quell the violence despite an imposed curfew. On July 16, President Alpha Conde publically deplored the violence in N'Zerekore and appealed for calm. By July 17, an uneasy calm was restored in the streets of N'Zerekore.

The impunity the military had previously enjoyed is now slowly being reversed. Security Sector Reform (SSR) training has identified and targeted the need to retrain and reorganize some elements of the security forces. In the uncertainty surrounding Guinea's first democratic elections, ethnic and political tensions sparked election-related violence that resulted in the deaths of over 15 people.

The success of the new democratic government continues to hinge upon President Alpha Conde's ability to restructure and maintain control of the security forces, and to create a government that fairly represents citizens of all ethnicities across Guinea. Thus far, the military has remained in its barracks during all political protests which is a marked departure from previous administrations.

Although none of the violent events detailed above specifically targeted American or foreign investors, they were disruptive to business in general and eroded confidence in the already tenuous security situation under which investors must operate in Guinea.

13. Corruption

Corruption and bureaucratic red tape are hallmarks of Guinea's business climate. In its annual "Ease of Doing Business" index, the World Bank ranks Guinea 175th of 189 countries worldwide. Transparency International's 2013 "Corruption Perception Index" has Guinea ranked 150th of 177 countries listed.

The business and political cultures, coupled with low salaries, have historically combined to create and encourage a culture of corruption throughout Guinea's government system. Business is often conducted through the payment of bribes rather than by the rule of law. It is not uncommon for government officials to demand money for their personal use, in exchange for favors or to just perform their duties. Though it is illegal to pay bribes in Guinea, there is no enforcement of these laws. In practice, it is difficult and time-consuming to conduct business without paying bribes in Guinea, and as they must comply with the Foreign Corrupt Practices Act, this leaves U.S. companies at a disadvantage. Enforcement of the rule of law in Guinea is irregular and inefficient.

The Conde administration has promised to combat corruption in both the government and in commercial spheres as one of its top priority agenda items.

14. Bilateral Investment Agreements

Countries with bilateral investment protections agreements with the Guinean government include Belgium, Benin, China, France, The Gambia, Germany, Great Britain, Iran, Italy, Japan, Morocco, Nigeria, Saudi Arabia, Senegal, South Africa, South Korea, Switzerland, and Tunisia. See the next section for U.S.-Guinea private investment guarantees.

15. OPIC and Other Investment Insurance Programs

Guinea and the U.S. have had an agreement on private investment guarantees in effect since 1962, making investors eligible for Overseas Private Investment Corporation (OPIC) insurance programs.

16. Labor

Guinea's Labor Code protects the rights of employees and is enforced by the Ministry of Social Affairs. The Labor Code sets forth guidelines in various sectors, the most stringent being the mining sector. Guidelines cover wages, holidays, work schedules, overtime pay, vacation, and sick leave. The National Assembly increased employer rights to hire and fire under the 1999 revision of the Labor Code. Employers no longer need to go through the labor office in order to contract or terminate the work of an employee, and the Act removed the requirement to hire only Guinean employees. Some employers, including the Guinean Government, avoid paying mandatory benefits by employing people as contractors for years at a time rather than as permanent employees. Many foreign managers cite incidents of theft, low productivity, and difficulty in terminating an employee as major problems.

The Labor Code outlines general guidelines related to health and safety, but the Guinean government has yet to articulate a set of practical occupational standards. The government has limited resources for this activity.

Pursuant to the Guinean Labor Code, any person is considered a worker, regardless of gender or nationality, who is engaged in any occupational activity in return for remuneration, under the direction and authority of another individual or entity, whether public or private, secular or religious. In accordance with this Code, forced or compulsory labor means any work or services extracted from an individual under threat of a penalty and for which the individual concerned has not offered himself willingly.

A contract of employment is a contract under which a person agrees to be at the disposal and under the direction of another person in return for remuneration. The contract may be agreed upon for an indefinite or a fixed term and may only be agreed upon by individuals of at least 16 years of age although minors under the age of 16 may be contracted only with the authorization of the minor's parent or guardian.

An unjustified dismissal provides the employee the right to receive compensation from the employer; in an amount equal to at least six months' salary with the last gross wage paid to the employee being used as the basis for calculating the compensation due.

The Labor Code also legalized employee labor unions and the right to collective bargaining. In 2006, Guinea's labor union gained strength and the independent unions joined with the National Labor Confederation (the government union) to form a union coalition that represented a vast majority of organized labor. Because of political infighting, the coalition has elected two different presidents, each claiming that the election of the other was illegitimate. There are about six major unions with national membership, and another eight or nine local unions in Conakry, all of which lobby for improved wages, benefits, and working conditions. They are also often used as avenues for voicing political dissent.

The law provides that the government should support children's rights and welfare, although in practice, the government has neither the capability, nor the political will, to curb the high rate of child labor. The Labor Code also stipulates that the Minister of Labor maintain a list of occupations in which women and youth under the age of 18 cannot be employed. In practice, enforcement by ministry inspectors is limited to large firms in the modern sector of the economy.

17. Foreign Trade Zones/Free Ports

There are no Foreign-Trade/Free Ports in Guinea

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Key Macroeconomic data, U.S. FDI in host country/economy

USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)

Economic Data	Year	Amount	
Guinea Gross Domestic Product (GDP)	2012	$5.632 billion	http://www.worldbank.org/en/country http://www.indexmundi.com/guinea/economy_profile.html

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:

civil law system based on the French model

International organization participation:

ACP, AfDB, AU, ECOWAS, EITI (candidate country), FAO, G-77, IBRD, ICAO, ICRM, IDA, IDB, IFAD, IFC, IFRCS, ILO, IMF, IMO, Interpol, IOC, IOM, ISO (correspondent), ITSO, ITU, ITUC (NGOs), MIGA, MINURSO, NAM, OIC, OIF, OPCW, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNISFA, UNMISS, UNOCI, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

For further information - http://www.guinee.gov.gn/

Treaty and non-treaty withholding tax rates

For further information - http://www.guinee.gov.gn/

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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