SUMMARY

1. During the period covered by its Fourth Trade Policy Review (TPR), Guinea introduced a number of reforms that helped to improve its economic situation. The adoption of a new Mining Code, the implementation of targeted measures in the agricultural sector, and the revival of hydro-electric power generation all helped to improve the attractiveness of the Guinean economy, which is heavily dependent on mining resources. As a result, the annual GDP growth rate, less than 2% in 2010, rose to over 5% in 2011 and 2012 before gradually subsiding to 3.5% in 2015 owing to problems in the mining sector, aggravated in 2015 by the Ebola epidemic, which seriously hampered economic activity. With the end of the epidemic in 2016, mining activities recovered and the agricultural sector began to perform well.

2. On the macroeconomic front, the tightening of monetary policy, including the decision to halt the Central Bank's financing of the budget deficit, brought the inflation rate down from 21% in 2011 to 8% in 2016. This was due in part to a budgetary policy that sought to optimize revenue collection while eliminating low-priority expenditure, so that in spite of the sharp fall in the world prices of Guinea's raw materials exports, the budget deficit had all but disappeared by 2016. However, owing to the sharp inequalities in the country's wealth distribution, the level of poverty remains a concern. Though there has been a slight improvement, the UNDP Human Development Index remains low, and Guinea is still in the group of least developed countries. Its economy is essentially dependent on the mining sector, with bauxite, gold, iron and diamonds accounting for approximately 95% of its goods and services export revenue.

3. As a net importer of goods and services, Guinea has an external current account deficit which rose from 17% of GDP in 2011 to 33% in 2016, with imports of goods and services representing approximately double the value of exports. Mining and hydro-electric power were the two main foreign direct investment targets during the review period both declining considerably with the collapse of raw material prices and the Ebola epidemic. Consequently, the share of goods and services exports in GDP, already particularly low by regional standards at 32%, fell to approximately 27% in 2016, highlighting the need to diversify the economy. In the meantime, the share of imports dropped from 53% to 47%. The relative decline in exports and imports led to a drop in the ratio of trade in goods and services to GDP from 85% in 2011 to 74% in 2016. And yet this ratio still testifies to the importance of trade for Guinea, whose main trading partners remain the European Union (although its share in both imports and exports has decreased), China, the United Arab Emirates, and Switzerland.

4. At the WTO, Guinea has bound approximately 40% of its tariff lines, including all agricultural products and about 30% of non-agricultural products, at rates ranging from zero to 75%. The simple average of the bound rates is 20.4%, or 39.6% for agricultural products and 9.9% for non-agricultural products. As a member of the Economic Community of West African States (ECOWAS), since 2017 Guinea has applied the common external tariff (CET), which is entirely ad valorem at rates of zero, 5%, 10%, 20% and 35%. As a result, the applied tariffs for more than 600 tariff lines exceed Guinea's WTO bound rates. On the whole, however, the average tariff protection has remained unchanged since 2011 at approximately 12%.

5. Guinea also applies the other community import duties and taxes, including the ECOWAS Community levy and the African Union community levy, the registration tax, the processing and assessment fee, and the supplementary tax (centime additionnel). In addition, Guinea uses the CET "accompanying measures" (i.e. the import adjustment tax and the supplementary protection tax), which are optional and applied nationally, further complicating the border taxation system. Finally, Guinea also imposes internal taxes, including VAT at a standard rate of 18%, and excise duties on imports and local products.

6. Generally speaking, it might be worth reviewing the utility and cost of certain required import and export documents, including the "descriptive import declaration", in order to consolidate the progress already made, particularly in the computerization of certain trade procedures. Guinea is in the process of switching its customs system from ASYCUDA++ to ASYCUDA World, and apparently it is possible to submit customs documents electronically. The 2015 Customs Code provides for an approved economic operator regime, which should be established in the near future. However, pending the introduction of a modern system of risk analysis, goods are chiefly directed through the red channel requiring physical inspection of the documents and the goods, including through a scanner, against payment. The preshipment

inspection system was dismantled in April 2017, and export procedures were facilitated by the creation of a single window. However, a detailed customs declaration is still required, together with a whole range of documents, and there remain a considerable number of heavy taxes and fees.

7. During the review period, Guinea's participation in WTO technical assistance activities grew considerably. However, its notifications to the WTO under the various agreements remain scarce. Guinea has not yet ratified the WTO Trade Facilitation Agreement, nor has it notified the categories of measures under that Agreement. Several reforms have been undertaken since 2011 to improve the business climate. The reform of the exchange system helped to reduce the black market exchange premium considerably. A new Investment Code was promulgated in the hope of promoting investment by creating a single window to streamline and facilitate formalities. A mechanism is also being introduced to promote public-private partnerships. A privatization strategy is under way, and reforms have been introduced to enhance financial supervision of public companies, now governed by the OHADA Treaty.

8. Guinea's handling of technical barriers to trade and sanitary and phytosanitary measures would benefit, *inter alia*, from better coordination among the various bodies responsible for these matters and for quality control at the border. Little use was made of competition provisions during the period. The government procurement regime, with its complex institutional framework, favours the awarding of contracts by direct negotiation: a peak was reached in 2016 when more than 92% of contracts were awarded by that method. Meanwhile, Guinea has yet to notify the WTO of its legislation on intellectual property rights. It has not ratified the Protocol Amending the TRIPS Agreement, which could give it better access to lower-cost medicines, nor has it designated a contact point under Article 69 of the TRIPS Agreement. Guinea has not notified any anti-dumping, countervailing or safeguard measures, or any export support measures.

9. Guinea's development potential in agriculture, fisheries and aquaculture is considerable. Agricultural exports, which are centred on a few products, have increased sharply in the wake of the guidance and incentive measures introduced. Guinea's extensive waterways also constitute an exceptional asset which it is beginning to exploit for hydroelectric power. Further reforms could turn Guinea into an important regional exporter of electricity. On the other hand, the contribution of fisheries to the national economy has significantly diminished since the last TPR in 2011, owing in particular to overfishing of several fish species, structural weaknesses, and a lack of investment in sustainable fisheries.

10. Guinea has faced a growing external demand for bauxite, its main export product, following the ban on non-refined bauxite exports imposed by other countries. Its new mining legislation reflects the determination of the authorities to improve the transparency of contracts, to increase the amount of income the State derives from the country's mining resources, and to find other ways in which the sector can contribute to the national economy. Under this policy, 30% of the cost of each project should go to local enterprises that might be able to supply mining companies. Moreover, mining taxes are degressive, from raw materials to processed products. Guinea was declared compliant with the standards of the Extractive Industries Transparency Initiative in 2014.

11. There has been a surge in telecommunication services since the relevant regulations were improved. On the other hand, there is a need for investment in transport infrastructure so that transport services can better fulfill their role in the country's development. Following the adoption of the implementing texts for the Public-Private Partnership Law of 2017 (PPP), more financing may be available for the modernization of the physical infrastructure and administration of the port of Conakry, whose obsolescence has a direct impact on international and regional trade. The PPP could also help with further work on the road infrastructure.

12. Financial services are open to foreign presence, whatever the origin of the capital, as long as the companies are established under domestic law. New provisions have been introduced in a number of areas, including risk-based supervision, bancassurance and micro-insurance, controlling money laundering and combating the funding of terrorism. Tourism is among the services where there is potential for development, since Guinea has thus far been spared security problems. Its liberal tourism policy and its exceptional national assets could also be exploited in the framework of the PPP.