WORLD TRADE ORGANIZATION

RESTRICTED

WT/TPR/G/370

24 April 2018

(18-2586)

Page: 1/27

Trade Policy Review Body

Original: French

TRADE POLICY REVIEW

REPORT BY

GUINEA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Guinea is attached.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on Guinea.

Table of Contents

1 OVERVIEW

1.1. The Republic of Guinea is situated in the south-west of West Africa between latitudes 7°05' and 12°51' north, and longitudes 7°30' and 15°10' west, half way between the Equator and the Tropic of Cancer. It has borders with Liberia and Sierra Leone to the south; Côte d'Ivoire to the east; and Guinea-Bissau, Senegal and Mali to the north.

1.2. It is a coastal country with a 300-km long Atlantic western coastline. Its relief is varied and extends from the low-altitude coastal plains to the mountainous areas in the interior of the country, which reach an altitude of over 1,500 metres in places. It is divided into four large natural regions, different in climate, topography and sub-soil, namely *Guinée Maritime* (Maritime, or Lower Guinea), *Moyenne Guinée* (Middle Guinea), *Haute Guinée* (Upper Guinea) and *Guinée Forestière* (Forested Guinea). The general climate is tropical, with alternating dry and rainy seasons. Guinea covers an area of 245,857 km^2 and in 2017 had a population of some 11,702,692 inhabitants, i.e. an average density of 48 inhabitants per km^2.

1.3. Following its third appearance before the WTO Trade Policy Review Body in September 2011, Guinea continued to implement the reforms introduced by the authorities of the Third Republic in 2010, under various programmes and projects to strengthen the country’s trade capacities. Guinea’s average annual per capita income, which was US$330 in 2011, had practically doubled to US$645.52 by 2014; nonetheless, it remains low relative to the country's enormous potential in various areas of activity, including agriculture, mining, fisheries, and energy.

1.4. In pursuing the objectives of Guinea’s new economic development policy, the National Economic and Social Development Plan (PNDES), as described in Law L/2017/057/AN of 8 December 2017 (the 2016-2020 Planning Law), special emphasis has been placed on the implementation of major projects designed to have a direct impact on the Guinean population's living standards, while maintaining a climate of social peace and political stability. These objectives are founded on four pillars:

- promotion of good governance for sustainable development;
- sustainable economic transformation;
- inclusive development of human capital;
- promotion of sustainable management of natural capital.

1.5. To this end, the measures adopted include:

- adoption of a sound policy for the management of public finances;
- partial resolution of energy problems with the activation of the KALETA hydroelectric dam since 2015 and others currently under construction, such as SOAPITI, together with new equipment (thermal power plants and water wells);
- implementation since January 2017 of the five-band harmonized common external tariff of the Economic Community of West African States (ECOWAS);
- support for the coffee, cocoa and cashew marketing campaign by setting up the following professional associations in collaboration with the Guinean Export Promotion Agency (AGUIPEX): the Guinean Coffee and Cocoa Sector Confederation (CNIFIG), the Cashew Sector Inter-branch Association (monitoring committee), the National Federation of Cashew Farmers (FENAPAG) and the Guinean Cashew Exporters Association (AGEXANA);
- broadening of the tax base;
- introduction of the single treasury account principle for executing the government budget.

1.6. These measures have started to produce positive effects, as revealed by improvements in certain macroeconomic indicators. Inflation dropped from 11.90% in 2013 to stabilize around 8.10% in 2017. The gap between the official Guinean franc (GNF)/US$ exchange rate and the parallel rate has narrowed considerably. The unemployment rate was 3.8% in 2012, and the growth rate was 6.6% in 2016 according to the International Monetary Fund (IMF). Gross domestic product (GDP) in 2014 amounted to GNF 61,573 billion, representing a per capita GDP of GNF 5.8 million.

1.7. Other significant results that illustrate the positive dynamic of the national economy include:

- reduction in the share of debt service from 68% of the budget to 20% between 2010 and 2013;
- reduction in the Treasury's debt with the Central Bank from 101.8% in 2010 to 7.1% in 2014;
- reduction in the external-debt/GDP ratio from 67.8% to 22.84% between 2010 and 2014;
- stabilization of the prices of staple products through many efficiency measures;
- improvement of banking services (99 branches in 2014 compared to 60 in 2010) and their increased use by citizens (over 100,000 new customers between 2010 and 2014);
- increased lending to the economy;
- signing of several mining contracts totalling nearly US$26 billion;
- readmission of the country to the EITI global standard;
- concerted and coordinated revision of mining agreements to allow compliance with the new guidelines, including those stemming from the new legal framework in this area;
- optimization of the management of the mining register;
- institutional capacity building for mining administration;
- Guinea's readmission as a beneficiary of the African Growth and Opportunity Act (AGOA) passed by the United States.

2 TRADE POLICIES AND PRACTICES

2.1 General objectives

2.1. Guinea's trade policy and the strategy for implementing it are a continuation of the country's general economic policy agenda, as expressed through the various reforms introduced over more than 20 years and the creation of the Third Republic. This strategy, which is clearly outlined in the PNDES, rests on five main objectives:

- integrate trade more fully into the Guinean economy and the latter into the global economy, by strengthening human resource capacities and developing exports;
- participate in the preparation of the Accelerated Programme for Food and Nutrition Security and Agricultural Development (PASANDA) and support the promotion and development of export sectors;
- supply the market with basic food and non-food commodities;

- intensify quality control and surveillance of food products;

- strengthen Guinea's participation in subregional, regional and multilateral trade.

2.2. Other programmes were developed in November 2011, including the Guinea Trade Policy Action Programme (PAPCG), which is a trade policy implementation plan aimed at reviving economic growth and reducing poverty, by undertaking to boost production capacity, promote the competitiveness of the economy and negotiate pro-trade agreements.

2.3. The PAPCG also reflects programmes previously identified for implementation as part of national development and the poverty reduction strategy. It has been developed as a coherent and internally integrated programme, in which each component takes account of the design and objectives of projects in other components, including: the legal framework, participation in regional and global trade, the establishment of a transparent import-export regime, trade facilitation, strengthening of production capacities for the domestic market and exports, domestic trade and distribution, consumer protection and fair trade, and, lastly, the protection of intellectual property rights.

2.2 Sectoral objectives

2.2.1 Agriculture

2.4. With more than six million hectares of arable land, Guinea has considerable agricultural potential. Nonetheless, only 25% of that land is actually being cultivated. As agriculture provides employment to over 80% of the population, income distribution in the sector is a key factor in eradicating poverty.

2.5. Agriculture accounts for around 20% of GDP, and it has generally grown faster than other sectors of the economy. Nonetheless, low yields are making the country increasingly reliant on food imports; for example, an estimated 300,000 tonnes of rice are imported annually. The main constraints in agriculture are precarious irrigation schemes, inadequate support for farmers, a shortage of agricultural inputs and improved seeds, and low levels of training among the actors concerned.

2.6. Agriculture is one of the priority sectors of the national development policy adopted in the various guidance documents, including:

- the Poverty Reduction Strategy Paper (PRSP);

- Agricultural Development Policy Letters I and II;

- the National Agricultural Investment and Food Security Plan (PNIASA 2011-2015);

- the National Plan for Agricultural Investment and Food and Nutrition Security (PNIASAN 2018-2025).

2.7. To that end, the Guinean Government is continuing to implement its wide-ranging agricultural development and modernization programme, with active participation by the private sector and support from its main development partners, by:

- enhancing the means of production through rational use of forest resources and agricultural inputs to boost farmers' output;

- setting up agricultural finance systems in rural areas;

- rehabilitating and extending rural networks and roads;

- promoting the development and irrigation of agricultural areas;

- strengthening capacity in good agricultural practices;
- integrating the different sectors into value chains.

2.2.2 Energy

2.8. The legal framework reflects Guinea's commitments under international treaties on electricity, as well as laws, draft regulations on energy efficiency, regulatory and contractual provisions, programmes already implemented, ongoing projects and others under negotiation.

2.9. Guinea is party to several regional agreements on electricity, in particular:

- the ECOWAS Energy Protocol, which aims at developing competition, facilitating transit, and promoting and protecting investment in the sector;
- the Senegal River Basin Development Organization (OMVS) and the Gambia River Basin Development Organization (OMVG) conventions, and additional instruments that organize the joint hydropower exploitation of the Senegal and Gambia rivers;
- the Niger River Basin Authority (ABN) convention and additional instruments that organize the joint exploitation of the Niger River;
- the agreement to create the West African Power Pool (WAPP);
- Sustainable energy for all (SE4ALL).

2.10. Guinea is part of the WAPP, which is gradually developing investment programmes and operating manuals and setting up the ECOWAS Regional Electricity Regulatory Authority (ERERA).

2.11. With a view to extending the development and use of its hydroelectric resources to the Community and to the aforementioned organizations, Guinea undertook to modernize the L/93 Law on the generation, transport, distribution, import and export of electricity; and it updated that legislation through **Law No. L/13/061 on rural electrification**. The latter deals with the definition, organization and modes of operation of related activities. This law is supplemented by Decree No. D/2017/099/PRG/SGG on the establishment, organization, powers and operation of the Guinean Rural Electrification Agency (AGER).

2.12. A draft law **on the creation and organization of the Regulatory Authority for Public Electricity and Drinking Water Utilities in the Republic of Guinea** has been produced, together with some 15 draft regulations on energy efficiency. This Authority’s responsibilities will include the following:

- assist the Government in the rational development of electricity and drinking water supply under the current sectoral policy;
- implement a tariff policy aimed at achieving and maintaining economic and financial balance in the electricity sector and the public drinking-water service;
- define electricity and water rates for end-customers;
- implement the policy, promote competition and encourage participation in operational functions (generation, transmission and distribution) by private operators in the water and electricity sectors;
- create conditions to ensure the financial viability of firms in the electricity and drinking water sectors;
- protect and defend users’ interests and the quality of the public service;

- resolve disputes between all stakeholders (Government, public services, private operators, consumers, etc.);
- oversee the correct execution of agreements and contracts.

2.13. Legislation potentially applicable to the sector includes a new Law on public-private partnerships (PPP). These may take the form of a public service concession or any other contractual agreement that conforms to the PPP definition, such as the build-operate-transfer (BOT) contract and its derivative forms.

2.14. **The following regulatory and contractual provisions have been adopted**:

- Decree No. D/2001/098/PRG/SGG of 18 December 2001, establishing Guinea Electricity (Electricité de Guinée (EDG)) as a public utility;
- Decree No. 2016/386/PRG/SGG of 30 December 2016, appointing the General Manager of EDG;
- Joint Order No. A/03/4636/MEH/MEF/SGG of 16 June 2003 containing the articles of association of the State-owned enterprise EDG, as amended by Joint Decree No. A/2015/3580/PEH/PEF/SGG of 13 June 2015, containing the articles of association of the State-owned enterprise with a General Manager;
- Management contract, signed on 19 June 2015 between the Republic of Guinea and the Veolia-Seureca Group, aimed at strengthening EDG's internal management capacity by developing specific skills (permanent and specific missions);
- Performance contract, signed on 9 October 2015 between the Republic of Guinea and EDG. This contract specifies initial values and recovery indicators.

2.15. **The following results have been achieved under the Decentralized Rural Electrification Project (PERD)**:

- creation and institutionalization of the Decentralized Rural Electrification Bureau (BERD);
- creation and implementation of the Decentralized Rural Electrification Fund (FERD);
- establishment of a specific regulatory and tax framework for decentralized rural electrification (ERD);
- development of technical standards specific to ERD, and tools for the scaling-up (technical and financial) of ERD schemes;
- development of local ERD engineering and systems installation capacities (14 engineering consultants and ten installation personnel) with professional training in ERD;
- increased access to electricity for nearly 15,000 households in 30 rural communities covered by low-voltage mini-grids powered by generators with capacities ranging between 12.5 and 250 kVA, generating total power of 1.75 MVA;
- legislation defining the ERD subsector, drafted and submitted to the Government;
- legislation on the establishment and organization of the AGER, drafted and submitted to the Government.

2.16. **In relation to the project to remove obstacles to the development of the pico-hydroelectric power sector**, the BERD, now rebranded as the AGER, received technical assistance from the SOGREAH consulting firm with a view to lifting obstacles facing the pico-hydroelectric sector in Guinea.

2.17. The AGER's overall mission is to implement the national rural electrification policy defined by the Ministry responsible for energy, by executing the National Rural Electrification Programme (PNER) 2030, which is currently being developed with technical assistance from the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE).

2.18. In terms of challenges, the United Nations SE4ALL initiative, launched by the United Nations Development Programme (UNDP) and the World Bank, reinforces the need for swift action. A May 2014 report entitled *Évaluation et analyse des gaps par rapport aux objectifs de SE4ALL pour la Guinée* (Guinea: Rapid Assessment Gap Analysis) reveals the scale of the challenge: access for all by 2030 means connecting 1.8 million rural households in 15 years, or 120,000 per year, when Guinea currently has fewer than 23,000 rural households with an electricity connection.

2.19. This represents a large-scale investment to be made by 2030, and hence a major need for funding; but it also requires the establishment of a proper strategic and institutional framework, to ensure coordinated, concerted, equitable and low-cost development of rural electrification and related services.

2.20. Guinea has several advantages with opportunities to exploit them, the most important of which are:

- strong demand for access to modern energy in rural areas, particularly to improve the population's living conditions, enhance the efficiency of drinking water supply systems and the provision of education, health and administration services;

- numerous opportunities for developing income-generating economic activities in rural areas, owing to abundant and diverse natural resources (hydraulic, agricultural, forestry, mining);

- significant renewable energy potential (particularly hydroelectricity, solar power, biomass) spread throughout national territory;

- increasingly effective and competitive renewable energy technologies, including solar photovoltaic (PV), biomass and wind, the costs of which are falling fast;

- technical and financial partners are being mobilized to put the electricity sector on a sounder footing, and an energy thematic group meets periodically;

- major hydropower projects, electricity interconnection with neighbouring countries and grid strengthening are currently under way.

2.21. Going forward, the AGER roadmap for 2030 is divided into three phases:

- operational development of AGER in 2015-2017, including the various activities that remain pending for this purpose, and mobilization of the partners and resources needed to start activities on the ground.

- implementation of the AGER launch programme, comprising both technical assistance projects aimed at strengthening the agency's capacities and those of rural electrification operators, and specific rural electrification projects using the various technological options that will also make it possible to implement the operational and financial procedures (2017-2020).

- acceleration and scaling-up with the SE4ALL initiative: launch of the first planned rural electrification projects (PPERs) as from 2018, then annual Rural Electrification Programmes (PAERs) between 2019-2030 — with each new year of PPERs targeting at least 10,000 new connections (households, drinking water supply, businesses, craft workers, industries, community-based services) until 100% access to electricity is achieved.

2.22. **Several projects are under way as part of the implementation of its extensive programme, including**:

- **the small-scale hydropower project in Guinea (PEHGUI)** in partnership with the French NGO Fondation Énergie pour le Monde (FONDEM); this €2 million project is being co-financed by the French Global Environment Fund (FFEM), the Environment and Energy Management Agency (ADEME) and the ECOWAS Renewable Energy Facility (EREF), the Regional Council of Ile-de-France (CRIF), the NEXANS Foundation, FONDEM and the National Development Budget (BND).

  This project targets the following: (i) photovoltaic/hydropower/GE hybrid power-plant electrification in a pilot rural community, for approximately 5,800 direct and 21,700 indirect beneficiaries (component A); and (ii) development of a rural electrification programme using small-scale hydropower and solar energy for a dozen localities and its ownership by all local stakeholders (component B).

- **The Decentralized Rural Electrification Programme (ERD) for 14 localities in Haute Guinée**, undertaken in collaboration with the Bolloré Group through its Blue Solutions subsidiary. This programme is part of the Statement of Intent, signed between the Government of the Republic of Guinea and the Government of the French Republic, to strengthen cooperation in the development of renewables and access to energy.

2.23. **Other projects are currently under negotiation**:

- **The Guinea solar solution project,** which involves the electrification of 200 rural localities using mini-grids powered by solar photovoltaic (SPV) mini-plants with a total capacity of 11.66 MWp, and electrification by SPV of 170 other rural localities.

2.24. These two projects will enable nearly 90,000 rural households to access renewable electricity, which implies about 630,000 direct beneficiaries; the development of income-generating activities in these localities; improvement of security, health, education, job creation and reduction of the rural exodus; the suitability of hybrid solar PV/diesel generation or SPV alone to reduce the retail price of electricity. Implementation training will be provided; the share of renewable energies in the national energy mix will increase; and both diesel consumption and greenhouse gas emissions (GHGs) will be reduced.

2.2.3 Industry

2.25. With the aim of reviving industrial production, the Government has reduced the State portfolio by 19 industrial units through Decrees Nos. 077/PRG/SGG of 10 March 2011, D/2011/158/PRG/SGG of 23 May 2011 and D/2011/176/PRG/SGG of 6 June 2011, with a view to transferring them back to credible operators capable of reviving their activity.

2.26. Under these decrees and pursuant to Law No. L/2001/018/AN of 28 October 2001, on the reform of public enterprises and disengagement by the State, and its enabling decree, the following four industrial units have been removed from the public-sector portfolio:

- the Sincéry de DABOLA oil mill, transferred back to a French company called Copéol.

- the Sanoyah textile complex, divided into three lots, with two (the city and the factory extension zone) transferred back to a Guinean holding company called HOLDIPI. The third lot was transferred back to the company HYDROMIN SA, which will assemble agricultural machinery and buses.

- the Kankan fruit juice factory (UJFK), transferred back to the Guinea Fruit Corporation.

- the plastic products factory (SOGUIPLAST), transferred back to Société TAFAGUI.

2.27. In the future, the following 14 factories will also be transferred back to the private sector:

- the Kankan cotton ginning mill;
- the ENTA factory - matches;
- the ENTA factory - cigarettes;
- the SOGUIREP retreading plant;
- SIAG Kassa;
- the Mamou agricultural equipment factory (USOA);
- the KASSA oil mill;
- the Kankan brickworks;
- the Mamou cannery;
- the Sérédou quinine plant;
- the Nzérékoré sawmill and plywood factory;
- the Sérédou sawmill (Macenta);
- the Sérédou panel factory (Macenta); and
- the Chemicals Company (SOPROCHIM).

2.28. The expected impacts are social, economic and financial, and could be reflected in a revival of economic activity and income for the public treasury, etc. The Government's objectives in this sector focus mainly on revitalizing its industrialization programme, starting with support for private-sector operators.

2.2.4 Mining

2.29. For a long time to come, Guinea's economy will remain dependent on the mining sector, which alone accounts for more than a quarter of GDP and over 75% of export earnings. Thanks to its mining resources and energy potential, Guinea is in a position to achieve genuine, sustained socio-economic development.

2.30. A new Mining Code was adopted by Law No. L/2011/006/CNT of 9 September 2011 and promulgated the same day by the President of the Republic. Aligned with international best practices, it preserves the country’s interests and international competitiveness, with a special emphasis on good governance and corporate social responsibility, to:

- optimize state revenues and the impact of mining activities on neighbouring communities by making the Mining Code more attractive;
- correct the shortcomings and gaps identified over time in the allocation and management of mining permits;
- review certain aspects of mining policy: state involvement, community development;
- harmonize the provisions of the Code with those of other national codes and instruments relating in particular to agriculture, the environment and water;
- take into account emerging multilateral trends at the subregional and regional levels (WAEMU, ECOWAS);

- eliminate inconsistencies and remove ambiguities in some provisions;
- specify tax provisions and all other aspects to give clarity to investors.

2.31. Several implementing texts have been published, including:

- Decree No. D/2012/041/PRG/SGG on the responsibilities, composition and functioning of the National Mining Commission;
- Decree No. D/2012/045/PRG/SGG on the implementation of a programme for the review of mining permits and agreements by the National Mining Commission;
- Decree No. D/2015/007/PRG/SGG of 14/01/2015 setting up a system for rapid processing and follow-up of integrated mining project documents;
- Decree No. D/2016/125/PRG/SGG on the allocation and organization of the Ministry of Mines and Geology;
- Joint Order No. A/12/No. 505/MMG/MS specifying the conditions for applying the Mining Code of 9 September 2011, Article 148 - Use of explosives for civil use;
- Joint Order No. A/6074/MEF/MMG/SGG setting the rates and levels of fixed duties, taxes and royalties resulting from the granting, renewal, extension, transfer and/or temporary concession of mining rights and authorizations;
- Collective Agreement on mines and quarries.

2.32. The key principles of the 2011 Mining Code focus on:

- affirmation of the principles of transparency and the fight against corruption;
- modalities for the granting of mining rights to prevent the immobilization of funds;
- stabilization and rational management of mining revenues;
- State participation in the capital of mining companies and projects;
- new environmental protection and management measures, taking into account environmental and social impact assessments (ESIAs) in accordance with international standards and best practices.

2.33. This Code establishes a new classification of mining substances:

- Category 1: bauxite and iron;
- Category 2: precious substances: gold, platinoids, diamonds, gems;
- Category 3: metallic substances: basic metals and minor metals;
- Category 4: non-metallic substances;
- Category 5: radioactive substances: uranium, thorium and their derivatives;
- Category 6: mineral and thermal waters.

2.34. An entire chapter is devoted to transparency and the fight against corruption and conflicts of interest in the mining sector. It establishes a Code of Conduct and a Monitoring Plan against Corruption; it provides for the publication of all contracts, agreements and administrative decisions in the press and on the Internet, and for the dissemination of information on how taxes on mining activity are used. It requires permit holders to identify themselves in detail; and it strictly prohibits the payment of bribes by corporations and acts of graft by officials. The chapter also lays down an obligation to respect the 12 principles of the Extractive Industries Transparency Initiative (EITI). Lastly, the management of mining rights has been improved and made more transparent by setting up two control structures (the Technical Committee and the National Mining Commission).

2.35. **New environmental protection measures are also planned:**

- progressive and detailed regulation requiring maximum protection of the environment but graduated according to the scale of the mining works, and ensuring rehabilitation of the exploited sites;

- creation of an environmental restoration bond, from the start of the mining activity, to guarantee restoration of the exploited sites.

2.36. **The stabilization of relations between the companies and local communities leads to a local development agreement through:**

- full payment of annual surface taxes to each community in proportion to its occupation;

- payment of a turnover tax of 0.5% (bauxite and iron) and 1% (other mineral substances);

- payment to the local budget of all the local communities across the country of 15% of the mining tax, fixed duties and the tax on quarry output and small-scale production, to ensure equal distribution of mining tax revenues nationwide;

- provisions promoting the creation of small and medium enterprises/industries (SMEs/SMIs) at all stages of mining activity, in order to develop domestic services at competitive prices and thus reduce subcontracting costs in the long run;

- requirement to employ a minimum quota of Guinean nationals at all phases of the mining project's development, to nurture national expertise and optimize labour costs.

2.2.5 Fisheries

2.37. Guinea has modernized its fisheries legislation since 2015. Fishing activities are governed by the following texts:

- Law No. 2015/026/AN of 14 September 2015 containing the Marine Fisheries Code;

- Law No. 2015/027/AN of 14 September 2015 containing the Inland Fisheries Code; and

- Law No. 2015/028/AN of 14 September 2015 containing the Aquaculture Code.

2.38. These laws take into account the core principles of Code of Conduct for Responsible Fisheries of the Food and Agriculture Organization of the United Nations (FAO) and the relevant major conventions on sustainable resource management.

2.39. The objective in this sector remains the maximization of economic and social benefits for Guinea from the exploitation of its fishery resources. This considers the need to safeguard ecosystem balance and the sustainability of resource exploitation, while seeking to increase the contribution of fisheries to food security, job creation, higher incomes for fisherfolk, and increased government revenue.

2.40. Accordingly, the Government will continue to:

- set up an efficient system for the planning and rational management of resources by strengthening the monitoring and protection of fishing zones and by conducting research;

- step up the fight against animal diseases and develop a livestock feed supply base;
- consolidate basic infrastructures and enhance the value added of fishery products;
- support the exportation of fishery products;
- encourage the emergence of domestic economic operators in the spheres of small-scale fishing and industrial fishing;
- decentralize and improve the control and surveillance of Guinean territorial waters.

2.41. To encourage the emergence of small and medium enterprises (SMEs) capable of meeting the population's needs, the Government has formulated and implemented a policy to modernize and strengthen the fishery sector's operating capacities.

2.2.6 Services

2.2.6.1 Banks and financial services

2.42. The Government's reforms in this area have made it possible to liberalize the banking and financial sector by:

- restructuring and rehabilitating the Central Bank as the currency-issuing entity responsible for monitoring and controlling the entire banking and financial system;
- reforming the operating environment for banking, financial and microcredit institutions, focusing in particular on monetary policy, the legal framework for financial intermediation, the related tax system, and the extent of state participation in the capital and management of banks and other financial institutions;
- liberalizing the foreign exchange market, developing the money market and savings and loan institutions, and introducing mechanisms to support MSMEs.

2.43. Other measures include:

- raising the reserve requirements for deposit-receiving banks, with a view to absorbing excess liquidity in the economy;
- strict application of foreign-exchange regulations and the operation of foreign-exchange bureaus.

2.44. At present, 12 commercial banks, four insurance companies, and seven certified microfinance institutions form the backbone of Guinea's banking and financial system. All banking and financial institutions are private and consist of foreign as well as private Guinean partners. The Insurance Code entered into force on 12 June 1995.

2.45. A new banking supervision law was enacted on 4 July 2005, and another law on microfinance institutions is currently under discussion in the National Assembly. Both of these laws should strengthen security and stability in the Guinean banking and financial market, for depositors and policyholders alike, and for investors.

2.46. The Government's main objectives in this area remain the optimal management of foreign-exchange reserves and stabilization of the external value of Guinea's currency. In this context, the Government will continue to:

- control money in circulation by promoting efficient use of the banking system throughout the economy;
- tighten supervision of banking and financial institutions by introducing instruments, procedures and methods that meet international standards;

- enhance the security and modernization of payment systems and media in banking and financial institutions, in accordance with the objectives set by the second West African Monetary Zone (WAMZ);

- strengthen mechanisms to facilitate investment and its financing;

- further liberalize the money and foreign exchange markets;

- create a financial market as a tool for capturing savings in support of public and private investment.

2.47. A two-window microcredit agency has been set up to revive employment in the financial sector. The windows have been given endowments of GNF 20 billion and GNF 10 billion to encourage female entrepreneurship and youth employment, respectively. A national development agency has been created and a bank for SMEs is being planned.

2.2.6.2 Transport

2.48. The main objective in the transport (air, maritime and land) sector is to improve traffic conditions and thus facilitate travel and improve safety for passengers and their luggage.

2.2.6.2.1 Air transport

2.49. Air transport activities are governed by Law No. L/2013/063/CNT of 5 November 2013 containing the Civil Aviation Code of the Republic of Guinea. The following measures have been adopted in this subsector:

- opening of Conakry International Airport to round-the-clock traffic;

- coordination of security services at Conakry Airport;

- streamlining of formalities for passengers and for goods transit;

- increasing the traffic at Conakry International Airport by more than 30%;

- implementation of the Yamoussoukro Decision concerning the liberalization of access to air transport markets in Africa;

- multiple designation of carriers in respect of traffic rights;

- permission for airlines to operate on several frequencies;

- granting of fifth-freedom traffic rights to the subregion's airlines on a reciprocal basis;

- liberalization of commercial air transport activities;

- drafting and adoption of enabling texts for the Civil Aviation Code.

2.50. The short-, medium- and long-term objectives for the subsector are as follows:

- rehabilitation of the Kankan, Labé and Nzérékoré airports to enable them to operate day and night;

- revision of expired aviation agreements;

- bolstering of human, financial and material resources to increase the institutional capacity of the subsector's structures;

- revival of the activities of domestic air transport operators by promoting local private airlines;

- continued implementation of the master plan for the development of Conakry Airport, with a view to increasing incoming and outgoing traffic

2.51. The Government plans to bring regional airports into operation and to build an airport that meets modern standards. Negotiations are under way with several companies to improve service to the country.

2.2.6.2.2 Maritime transport

2.52. Guinea's long coastline (over 300 km) favours maritime transport, which carries roughly 95% of the country's foreign trade. The short-term objectives for maritime transport are to:

- improve the performance of and expand the Autonomous Port of Conakry (PAC) to increase goods traffic through the Third Port Project;

- develop transhipment, international transit, and domestic cabotage activities;

- build up the subsector's management capacity;

- restructure the Maritime Navigation Agency (ANAM), and partially privatize the Guinean Shipping Company (SNG);

- revive river transport on the Niger and Milo rivers;

- involve national carriers in shipping activities by partnering with a foreign shipping company;

- create an appropriate specific regulatory framework;

- draft and adopt all the implementing texts of the Merchant Marine Code;

- apply the International Ship and Port Facility Security Code (ISPS Code), which entered into force on 1 July 2004.

2.53. The agreement signed between the Autonomous Port of Conakry and the Bolloré group envisages the building of a new container terminal, on which work has already begun, as well as a railroad and a dry port in Kagbelen to reduce truck-traffic congestion in that city.

2.2.6.2.3 Land transport

2.54. The general short- and medium-term objectives are to improve the organization of Guinean land transport to enhance its performance and take advantage of the new opportunities that have emerged in the West African subregion. The following activities are envisaged:

- the organization and development of road corridors to promote inter-state transport for subregional integration;

- improvement of traffic flows in the city of Conakry;

- strengthening of the subsector's management capacity;

- computerization of the management of the country's vehicle fleet and the system for issuing transport documents (driving licences, registration documents, transport authorizations, etc.);

- improvement of road safety;

- preparation and introduction of an action plan to gradually improve the quality of the vehicle fleet;

- establishment of a system for collecting and processing traffic accident statistics;

- creation of a National Transport Observatory.

2.55. The Government has resumed road projects in the capital, Conakry, and in inland towns. It plans to repair the entire national road network over the medium term.

2.2.6.2.4 Rail transport

2.56. The railway network consists of a 662 km line between Conakry and Kankan, which is under reconstruction, and three private lines belonging to mining companies. The National Railway Authority of Guinea (ONCFG) is responsible for asset maintenance (buildings, locomotives, track). The main objective remains to revive rail transport activities and thus facilitate trade and population movements.

2.2.6.3 Telecommunications

2.57. In December 2015, the Ministry of Posts, Telecommunications and the Digital Economy (MPTEN) was established, and it immediately began a review of the National Development Strategy for Postal Services, Telecommunications, and Information and Communications Technologies.

2.58. To succeed in its new strategy, the Ministry adopted the following provisions:

- 28 August 2012: Decree No. D/2012/101/PRG/SGG establishing the Guinean Broadband Company (GUILAB) to manage and operate the ACE submarine cable resources;

- July 2013: SOTELGUI put into receivership;

- 15 September 2014: Decree No. D/2014/199/PRG/SGG establishing the National Backbone Management Company (SOGEB);

- 12 December 2014: adoption of Decree No. D/2014/252/PRG/SGG defining the modalities for implementing universal access and digital solidarity;

- 20 March 2015: promulgation of Law No. L/2015/002/AN instituting a telephone consumption tax (TCT);

- 13 August 2015: adoption and promulgation of Law No. 2015/018/AN on telecommunications and information technologies, which transposes the ECOWAS supplementary acts.

2.59. Other pieces of legislation and regulations are expected in the digital sector, mainly laws on online transactions, cybersecurity, audiovisual convergence, postal reform and personal data protection, together with enabling regulations for the different laws.

2.60. Considerable progress has been made since 2011:

- the mobile telephony penetration rate has increased from 30% to over 100%;

- the Internet penetration rate has grown from 1% to over 23%; mobile Internet is available in all towns;

- all prefectures and subprefectures are connected to mobile networks;

- over 2,100 rural districts can access mobile phone services;

- more than 1,800 direct and 5,000 indirect jobs have been created in the ICT sector;
- Internet was introduced in secondary schools, and in vocational and higher education institutions under a Presidential Initiative;
- with near-universal deployment of 3G networks, Guineans are becoming familiar with data exchange (use of applications, content download, social networks, etc.);
- mobile money (mobile digital wallet) is used in many commercial outlets (shops, petrol (gas) stations, etc.);
- connection to the ACE submarine cable is maintained and managed by GUILAB; construction work on the national backbone is well under way; and the Metropolitan Network of Conakry (RMC) is being refurbished;
- an agreement has been signed to convert terrestrial television from analogue to digital.

2.61. According to the World Economic Forum's Networked Readiness Index, which measures how prepared countries are for the information society, Guinea is well placed in terms of registering a contract and starting a business.

2.62. To implement the updated 2016-2020 strategy, an inventory was taken, pillar by pillar, of the actions planned in the 2010-2015 strategy. The overarching goal of the strategy was to "design and build a shared backbone for data, voice and video transport". To that end, an agreement was signed in 2015 between the Guinean State and Eximbank for a loan of US$238 million, with a seven-year grace period.

2.63. Prior studies of the backbone having been completed, SOGEB was set up as a public limited company to manage and operate the backbone.

2.64. The actions undertaken during 2010-2015 include the creation of GUILAB, with a grant from the World Bank and following Guinea's actual connection to the Africa Coast to Europe (ACE) submarine cable. It remains to award the infrastructure operator license to GUILAB, and to harness the capacities acquired by the State and operators. This will require a review of the current management mode.

2.65. In the case of mobile phone networks, all major cities (chief towns of regions, prefectures, subprefectures and some large villages) are covered by 2G mobile networks. The relative mobile telephony penetration rate is greater than 100%, according to reports published by the Post and Telecommunication Regulatory Authority (ARPT). The chief towns of regions and prefectures are covered by 3G technology. The number of mobile phone users more than doubled from 4,261,000 in 2010 to 10,765,000 in late 2015.

2.66. The number of Internet users grew from 30,000 at end-2010 to 2,438,000 by late 2015. In the case of professional Internet, the use of fibre-optic media contributed to the creation of the first broadband professional Ethernet network.

2.67. As part of the postal sector reform, three projects of the Universal Postal Union (UPU) were launched during the period, including:

- the Comprehensive Postal Reform and Development Plan (PIDEP) in 2012;
- the implementation of mailbox assemblies in municipalities through the Service Quality Improvement Fund (FAQS) in 2013;
- reinforcement of the postal service transport fleet under the Multiannual Investment Plan (PIP) in 2014.

2.68. In terms of the development of electronic communication networks and services at the national level, an institutional framework and cyber legislation have been put in place by the Ministry, to promote uses in areas deemed strategic, namely:

- e-government;
- e-learning;
- e-health;
- e-commerce; and
- e-agriculture, with a view to the development of rural areas.

2.69. For example, some institutions, such as the Private Investment Promotion Agency (APIP) have embarked on activities to develop e-commerce and online transactions; and some telephone operators offer a variety of online payment mechanisms.

2.70. Three major African and global changes are likely to affect the Guinean digital sector:

- The Millennium Development Goals have been replaced by the Sustainable Development Goals (SDGs), which now prioritize climate-change prevention ahead of combating poverty, which involves mobilizing digital technology among half of the world's population;
- Cybercrime is growing worldwide, especially in Africa. The Malabo Convention is seeking a solution at the African level, and international partners are preparing to mobilize funds to address this issue;
- New business models are emerging in the digital world, to replace traditional seller-buyer models. These include "three-band" models where services are offered free of charge to the public (e.g. voice-over-IP), while the economic return is obtained from other sources, such as commercial use of the data collected. A collaborative economy is also emerging, where digital makes it possible to connect individuals with each other (C2C commerce), while the commercial site takes a commission on the provision of housing, cars, or travel destinations.

2.71. In addition, the ARPT has conducted a forward-looking study on ICT development in Guinea in 2015-2019. In conjunction with the main Guinean stakeholders, it has identified six main levers of telecommunication/ICT development in the Republic of Guinea:

1. developing broadband networks;
2. improving energy supply;
3. infrastructure sharing;
4. regulatory strengthening, through a "strong and effective regulatory authority";
5. building capacity for telecom/ICT sector managers;
6. emergence of a telecommunication/ICT ecosystem.

2.72. The report also indicates that in 2019, telecommunication/ICT development in Guinea will have succeeded if:

- the legal and regulatory framework is strengthened and harmonized;
- energy infrastructure is developed;

- networks are deployed throughout national territory and are interconnected with neighbouring countries;
- the actors in question have adopted infrastructure pooling strategies;
- Guineans have access to broadband services and applications, diversified across many areas (health, education, administration, agriculture, culture, media, and so forth) at affordable prices;
- Guinea has acquired skills;
- Guinean firms have emerged that are "recognized internationally for their technological know-how".

2.73. For 2016-2020, the Government's priority is to "make ICT a driving force for the economic and social development of Guinea". To that end, the overall goal for 2020 is for ICT to increase its share of GDP to 7% from its current 4% (BCRG, Ministry of Planning and ARPT), hence the objective of a fast-growing digital economy.

2.74. To take account of these elements, a development plan for 2020 is proposed, based on three pillars, 17 components and 89 actions, which can be summarized as follows:

- improve broadcasting and the use of postal and telecommunication tools as well as ICTs;
- provide a public service to all segments of the population throughout the country in order to contribute to economic and social development;
- promote a policy of wave-band liberalization while ensuring that all technical requirements for managing and controlling the use of frequencies allocated to public and private radio and television operators have been met;
- provide the national economy with communications media based on constantly evolving technologies in order to increase its openness and integration into the world economy;
- make the administrations more effective by modernizing their operations, facilitating the establishment of administrative formalities, and providing citizens with more information;
- strengthen the education system through distance learning and computer-assisted instruction;
- create jobs in the provinces as a way of halting migration from the countryside to the capital, by encouraging the dissemination of ICT throughout the country;
- further develop the provision of telephone, ICT and postal services, and facilitate the broadest possible access to postal and telecommunications services, particularly in rural areas;
- develop and diversify postal service activities and consolidate their financial viability by introducing appropriate reforms (modernization of management methods, formation of partnerships, and human resource development);
- encourage the development of a new ICT-based postal and telecom services industry capable of responding to the increasingly diversified needs of businesses, for which the quality of the services provided and the availability of innovative services represent productivity factors.

2.75. This will require the following:

- stronger public service by developing universal access;

- individual fixed lines;
- private telecentres;
- community multi-service telecentres;
- mobile phones, prepaid in particular;
- post offices in rural areas;
- extending the territorial coverage of postal and telecom network infrastructures, taking into account evolving technologies and the specific needs of each category of users;
- digitalizing and boosting the capacity of the main transmission lines linking the capital with provincial towns;
- modernizing telecom systems in line with the new international standards, to offer a wide range of services at the lowest possible cost, while ensuring a performance level that meets customers' expectations;
- improving the quality of services offered to customers by the different network operators and service providers;
- ensuring service quality and interoperability of services with the rest of the world;
- improving international internet connectivity;
- linking Guinea to international information highways, including via submarine cables;
- encouraging infrastructure-sharing by competing operators to avoid redundancy, thereby reducing overheads and lowering charges for users;
- enabling users and the State to enjoy the full benefits of competition by monitoring the operators and making sure that their performance matches pre-established specifications;
- providing mandatory telecom and express mail services throughout the country at freely determined rates, in keeping with the public service principle.

2.2.6.4 Tourism and hotel sector

2.76. In addition to its considerable mining, energy and agricultural potential, Guinea also has exceptional tourism assets. Nonetheless, tourism remains one of the country's least developed activities.

2.77. For this reason, the Government has embarked on consultations with private partners with a view to refurbishing existing facilities and building establishments to international standards. Its main objectives in this field are to:

- increase tourism's contribution to faster growth by creating jobs and generating foreign exchange;
- encourage tourism professionals to invest in Guinea;
- develop human resources;
- create jobs with a wide distribution of income;
- create stable productive jobs.

2.2.7 Craft sector

2.78. The Government's objective in this area is to implement the Crafts Development Policy Letter, which provides for the following:

- encouraging initiatives to create trade associations;
- implementing a policy to promote the creation of crafts villages;
- boosting the productivity and competitiveness of the Guinean crafts sector;
- organizing sales/exhibitions of Guinean crafts both at home and abroad;
- implementing the Crafts Code.

2.3 Legal and regulatory framework governing trade policy

2.3.1 Domestic laws and regulations governing trade

2.79. The Constitution is the supreme law in Guinea. Legislative power is vested in the National Assembly, which passes laws that the President of the Republic promulgates and ratifies. The President also has the authority to negotiate and conclude international agreements. He/she may delegate that authority to a minister or to any other member of the Government.

2.80. Amending legislation to align with the provisions of an agreement is the responsibility of the National Assembly.

2.81. In Guinea, as in a number of other countries, trade policy is implemented by several government institutions and executive bodies. The Ministry of Trade is the main body in charge of trade policy in Guinea, with responsibility for submitting the relevant draft laws where necessary. Since Guinea is a signatory to the instruments of the Organization for the Harmonization of Business Law in Africa (OHADA), all laws governing trade in Guinea have been harmonized with those determined by OHADA, more specifically: the **law on free competition and pricing policy**.

2.3.2 Formulation of trade policy

2.82. The Ministry of Trade is responsible for the design, formulation and implementation of Guinea's trade policy. It drafts trade-related legislation (in cooperation with other technical departments), which is then submitted to the legislature for consideration and a vote.

2.83. The Ministry of Trade draws up trade policy measures in consultation with:

- the private sector, represented by its different support and promotion bodies (Chamber of Commerce, Industry and Crafts of Guinea; Guinean National Chamber of Agriculture; Guinean National Employers Council; Guinean Traders' Association; Guinean Foreign Investors' Club; National Union of Guinean Industrialists, etc.);
- other competent institutions, such as the Ministry of the Economy and Finance (Directorate-General of Customs); the Ministry of Planning; the Ministry of Cooperation; the Ministry of Agriculture, Livestock, Water Resources and Forests; the Ministry of Fisheries and Aquaculture; and the Central Bank of the Republic of Guinea;
- civil society through its various structures, such as the National Council of Civil Society Organizations (CNOSC), research centres, and universities.

2.4 Implementation of trade policy: trade policy measures applied in the Republic of Guinea

2.84. The new Guinean customs tariff, which came into force on 1 January 2017, is fully aligned with the ECOWAS common external tariff (CET), plus a number of special measures adopted during the transitional period. The CET's fifth band, the "Development Band", at 35%, aims to protect certain products, diversify and strengthen the regional production system and promote the private sector.

2.85. In addition to the CET, Guinea has adopted trade defence measures including safeguard, countervailing and anti-dumping measures to counter specific unfair trade practices.

2.86. In order to harmonize the nomenclature of Guinea's customs tariff with international standards, the Directorate-General of Customs has transposed the previously used 2002 version of the Harmonized System (HS) to the 2012 version, thus also bringing the tariff into conformity with the nomenclature of the ECOWAS CET, which is based on the 2017 version of the ten-digit HS. The tariff columns display the fiscal import duty (DFI) and fiscal export duty (DFE) rates.

2.87. Goods are grouped in five categories (or bands):

- <u>Category 0</u>: with a 0% tax, consisting of essential products of a social nature (health, education, culture and information) along with equipment and inputs for agriculture, livestock farming, and fishing;

- <u>Category I</u>: with a 5% tax, covering staples, unprocessed raw materials, and capital goods;

- <u>Category II</u>: with a 10% tax, encompassing semi-finished products and industrial inputs;

- <u>Category III</u>: with a 20% tax, comprising end-consumer products not included in the preceding categories, such as luxury items;

- <u>Category IV</u>: with a 35% tax on specific goods for economic development: products that are sensitive because of their strategic nature for the region's development (criteria: product vulnerability, regional integration, promotion of the sector, and high production potential).

2.88. The **DFE** rates are:

- **0%** for all agricultural or industrial products harvested or manufactured in the Republic of Guinea;

- **5%** of the value of exports of gold and other precious metals by mining companies unless expressly stipulated otherwise in an agreement;

- **3%** of the value of exports of gold and diamonds by natural persons, the Central Bank of the Republic of Guinea (BCRG) and other legal persons;

- **2%** for re-exports of goods of foreign origin previously imported against payment of import duties and taxes in Guinea.

2.89. The DFE rates on mining products are specified in the special agreements signed with the mining companies. For all approved mining companies, the royalty rate is 5% of the permitted per-ounce value.

2.90. Approved mining companies benefit from deferred payment under the various payment clauses included in the basic agreements signed with the Government of the Republic of Guinea.

2.91. The duties and taxes provided for in the ECOWAS CET may be either permanent or temporary.

2.92. **The following are permanent levies**:

- customs duty (DD);
- the ECOWAS Community levy (PCC) at a rate of 0.50%;
- the processing and assessment fee (RTL) of 2%, which is charged for processing import documents at Customs;
- the supplementary tax (*centime additionnel* (CA)) for the Chamber of Commerce, Industry and Crafts of Guinea and the National Chamber of Agriculture, at 0.25%;
- value added tax (VAT) at the rate of 18%; this is a tax internal to each country, not harmonized throughout ECOWAS.
- excise duty at rates ranging from 5% to 47% for certain items considered to be luxury goods or for which consumption is discouraged by the State under its public health policy. These are taxes internal to each ECOWAS country, therefore not harmonized at Community level.

2.93. **The following duties and taxes are temporary**: the import adjustment tax (TAI), the supplementary protection tax (TCP) and trade defence measures (anti-dumping, safeguard, or countervailing duties).

2.94. The degressive protection tax (TDP) is no longer applied in the Guinean tariff.

2.95. The new tariff also provides for special treatment of certain products, which are exempt from VAT on importation, namely: rice; wheat and wheat flour; edible and industrial vegetable oils; materials and inputs for agriculture, fisheries and livestock farming; school supplies; and medicines.

2.96. The main categories of exemption in Guinea are:

1. Customs and tax concessions under the Investment Code

- The benefits provided for by these provisions are granted to any investor whose activity complies with the laws and regulations in force, as consolidated in the Investment Code. Taxes under the Code are assessed as follows:
    - raw materials: single import duty 6%; RTL 2%; VAT 18%;
    - equipment: RTL 2%; registration tax (TE) 0.50%.
        - 1.1 During the installation phase, which may not exceed three years from the date of first importation of project equipment, any company eligible for the preferential regime of the Investment Code enjoys the following concessions:
            - Customs duties: exemption from import duties and taxes, including VAT on the importation of equipment and materials, except for motor vehicles designed for passenger transport, with the exception of the 0.5% TE and the 2% RTL on the c.i.f. value.
            - As regards internal taxes, exemptions are exclusively for activities and salaries directly related to the development of the approved project. They cover the following: the business tax, the single property tax, the lump-sum payroll tax and the apprenticeship tax, except for the 1.5% vocational training contribution.

- 1.2 Customs and tax concessions are available during the production phase, namely:
    - Customs relief: throughout the lifetime of the project once initiated, raw materials or inputs imported as part of the production cycle are entitled to customs concessions and are subject to an RTL of 2%, a DFI of 6% and VAT of 18%.
    - Tax relief: during the operating phase of the business, the investor benefits from a special tax regime involving tax reductions for a maximum period of eight or ten years, depending on the location of the business, from the date on which production began.

2.97. Pursuant to the provisions of agreements or contracts concluded by States, Guinea's new tariff allows total or partial relief from customs duties for certain clearance operations.

2. Tax and customs concessions under the Mining Code

- A distinction is drawn between three phases: prospecting, investment, and exploitation. The taxes differ according to whether the business was set up under the provisions of the former Mining Code (prior to the amended code of 2013) or under the new Code. They are assessed as follows:
    - **Former Code**:
        - **Prospecting phase**: full exemption, or free temporary admission against payment of a fee for administrative services only;
        - **Construction phase**: payment of the 0.50% registration tax (TE) and the administrative services fee only;
        - **Exploitation phase**: payment of the single import duty of 5.6%;
    - **Under the 2011 Mining Code, as amended in 2013**, the taxes are:
        - **Exploration phase**: temporary admission for equipment and, in the case of consumables, payment of the RTL, TE, CA and the Community levy (PC).
        - **Construction phase**: payment of the TE and RTL for equipment under the temporary admission procedure and payment of the RTL, TE, CA and PC for consumables.
        - **Exploitation phase**: in addition to the RTL, TE, CA and PC, payment of a 5% customs duty for on-site processing equipment and a 6.5% duty for extraction equipment.

3. For externally financed government procurement: the RTL (2%) is payable by the successful bidder; other duties and taxes are paid by the State through the Special Series Treasury cheque (CT);

4. Grants to the State, its authorities or public institutions are totally exempt, as are donations made to refugees;

5. NGO imports are subject only to the RTL (2%) and VAT (18%);

6. Guinea's only bilateral trade and tariff agreement is with the Kingdom of Morocco, under which goods originating in Morocco and appearing on the list annexed to the agreement are exempt from customs duties upon importation.

Products originating in ECOWAS and approved under the ECOWAS Trade Liberalization Scheme (ETLS) are also duty-free on importation.

2.98. Guinea applies the WTO Agreement on Customs Valuation. In 2016, it terminated the pre-shipment inspection contract with Société Générale de Surveillance (SGS). No pre-shipment inspection company is present in the Republic of Guinea.

2.99. The documents required for customs operations are the purchase invoice, the bill of lading or the air waybill (LTA), the descriptive import declaration (DDI) and the descriptive export declaration (DDE), the certificate of origin and the phytosanitary certificate.

2.5 Constraints to trade in the Republic of Guinea

2.100. Trade is, and has long been, one of the Guinean people’s main activities after agriculture; and it will remain so for a long time, because most Guineans derive their essential income from this activity.

2.101. Despite the authorities’ clearly stated objective of leveraging trade for economic growth and development, achieving this in the current context of the Guinean economy is still a problem because of the enormous constraints that block the normal development of this sector.

2.102. For example, in domestic trade, product marketing channels are no longer respected and monitored by economic operators. Product reception and grouping structures such as national interest markets (NMIs), major sorting and packaging centres for domestic products both for the local market and for export, as well as regional swing markets, are badly lacking. As a result, economic actors are forced to travel all over the country in search of export products.

2.103. The national structures for supporting and promoting economic operators in the trade sector lack the necessary resources and are badly organized; and the prerogatives needed for correct and regular monitoring of the sector are not well defined.

2.104. In foreign trade, there are no mechanisms for deploying efforts beyond national borders to build the Guinean economy’s reputation and credibility in the international trade arena. As a result, Guinea is currently at a critical juncture where it loses many foreign-market opportunities, partly because of the poor performance of its export products and the lack of any mechanism such as trade sections or offices dedicated to promoting Guinean products on foreign markets.

2.105. In both domestic and foreign trade, there are many major obstacles impeding the development of Guinea’s exports, especially of agricultural products.

2.106. These obstacles include: (i) mainly the international environment which is clearly unfavourable to Guinean exports — real commodity prices are on a steady downward trend and are currently at historically low levels for many of the products in question (coffee, palm kernel, bauxite, etc.); (ii) market access in Western importing countries, in particular, is being made increasingly difficult by the application of ever-more stringent standards and quality controls; (iii) production problems in terms of both quantity and quality; (iv) the issue of infrastructures for the quality, packaging and conservation of perishable products; (v) insufficient capacity building among economic actors to comply with sanitary and phytosanitary (SPS) measures and importers’ private standards; (vi) the narrowness of the domestic market as a result of the population’s low purchasing power; (vii) weak financial, human and technical resources available to Guinean economic agents, including the State, to maintain normal commercial activities in the country; (viii) the heavy weight of the informal sector, which accounts for more than 75% of the country's business activities but is outside official channels; (ix) the non-existence and unreliability of the country's trade statistics, (x) the inadequacy of means of transport (poor air and sea services to Guinea), etc.

2.107. To help it overcome these constraints, the Guinean Government is seeking support from all of its partners, to enable trade, like the other sectors of the economy, to contribute more to the creation of national wealth and poverty reduction. As over 75% of Guinean exports are dependent on mining products, they suffer greatly from:

- fluctuations in the prices of these products on external markets. This is also true for coffee and cocoa, which are Guinea's leading exports after mining products;
- regulations and standards (sanitary and phytosanitary standards and other technical barriers to trade) in some of Guinea's trading partner countries;
- precarious economic infrastructure supporting the export trade.

3 TRADE LIBERALIZATION PROGRAMME IN THE REPUBLIC OF GUINEA

3.1. To further liberalize trade, the Guinean Government has enacted a law on competition and free pricing. This legislation aims to monitor violations of free trade practices, such as arrangements, mergers, takeovers, stockpiling, monopolies and oligopolies.

4 PROSPECTS

4.1. Having opted for a liberal economy, Guinea is continuing to create the conditions necessary for its harmonious integration into the world economy by developing its trade relations and diversifying its trading partners.

4.2. Guinea has also concluded standard bilateral trade agreements with a number of countries. These take into account its membership of the WTO and/or its partners, provide for most-favoured-nation (MFN) treatment and do not grant any particular tariff preferences. The countries in question are Guinea-Bissau, China, Tunisia, Egypt, Turkey, Côte d'Ivoire, Mali, The Gambia, Iran and Ukraine.

4.3. In April 1997 Guinea concluded a trade and tariff agreement with Morocco, providing for total exemption from customs duties and taxes with equivalent effect for certain Guinean and Moroccan products traded between the two countries and included in Schedules 1 and 2. The products covered by this agreement are those originating entirely in one of the two countries or having undergone a degree of processing of at least 40%.

4.4. Guinea was also one of the first countries to accede to the Global System of Trade Preferences Among Developing Countries (GSTP). In addition, it has signed the Agreement Establishing the Common Fund for Commodities (CFC) and the International Coffee Agreement (ICA). It is among the 38 countries of sub-Saharan Africa that are eligible under the African Growth and Opportunity Act (AGOA).

4.5. As a signatory to the Abuja Treaty, Guinea participated fully in all negotiations for the establishment of the African Union's Continental Free Trade Area (CFTA).

4.6. In order to increase the share of trade in the fight against poverty, Guinea must take full advantage of all the increased opportunities for access to developed country markets offered under the various international agreements, notably the Cotonou Agreement, the AGOA, the Agreement Establishing the WTO, the ECOWAS Treaty, the CFTA Agreement, and so forth.

4.7. To that end, and with support from its development partners, it is seeking to develop mechanisms to ensure compliance with the quality standards and regulations in force in its developed country partners. The development of human capital and national quality-control and marketing capacity will also be very important for promoting Guinean exports. Trade liberalization will only be effective if accompanied by reforms and investments that enhance competitiveness and ease constraints on Guinea's trade growth.

5 CONCLUSION

5.1. The reforms initiated in recent years aim to consolidate economic liberalization and foster the emergence of a dynamic private sector. In particular, they will help to further diversify and increase the supply of exportable goods and services.

5.2. Guinea intends to keep up this momentum of economic liberalization, and to pursue and consolidate the process by aligning its regulations with ECOWAS and the international economic environment.

5.3. Guinea has established and continues to actively promote the democratic process, the rule of law and good governance, with a view to further strengthening structural reforms for sustainable economic growth and development.

5.4. Alongside its ECOWAS partners, the Republic of Guinea is, and will continue to be, very active in consolidating regional integration in West Africa, and it intends to assume its obligations under the multilateral trading system.

5.5. If the international community continues to provide and further increase the necessary technical assistance it will be possible to remove certain constraints on production, and to promote and facilitate Guinea's integration into the global economy.

5.6. The Republic of Guinea remains committed to the multilateral trading system and views trade as a driver of sustainable growth. It intends to further increase its participation in international trade and play an increasingly active role in the WTO.