Liberia: Investment Climate Statement 2012

Openness to Foreign Investment

The World Bank's Doing Business 2012 Survey indicates that Liberia made cross-border trading faster by implementing online submission of customs forms available through ASYCUDA (an automated system of customs data), enhancing inspections and customs clearance at the Freeport of Monrovia. The report ranks Liberia 151 of 183 economies surveyed, an improvement of four places from last year. The Liberia Better Business Forum, a public-private initiative of the IFC, is collaborating with the Ministry of Commerce, the Liberia Chamber of Commerce and the Liberia Business Association to guide the implementation of Liberia's first ever policy program on supporting micro, small and medium enterprises. The World Bank's report indicates that Liberia is one of 13 economies globally that made it easier to do business in the areas of starting a business, getting credit (and access to finance) and trading across borders. The Government of Liberia in partnership with USAID implemented Liberia's Governance and Economic Management Assistance Program (GEMAP) during the period 2006-2010, and is currently implementing the Governance and Economic Management Support GEMS program, both of which promote accountability in fiscal management and facilitate foreign direct investment (see paragraph 26 for details).

The following table indicates Liberia's ranking according to various metrics of transparency and good governance in 2011:

Measure	Year	Index/Ranking
TI Corruption Index	2010	11/47 African countries
Heritage Economic Freedom	2011	46.5
World Bank Doing Business	FY12	151/183
MCC Gov't Effectiveness	FY12	24%
MCC Rule of Law	FY12	46%
MCC Control of Corruption	FY12	78%
MCC Fiscal Policy	FY12	2%
MCC Trade Policy	FY12	4%
MCC Regulatory Quality	FY12	32%
MCC Business Start Up	FY12	46%
MCC Land Rights Access	FY12	15%
MCC Natural Resource Mgmt	FY12	71%

The GOL seeks to empower domestic businesses and support Liberian entrepreneurs by constraining foreign investment in some sectors. In 1998, the GOL promulgated a "Liberianization Policy," that set aside 26 business activities exclusively for Liberians. Donor and foreign business opposition groups claimed the law was discriminatory and anticompetitive; a revised Investment Act of 2010 reduced the number of Liberian-reserved activities to 16 businesses and set a threshold on 12 others, as follows:

(A) Ownership of the following business activities or enterprises shall be reserved exclusively for Liberians.

(1) Supply of sand
(2) Block making

(3) Peddling
(4) Travel Agencies
(5) Retail sale of rice and cement
(6) Ice making and sale of ice
(7) Tire repair shops
(8) Auto repair shops with investments of less than US$550,000
(9) shoe repair shops
(10) Retail sale of timber and planks
(11) Operation of gas stations
(12) Video clubs
(13) Operation of taxis
(14) Importation or sale of second-hand or used clothing
(15) Distribution in Liberia of locally manufactured products
(16) Importation/sale of used cars (except authorized dealership which may deal in certified used vehicles of their make)

(B) Foreign investors may invest in the following business activities provided they invest no less than US$500,000. If a Liberian partner maintains at least a 25% equity stake, the foreign investors need onlyinvest US$300,000:

(1) Production and supply of stone and granite
(2) Ice manufacturing
(3) Commercial printing
(4) Advertising agencies, graphics and commercial artists
(5) Cinemas
(6) Production of poultry and poultry products
(7) Operation of water purification or bottling plant (specifically the production and sale of water in sachets)
(8) Entertainment centers not connected with a hotel establishment
(9) Sale of animal and poultry feed
(10) Operation of heavy duty trucks
(11) Bakeries
(12) Sale of pharmaceuticals

(Note: The Investment Act of 2010 repealed and replaced the Investment Incentive Act of 1973.)

The Investment Act of 2010 has not effectively increased Liberian participation in commercial industries. The act officially eliminated the mandate that foreign-owned companies must employ qualified Liberians at all levels, including upper management of foreign owned companies, but compliance with the Act has been inconsistent. For example, the Ministry of Labor has repeatedly delayed issuing work permits for expatriates and intervened in hiring decisions.

To obtain a new concession agreement, potential investors engage in lengthy bidding processes. The contracting agency, frequently the Ministries of Agriculture or Lands, Mines and Energy, prepares a request for Expression of Interest and an invitation to bid, based on the National Competitive Bidding Regulations. The President appoints an Inter-Ministerial Concession Committee (IMCC), which includes the Minister of Justice, the Minister of Finance and the Investment Commission Chairman as statutory members and others from the concession entity. The IMCC conducts the bidding process and concession awarding and selects a technical team to handle due diligence and bidder evaluation. The President sends IMCC-approved contracts to the Legislature to be ratified.

Conversion and Transfer Policies

Both Liberian dollars (LD) and U.S. dollars (USD) are legal tender in Liberia. Most large-scale business and government transactions (such as taxes) are conducted in USD, while most street and small retail transactions are in LD. The Investment Incentive Code allows the transfer of funds associated with investments, including profits. There are no restrictions on converting or transferring investment funds. The Central Bank of Liberia (CBL) conducts weekly foreign exchange auctions of up to $1 million, aimed at stabilizing the exchange rate, facilitating imports and keeping inflation low. During the first half of 2011, the CBL auctioned $15.9 million. As the auctions are often oversubscribed, it may take investors more than a week to exchange large sums of money. ATMs are not connected to global electronic banking networks and travelers' checks and credit or debit cards are rarely accepted.

The CBL's regulation concerning the transfer of foreign currency stipulates that every business house or entity or individual wishing to make a foreign transfer of funds may do so without limitation as to the amount to be transferred; provided, however, that the amount to be transferred must have been in the entity's bank account for not less than three (3) banking days prior to the transfer. An individual who does not have a bank account will, however, be allowed an over-the-counter transfer of up to US$5,000 at a time, provided that there shall not be more than two (2) over-the-counter transfers of up to US$5,000 each, within a thirty (30) day period at any given bank.

Expropriation and Competition

Many private commercial plantations came under rebel control and later government-appointed management during the civil war. While private entities were in large part not compensated for their war-time losses, most plantations have since reverted to private control.

The Embassy is working on one real estate expropriation case at the Freeport of Monrovia. The National Port Authority (NPA) came to control several privately-owned warehouses after the war. The American property owner took the NPA to court to regain possession of the warehouses and despite both Circuit and Supreme Court rulings in his favor, has yet to regain control of the properties.

Multinational firms often report having to pay fees to minor GOL agencies that were not part of the firms' initial investment agreements. In the interest of time some firms pay them, and some firms opt to try to only pay what was specified by their contracts.

The GOL favors signing non-exclusive concession agreements with major investors which allow it to sign overlapping concession agreements for different resources. For example, the GOL may sign an agricultural concession agreement but allow itself the flexibility to also sign a mineral concession in the same area. As multinational investors continue to develop concession areas, some are expressing concern and taking out insurance to protect against operational disruption caused by the GOL.

Liberia’s statutory and traditional land tenure systems do not reconcile. The Monrovia-centric GOL and multinational firms sign legally binding investment agreements with real estate provisions. When the firms stake their claims, local communities believe the companies are encroaching on community land. This leads to frequent disputes which can turn violent. Absent a smoothly functioning court system and in the interest of minimizing lost productivity, the companies often find themselves making additional land and/or labor payments to soothe tensions with the surrounding communities.

Dispute Settlement

Liberia's criminal and civil legal systems are similar to those in the United States. The judicial power is vested in a Supreme Court and subordinate courts. The official legal system based on Anglo American Common law is shadowed by a local customary law based on unwritten traditional practices for the indigenous people. However, as the judges and other judicial officers are poorly compensated, the judicial system is weak.

As a result, judgments can be purchased, and foreign firms tend to be at a disadvantage. Due to the backlog of cases, hearings are usually held following lengthy waiting periods. The Liberian government is committed to judicial reform, and the national legislature enacted a modern Commercial Code and an Act Establishing A Commercial Court in Liberia. The Commercial Court came into being in September 2011 to handle cases resulting from financial and commercial disputes. The Ministry of Commerce is working with the major local business associations, in collaboration with the IFC-sponsored Liberia Better Business Forum, to initiate programs aimed at commercial law reform. Liberia does not have general bankruptcy law to protect creditors’ rights. There is a provision in the Central Bank’s New Financial Institutions Act of 1999, which deals with voluntary and compulsory liquidation of financial institutions.

Performance Requirements and Incentives

In an effort to attract foreign investment, the Investment Act of 2010 prohibits nationalization of private enterprises. As part of its efforts to make Liberia a more attractive place for investors, the government in late 2010 carried out a thorough review of the incentives offered under the Investment Incentives Act of 1973. The revised incentive code brings Liberia in line with international best practices, by granting foreign investors the same rights and subjecting them to the same duties and obligations as those that apply to domestic investors. However, there are efforts to encourage all companies to hire Liberians. Section 216 of the Liberian Labor Law, approved July 2011, stipulates that “the Ministry shall not issue a permit to work in Liberia unless it is satisfied that there is no suitably qualified Liberian available to carry out the work required by the employer.”

In the Investment Act of 2010, incentives are available to foreign and domestic investors for approved investment projects in the following priority areas, as defined by the government: tourism carried out through tourist resorts, hotels, and cultural sites; manufacturing of finished products having at least 60% local raw material content; energy; hospitals and medical clinics; low and medium income housing; air, sea, rail and road transport infrastructure; high impact information and communications technology; and banking in non-bank areas in the southeastern region of the country. Under the revised investment code, economically viable and strategically located investments up to, or in excess of US$ 20 million are eligible for special incentive packages, through the IMCC, chaired by the National Investment Commission (NIC).

Capital assets and other goods to be used in the project are exempted from import duty up to 100% of their dutiable value. The revised code reduced both the maximum annual tax on net corporate profits derived from Liberian operations and personal income tax from 35% to 25%. The maximum corporate income tax rate in Liberia is 25%, though it could be raised to 30% for the mining industry. Liberia's Incentive Act of 2010 introduces a clear, standardized, and transparent system for awarding concessions and provides guarantees against unfair expropriation. It also ensures the ability of investors to repatriate capital and profits and obliges the government to protect intellectual property rights. For additional information on incentives, please visit the National Investment Commission (NIC) website at http://www.nic.gov.lr/

Right to Private Ownership and Establishment

Land ownership is restricted to Liberian citizens. Chapter III, Article 22, of the Liberian Constitution states: "Every person shall have the right to own property alone as well as in association with others, provided that only Liberian citizens shall have the right to own real property within the Republic. Private property rights, however, shall not extend to any mineral resources on or beneath any land or to any lands under the seas and waterways of the Republic. All mineral resources in and under the seas and other waterways shall belong to the Republic. Non-citizen missionary, educational and other benevolent institutions shall have the right to own property, as long as that property is used for the purposes for which acquired; property no longer so used shall escheat to the Republic."

The 2006 Forestry Reform Law states that natural forests are owned by the Republic, with two exceptions (Chapter II, Section 2.1). Rights to land ownership and to use of resources such as minerals and timber are likely to evolve in coming years, and the government has established the National Land Commission to address questions of land tenure in August 2009. Although the institution has yet to advance any material reforms and is not yet a forum for adjudicating disputes.

Foreign investors may lease land for periods up to 50 or more years, with options for renewal. In the case of concessions on undeveloped land, leases of up 65 years may be available. Many foreign businesses have entered into long-term leases, but disputes over land ownership and squatters' rights remain contentious, particularly for large concessions. Violence based on land disputes erupted in Nimba and Grand Cape Mount Counties in 2011. As more agricultural and forestry concessions begin operations, disputes over land use may be expected between investors and local communities.

Protection of Property Rights

Conflicts between customary and statutory land tenure systems have not been reconciled. The official archives, including property deeds and secured property interests, were looted during the war and disputes over real estate ownership are difficult to adjudicate. The lack of adequate facilities and salaries for judicial officers also degrades enforcement of property rights as judges sometimes decide cases in favor of the highest bidders. The Ministry of Lands, Mines and Energy, which is in charge of survey and validation of land claims, has established an office for implementing a national mining cadastre that could eventually incorporate land title registrations. In 2010, the GOL established the Land Commission to unravel land tenure issues. The Commission has made minimal progress developing interim policy guidelines and procedures, which are a prerequisite to lifting the Moratorium the GOL placed on the sale of public lands in 2006. The Commission has completed an inventory of land dispute cases in Circuit and Magisterial Courts in five of Liberia's fifteen counties.

Liberia is a member of the World Intellectual Property Organization (WIPO) and a contracting party to international conventions and treaties on the protection of intellectual and industrial property rights, including the Berne, Paris, Lisbon, Vienna and Washington conventions and the Madrid Agreement. The Constitution of Liberia does guarantee the protection of private property and the Act adopting the New Copyright Law of Liberia, approved in July 1997, provides the legal and administrative framework for protection of intellectual and industrial property rights. The Copyright Office (CRO) and the Industrial Property Office (IPO) manage these issues, but lack the capacity to function effectively.

All imports of intellectual property must be so identified on the import permit (rather than being identified as "general merchandise"). All businesses dealing in intellectual property must reflect that on their business registration form. Holders of intellectual property rights have access to judicial redress but enforcement is minimal. In the first three quarters of 2011, the Liberia Copyright Office recorded a little over 75 businesses, particularly by songwriters, movie producers and authors holding intellectual property rights. Infringement of intellectual and industrial property rights, including duplication of movies and music is prevalent. Counterfeit drugs, apparel, cosmetics, computer software and hardware are sold openly. Broadcasters do not tend to pay royalties for use of protected material.

Transparency of Regulatory System

The impact of years of violence and bad governance undermined the rule of law and created unchecked opportunities for corruption. The GOL benefited from USAID's Governance and Economic Management Assistance Program, which sought to institute accountability, responsibility, and fiscal transparency in the government and key state-owned enterprises. GEMAP, which concluded in 2009, had a positive influence on foreign investment decisions by affecting mining and forestry policies and procurement process transparency. The five-year, $45 million successor USAID GEMS program will continue to build capacity and improve economic governance through targeted technical assistance and formal classroom training at key GOL ministries. GEMS will also engage with key GOL institutions on the concession management for Liberia's economic development and implementation of GOL's information and communication technology (ICT) strategy. Despite these and other donor-funded programs, lack of training, inadequate salaries and a culture of corruption have created a judicial system that actively hampers investment.

The Liberian government continues to improve Liberia's ranking in the "Doing Business" index by making regulations more transparent, accountable, and effective. For example, in July 2011, the government launched its first phase of the Integrated Financial Management Information System (IFMIS) aimed at preventing fraud, waste and abuse in government's ministries and agencies. The IFMIS is also intended to integrate the general financial transactions of ministries and agencies under single monitored internet system to ensure efficiency and transparency in the public sector business. Information on the implementation of the consolidated public financial management systems can be found on the Ministry of Finance website: http://mof.gov.lr/ . Harmonization of the regulatory environment across ministries and agencies with conflicting rules and regulations is ongoing. However, regulators can still be arbitrary or heavy-handed, and limited capacity means existing regulations are not always enforced.

The government has established a one-stop shop at the Freeport of Monrovia to streamline the customs processes, and is operating an automated system of customs data (ASYCUDA) to fully automate processes and reduce customs Clarence procedures.

Efficient Capital Markets and Portfolio Investment

Liberian banking system provides basic banking services, but there is no effective capital market or options for portfolio investment. Although the IMF has qualified the Central Bank of Liberia (CBL) of being capable of implementing a Treasury bill operation, the T-Bill market has yet to be launched. In the first quarter of 2011, the CBL created its Treasury Operations Section and has been providing training and resources to ensure the bank's preparedness for such operations. The CBL has done the preparatory work to commence the sale of treasury bills. The bank held a T-bill mock auction early 2011, involving the participation of eight of the nine commercial banks in Liberia.

While financial institutions allocate credit on market terms to foreign and domestic investors alike, the historically high rates of non-performing loans mean banks more willingly grant short-term (less than 18 months), high-interest loans (between 12-20%) that constrain capital investment and limit new business development. Commercial lending has increased with total CBL lending for the quarter ending June 2011 up 38.5 percent over the same quarter ending June 2010. The CBL reports that non-performing loans have increased significantly, from L$1,143 million at quarter end-June, 2010 to L$2,703 million at quarter end-June 2011. CBL's total assets were approximately L$45,238.0 million at the quarter ending June 2011. Minimum capital requirements were raised to $10 million in December 2010. The minimum capital adequacy ratio was increased from 8 percent to 10 percent in 2008. During the first half of 2011, total assets of the banking industry increased by 15%, the deposit base increased by 16% and gross loans also increased by 16%.

Although the banking sector has shown steady growth in recent years, it remains challenged by low profitability. This is due to several factors, including high loan provisions associated with poor quality of collateral assets, high operating costs, and limited financial instruments for investing excess liquidity. The weak judicial system means financial institutions find it difficult to recover bad loans through the courts. Though a new Commercial Court was established in the fall of 2011 litigate such cases. In addition, there is no effective credit rating system, and many firms lack the business records necessary for credit approval. The obstacles to domestic travel and communication increase the risk in accepting collateral outside Monrovia and the lack of reliable land title hampers access to credit.

The United States has programs to support investment in small and medium Liberian companies, some of which provide services, such as lodging, communications, and construction, which improve the overall investment climate. CHF International, the Overseas Private Investment Corporation (OPIC) and the Robert L. Johnson Companies partnered to create the Liberia Enterprise Development Finance Corporation (LEDFC), a non-bank financial institution that provides financing to Liberian-owned small and medium enterprises (SMEs). The goal of LEDFC is to support the promotion of private enterprise growth and job creation in Liberia to assist the development of a dynamic local business environment. To date, LEDFC has given about 130 loans across all sectors of the economy, worth US$5 million, which has created about 800 jobs for Liberians. The United States African Development Foundation (USADF) is focusing on women for capacity building in its 2011programming activities in Liberia.

Women remain the most marginalized population in Liberia and, because of their low level of education and capacity; they constitute the largest number of farmers in the country. USADF's portfolio in 2011 consists of 33 active project grants worth US$3.9 million, targeting both urban and rural initiatives to improve food security through agriculture and small business activities.

The Liberian market offers the private sector few credit instruments. Private companies also do not issue debt, in part because there is no government benchmark, and in part because there is not a culture of using such investment instruments. Informal credit clubs, sousous, exist in which members contribute funds to the group which in term makes short-term (one to three month), high-interest loans to members.

Competition from State Owned Enterprises (SOEs)

Liberia has more than 20 state owned enterprises (SOEs) and regulatory agencies, some of which only exist statutorily, but are no longer functional. The functional SOEs include: the National Port Authority (NPA), Liberia Telecommunication Corporation (LIBTELCO), Liberia Water & Sewer Corporation (LWSC), Liberia Electricity Corporation (LEC), Robert International Airport (RIA), Liberia Civil Aviation Authority (LCAA), Forestry Development Authority (FDA), National Social Security and Welfare Corporation (NASSCORP). The statutory but dysfunctional SOEs include, Liberia Industrial Free Zone Authority (LIFZA), Liberia Rubber Development Authority (LRDA), Liberia Produce Marketing Corporation (LPMC), and Liberia Sugar Corporation (LSC). The history of SOEs in Liberia is characterized by a high level of corruption, cronyism, low capacity and mismanagement. Liberia's Public Financial Management Law of 2009 set out rules governing the management and operations of the SOEs. The law also defines the mandate and scope of an SOE, as a commercial enterprise or any other organization established by law, in which government has controlling shares. The Bureau of State Enterprise (BSE) is a parastatal organization responsible for SOE financial and management oversight but it lacks the government's budgetary support needed to be effective.

The government plans a two-pronged restructuring strategy for SOEs before 2012. Firstly, it intends to dissolve or privatize SOEs that have become obsolete, unnecessary or appropriate for private ownership. Secondly, there are ongoing plans to improve efficiency and economic governance at those remaining SOEs. The government formulated an SOE Working Group, spearheaded by the Ministry of Finance to develop multi-year strategic and operational frameworks for Liberian SOEs. However, the frameworks have yet to be implemented due to lack of political will and the fear of ramifications of the resulting layoffs.

Corporate Social Responsibility (CSR)

Foreign investors typically are expected to offer social services to local communities where they operate as a gesture of goodwill. Concession contracts outline what services an investor is expected to provide, such as road building, school construction or maintenance of health clinics. Even after a concession is ratified by the legislature, most investors find that communities expect them to negotiate separately with local leaders for additional services, a process that can be cumbersome or lead to delays and increased costs.

A consortium of large foreign investors launched a Corporate Responsibility Forum in Liberia in 2009. While the initiative is still in the early stages, it provides information and resources to foreign investors on how to follow generally accepted CSR principles such as the OECD Guidelines for Multinational Enterprises. ArcelorMittal has developed an internal corporate responsibility governance structure, aimed at enhancing the company's participation and contribution to the implementation of the Liberia Extractive Industries Transparency Initiative (LEITI). There is a growing trend for large concessionaires to meet with county-level government officials and other stakeholders in the field to establish better communication at the local level.

Political Violence

This year's presidential and parliamentary elections were the first organized by the Liberian Government, following the UN-assisted elections in 2005. This marks an important step in Liberia's efforts to advance democracy and to promote peace and security. The Armed Forces of Liberia (AFL) was completely demobilized and with USG assistance a modern, professional force has been trained though is still reliant on international support and not fully capable. The Liberian National Police (LNP) has also been restructured and includes an Emergency Response Unit, which has the ability to respond rapidly and to address sudden tactical police emergencies. Though UN troops are gradually being withdrawn as Liberia's security forces gain in strength and experience, the November 7 election-time altercation between the LNP and political party members of the Congress for Democratic Change highlights how fragile the peace remains. Increasing freedom and transparency for the Liberian people has led to vigorous pursuit of perceived rights, which results in active, often acrimonious, political debate. Though professional journalistic capacity is low, there are free and open media that have increased political awareness amongst Liberians. As noted previously, access to land remains a volatile issue.

Corruption

The government of Liberia is fighting corruption, but it remains endemic in Liberian society. Over the past year, Liberia's ranking improved ten positions (from 97 to 87) on the Transparency International Index. Over the last five years, Liberia achieved the most striking improvements in the Mo Ibrahim Governance Index. Liberia has improved evenly across the four governance categories of the index: safety & rule of law, participation and human rights, sustainable economic opportunity, and human development. Although corruption is being addressed, travelers will likely encounter officials who solicit bribes (often euphemistically referred to as "cold water" or "my Saturday").

There have been improvements in the transparency of government procurement and reduction of GOL revenue leakages. The government began implementing the procurement laws in the public bidding process in 2006, and the public financial management law in the public finance in 2010. The country is a member of the worldwide Extractive Industries Transparency Initiative (EITI) and was the first African nation to be validated as EITI compliant. Working through the Ministry of Justice, the Liberia Anti-Corruption Commission (LACC) may fight corruption in any sector of government, but in practice lacks full, independent prosecutorial powers. The General Auditing Commission (GAC), which was restructured in 2006, is accountable to the legislature. GAC's primary function is to fight waste, fraud and abuse in government's operations and provides unbiased advice on the proper and efficient management of public funds. The current administration faces the dual pressure of controlling government expenditures while at the same time undertaking civil service reforms that set right compensation and limit corruption.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud/

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-bribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Anti-bribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see http://www.oecd.org/dataoecd/59/13/40272933.pdf). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Anti-bribery Convention through the U.S. FCPA.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html).

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.)

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: http://www.ustr.gov/trade-agreements/free-trade-agreements.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: http://www.justice.gov/criminal/fraud/fcpa.

- Information about the OECD Anti-bribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Anti-bribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See http://www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/index.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: http://data.worldbank.org/data-catalog/BEEPS.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See http://www.weforum.org/s?s=global+enabling+trade+report.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at http://www.state.gov/g/drl/rls/hrrpt/.

- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org/.

Bilateral Investment Agreements

Liberia has a few bilateral trade agreements, but some of the agreements have remained inactive for years. In 2011, the GOL, with support from ECOWAS, USAID and the Millennium Challenge Corporation (MCC), drafted a policy aimed at improving Liberia's trade practices, including cross-border trade. In 2011, MCC launched a threshold program designed to harmonize tariffs, engage regional and global bodies, and strengthen the regulatory environment. When implemented, the nation's first-ever trade policy, which the GOL and its partners are validating, will streamline tariffs and customs procedures and qualify the country for WTO accession.

In August 2011, Liberian officials met with their American counterparts to discuss their Trade and Investment Framework Agreement (TIFA) to reduce trade and investment barriers. Liberia is eligible for trade benefits under the African Growth and Opportunity Act (AGOA) and in April 2011 exported its first apparel shipment under the textile visa system. In May 2011, Liberia and the EU signed a comprehensive trade agreement, known as Voluntary Partnership Agreement (VPA), aimed at controlling illegal logging and improving forest sector governance. Although, Liberia has access to regional markets, like the 250 million consumers of ECOWAS and the nearly 40 million consumers of the Mano River Union (MRU), the total volume of regional trade is little due to insufficient infrastructure. Under the MRU arrangements, trade with member states is duty free and any goods seeking benefit must be accompanied by a proof of origin documentation.

OPIC and Other Investment Insurance Programs

OPIC provides coverage for investors in Liberia. The U.S. Government restored Liberia's eligibility for the Generalized Systems of Preferences in 2006. The Liberian dollar is a fully-convertible currency and operates on a free float with no predetermined path. It is therefore unlikely that OPIC would ever be required to pay an inconvertibility claim. There has not been any major risk of currency depreciation in 2011, as the Central Bank of Liberia strengthens its foreign exchange reserves. However, the country will continue to run large current account deficits until it begins once again to export raw materials and value-added products.

Labor

The Liberian labor force is predominantly illiterate and unskilled, and most Liberians lack basic computer skills. The adult literacy rate for Liberia is estimated at 57%. The literacy rate for those below age 35 is estimated at 15%. Many concessionaires required to employ a certain percentage of Liberians report a lack of qualified local labor as their biggest operational hindrance. Demand for jobs is tremendous as the formal economy employment rate is estimated at only 25%. About 80% of the workforce is engaged in the informal sector, contributing to family businesses or small scale farms.

Employees enjoy freedom of association, and they have the right to establish and become members of organizations of their own choosing without previous authorization or coercion. In this regard, no employer shall discriminate against an employee because of membership in a labor organization. The Ministry of Labor requires employers to demonstrate a goodwill effort to hire a qualified Liberian before it will grant work visas to foreigners, and some foreign investors find this process to be a lengthy one.

In July 2011, the legislature merged the "Decent Work Bill" together with the "Minimum Wage Law" to create a new Labor Law of Liberia. The labor law is intended to improve worker incentives, expectant parent leave, and private sector minimum wage. Under the Liberian laws, labor organizations and associations have the right and freedom to draw up their constitutions and rules with regards to electing their representatives, organizing their activities, and formulating their programs. The laws specify that no industrial labor union or organization shall exercise any privilege or function for agricultural workers and no agricultural labor union or organization shall exercise any privilege or function for industrial workers. However, the bill has not yet been signed by the President.

Free-Trade Zones/Free Ports

The government of Liberia established the Liberia Industrial Free Zone Authority (LIFZA) in 1975 to encourage and promote foreign cooperation and investments in the country. The LIFZA is one of the statutory but dysfunctional state owned enterprises in Liberia. The Monrovia Industrial Park (MIP) is 450 hectare parcel of land set aside by the Legislature for industrial purposes in Gardnersville Township outside Monrovia. According to Liberia's investment policy, industries that establish within a free zone area are entitled to waive import duties and corporate taxes. The National Investment Commission (NIC) manages free trade zones and is currently working on a long term redevelopment plan to establish active industrial parks and special economic zones in other parts of Liberia.

Foreign Direct Investment Statistics

Though Liberia has a limited domestic market of roughly four million people, having to rebuild the post-conflict economy from scratch provides many foreign investment opportunities in the agriculture, service and manufacturing sectors.

Currently, Liberia's export sector relies heavily on rubber, which accounts for about 59% of total exports. Iron ore will represent an increasing large proportion of exports as multibillion dollar investments from ArcelorMittal, China Union and BHP Billiton start and expand production. In September 2011, ArcelorMittal made Liberia's first export shipment of iron ore in 25 years. The main export destinations for Liberia include Europe, the United States, and China. The country's main imports are food and live animals, machinery and transport equipment, manufactured goods and petroleum products.

Business registration statistics indicate that the newly established Liberia Business Registry (LBR) has registered a total of 4,950 businesses as of November 2011, of which 625 are foreign owned. (Note: Businesses in Liberia must register annually. End note.) The LBR was established in April 2011, as one-stop business registries to simplify and speed up the process of starting a business, allowing entrepreneurs to register their businesses within 48 hours.

Annual FDI in Liberia in Millions of USD (most recent data available)

2006	2007	2008	2009
$108	$132	$200*	$378*

Source: World Investment Report, UNCTAD
****Estimate***