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## **TRADE POLICY REVIEW**

REPORT BY

GUYANA

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 Guyana is attached.

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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 Guyana.

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## 1 INTRODUCTION

1.1. Guyana welcomes this fourth round of its Trade Policy Review (TPR) by the World Trade Organization, Trade Policy Review Body. The Government of Guyana acknowledges the virtual consultations with WTO Secretariat staff during the preparations of the TPR and appreciates the valuable work undertaken under difficult circumstances due to the COVID-19 pandemic restrictions.

1.2. Guyana is a small vulnerable economy that still heavily relies on a narrow export base, comprised of agricultural and extractive industry products, which are increasingly playing a key role in the country's export revenue. Guyana continues to import most of the products it needs, but the current policy is to encourage domestic production of products which are hitherto being imported. Guyana remains a strong advocate for a transparent, rules-based, multilateral trading system. Most of Guyana's import and export trade is based on reciprocal preferential market access based on free trade agreements with international and regional trading partners.

1.3. During the review period, Guyana has sought to diversify the economy and create opportunities in all economic sectors. With the development of the oil and gas sector, the country started exporting oil, and intends to use the revenues to invest in critical development priorities particularly in education and health and in key sectors, especially agriculture with a focus on agro-processing, light manufacturing, services and tourism. In its bid to expand the economy and its exportbase, Guyana continues to embrace multilateralism, while at the same deepening regional integration within the context of the Caribbean Community (CARICOM). It continues to advocate for the removal of barriers to trade to encourage greater access to markets in the countries of the Region.

1.4. Prior to the COVID-19 pandemic, Guyana's economy had experienced steady growth over the years, but this was disrupted by the pandemic. Like other countries, and economies it is hoped that with the easing of restrictions and opening up of economies, Guyana's economic growth, which was steadily rising from 3.8% in 2016 to 5.3% in 2019<sup>1</sup>, and was expected to grow by 45.6% in 2020<sup>2</sup> registered an actual rate of 43.48%.

## 2 ECONOMIC POLICY ENVIRONMENT

2.1. Guyana's has had a positive economic performance during the review period, with an average growth rate of above 12.5% during that period, with a 3.8% growth in 2016 and 43.48% in 2020.<sup>3</sup> The high growth rate in 2020 being a reflection of the early revenue from the gas and oil sector as well as other measures by Government to improve the overall business climate and attract investment in other sectors of the economy. The generally favourable international environment coupled with increased interest in the economy by mostly international investors has been the main catalyst for the much-improved macroeconomic performance. Even without the growth rate of 43.48% in 2020 attributed to the oil and gas sector, the average rate of growth for the four (4) preceding years would be over 3.3%, which is above the regional average for the same period. Guyana is positioned to attract increased long-term investments, especially in the oil and gas related services as well as other economic sectors and tourism.

2.2. The World Bank Group Ease of Doing Business Report of 2020 ranked Guyana 134 among the 190 countries that were covered by the report with a score of above average at 55.5% The report gives Guyana favourable scores for different aspects of doing business in Guyana, including starting a business, securing credit and access to finance, securing necessary permits and trading across the border, among other considerations. The Government continues to create conducive environment for enterprises to establish and thrive their businesses in Guyana, in this regard.

2.3. Guyana's GDP at Current Basic Prices (USD million) (2012 Base) rose from USD 4,089.90 in 2016 to USD 4,904.40 in 2020, while the per capita GDP (USD) (2012 Base) rose from USD 5,979.20 to USD 6,855.10 during the same period.<sup>4</sup> This consistent improvement in Guyana's GDP is a reflection of the steady economic growth that the country has witnessed over the past decade. This

<sup>1</sup> <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=GY>.

<sup>2</sup> <https://finance.gov.gy/budget-speech-2020/>.

<sup>3</sup> <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=GY>.

<sup>4</sup> <https://finance.gov.gy/wp-content/uploads/2021/02/Budget-Speech-2021.pdf>.

economic growth continues to be registered largely due to the robust performance of all sectors of the economy due to the Government's targeted measures.

2.4. The agricultural sector dominated by the rice and sugar industries as the major contributor to the economy in terms of the national GDP during the previous review period has been overtaken by the extractive industry over the recent past. Besides, oil and gas other products of mining and quarrying, including gold and bauxite were the main export revenue earners for Guyana during the review period. It is expected that these exports of mining and quarrying, which have seen high growth during the review period, will continue to be major driver of the economy in the short and medium term.

## 2.1 Fiscal Policy

2.5. During the review period, the Central Bank of Guyana continued to exercise its power to guide Guyana's monetary policy with the aim of influencing the availability and cost of money and credit, in order to achieve national goals such as a low, stable and predictable rate of inflation and sustained economic growth. The principal objectives on the fiscal policy were accordingly designed to foster domestic price stability through the promotion of stable credit and exchange conditions, as well as sound financial intermediation conducive to the growth of the economy of Guyana by strict observance of the reserve requirements and open market operations.<sup>5</sup>

2.6. In this respect during the review period, there was a change in reserve requirement, which was implemented in 1999, remained in force up to 23 August 2020. Subsequently, there was a temporary amendment of the rate to 10% effective 24 August to 31 December 2020 as agreed between the Bank and the commercial banks in relation to the supplementary relief measures for the COVID-19 pandemic. The Bank of Guyana has managed to maintain a stable bank rate, which is determined by the 91-day treasury bill rate, which remained unchanged.<sup>6</sup> The 91-day treasury bill yield remained unchanged at 1.54% due to the non-issuance of the bill during the review period while the spread between the Bank rate and 91-day treasury bill stood at 3.5%.

2.7. The Government continues to apply a fiscal policy that is geared towards long-term stability and growth. The implementation of the VAT in the previous review period modernised Guyana's tax regime and VAT administration was strengthened and streamlined during the reporting period. VAT at the rates of 14% or 0% is charged on the taxable supply of goods and services within Guyana by a registered person and the supply of machinery and equipment for obtaining, generating, and utilizing electricity from renewable energy sources is VAT exempt, besides other items including international transport services, locally mined raw gold or diamonds, educational services, residential rent, financial services, and certain medical services, food items, and consumer products, while goods and services for export and certain medical supplies are zero-rated.<sup>7</sup>

2.8. The Bank of Guyana managed to maintain a low inflation rate for the respective years during the review period with the highest rate being at 2.09% in 2019.<sup>8</sup> This has helped have sustained stable consumer prices over the years. The exchange rate against all major convertible currencies remained relatively stable during the review period. During the review period, Guyana maintained a stable public debt, which has however witnessed a slight increase in 2020. This slight increase notwithstanding, the country remains in a good position to service its external debt given its maturity structure and currency composition. Guyana has benefitted from debt relief, made substantial repayments, and exercised prudent debt management, leading to a large decline in the country's debt ratios over the past decade and has seen a debt-to-GDP ratio decline to 47% in 2020. The latest debt sustainability analysis (DSA), conducted by the International Monetary Fund in 2019, concluded that the risk of external and overall debt distress is moderate, but debt dynamics will improve significantly as oil production begins. (*The Government of the Cooperative Republic of Guyana Public Debt Policy 2021 – 2024*).<sup>9</sup>

<sup>5</sup> [www.bankofguyana.org.gy](http://www.bankofguyana.org.gy).

<sup>6</sup> <https://bankofguyana.org.gy/bog/images/research/Reports/ANNREP2020.pdf>.

<sup>7</sup> <https://taxsummaries.pwc.com/guyana/corporate/other-taxes>.

<sup>8</sup> <https://www.worlddata.info/america/guyana/inflation-rates.php>.

<sup>9</sup> <https://finance.gov.gy/wp-content/uploads/2021/05/Public-Debt-Policy-2021-2024-The-Cooperative-Republic-of-Guyana.pdf>.

2.9. One major development during the review period is that with the commencement of the exploitation of Guyana's oil and gas resource and the need to rationalize management of anticipated revenue, Guyana established the Natural Resources Fund, through the enactment of Natural Resource Fund Act No. 12 of 2019 which became operational during the review period. The Natural Resources Fund is intended to manage the natural resource wealth of Guyana for the present and future benefit of the people in an effective and efficient manner by ensuring that volatility in natural resource revenues do not lead to volatile public spending; ensuring that natural resource revenues do not lead to a loss of economic competitiveness; fairly transferring natural resource wealth across generations to ensure that future generations benefit from natural resource wealth; and using natural resource wealth to finance national development priorities including any initiative aimed at realising an inclusive green economy. The Fund is a public fund held in the name of the Bank of Guyana on behalf of the Government and people of Guyana.<sup>10</sup>

2.10. Guyana is open to foreign investments, and there is no discrimination between foreign and domestic investors with regard to their investments, except in small scale mining sector. Under the Income Tax (In Aid of Industry) Act, the Minister of Finance may grant an exemption from some taxes with respect to new economic activity of a developmental and risk-bearing nature in specified economic fields. Guyana has consistently been ranked very high in UNCTAD's FDI performance index during the review period. The Government actively supports potential investors through the Guyana Office for Investment (GO-Invest). Significant investments have been made during the review period in all major sectors, especially in the oil and gas sector, and services sector activities linked to the oil and gas industry. The Government is seeking to widen the spread of investments in new areas of manufacturing for value addition, agriculture and agro-processing industries, as well as in the services sector especially in information communication technology (ICT) and the tourism sector.

2.11. Guyana's economy was ranked among the five fastest growing economies in the world by Nasdaq, Bloomberg and the International Monetary Fund (IMF); at a time when the rest of the world's economy was in decline. The country's GDP for 2019 was USD 4.28 billion, a 10.36% increase from 2018 and is expected to have a 26.2% growth in 2020 according to the IMF revised forecast. Exxon Mobil has projected to produce at least 750,000 barrels of oil per day by year 2025. Guyana is on the verge of becoming the largest oil producing country in the world on a per capita basis. Guyana is already preparing for this by putting in place the regulatory framework to manage the sector and the investments that would follow.<sup>11</sup>

## 2.2 The Effect of the COVID-19 Pandemic on the Economy

2.12. Guyana remains largely a commodity exporter and is therefore exposed to developments on the global commodity markets, and the COVID-19 pandemic created much uncertainty in these markets, with mixed effects across the main commodities of export interest to Guyana. While the average world market price of rice and sugar may increase in the immediate post pandemic era, the global metal prices including gold, aluminium and oil were lower during the pandemic compared to the years before, although the price of oil is set to rise again. The pandemic created slow growth of the rest of the economy, which was characterized by closure of all major sectors, including wholesale and retail trade, tourism and most of the services sector. The few sectors that remained open only operated far below normal capacity. The economic shocks on the economy from the COVID-19 pandemic are likely to be far more severe and far more lasting than was originally anticipated. Thus, Guyana's real Gross Domestic Product (GDP) in 2020 is estimated to have grown by 43.5%, somewhat lower than previously expected, while initial estimates indicate that the non-oil economy may have contracted by up to 7.3%.

2.13. While it is not clear when or if the pandemic is ending, it is evident that the COVID-19 pandemic will impact the Guyanese economy both in the short and long term. The declining and weak global economy has already negatively imparted remittances by Guyanese in the diaspora who used to significantly contribute to Guyana's foreign exchange revenue. Some businesses and sectors may never recover, or they may take a long time to find their footing again. Except in the oil and gas sector, investments in other sectors of the economy stalled since the pandemic and this has a ripple effect on employment and purchasing power within the economy. The Government of Guyana

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<sup>10</sup> <https://finance.gov.gy/publications/natural-resource-fund/>.

<sup>11</sup> [www.goinvest.gov.gy](http://www.goinvest.gov.gy).

provided relief to alleviate the impact of COVID-19 both in cash and in kind to the population, as well as tax waivers on essential products, but this relief may not be a long-term solution.

2.14. Despite the slowdown in the economy however, Guyana's real GDP is projected to grow with the reopening of the economy after the COVID-19 restrictions are gradually lifted and is, therefore, subject to significant downside risks. The non-oil economy including the agriculture, forestry and fishing sector is expected to expand driven by growth across all subsectors as well as the mining and quarrying sector expected to grow significantly driven by growth across all industries, namely oil, gold, bauxite, and other mining and quarrying. The performance of the manufacturing sector is projected to also improve on account of anticipated growth in sugar, rice, and other manufacturing. Regarding the services sector, significant improvements are anticipated commencing in the short following the phased reopening of the economy, largely driven by anticipated expansions in wholesale and retail trade, transportation and storage, and financial and insurance activities, which are all expected to grow significantly when the pandemic eases.<sup>12</sup>

### 2.3 Infrastructure Development

2.15. The modernization and development of the country's economic infrastructure remains key to strengthening the economy and transforming the landscape for economic development. During the review period, the Government sought to enhance and expand public physical infrastructure, through public investment and strategic partnerships for much needed finance. The Government expanded and modernized Guyana's international airport at Timehri to improve air transport services and enhance Guyana's connectivity with its partners. The privately owned airport at Ogle, near Georgetown was also expanded and upgraded to international airport status, to create an alternative option for international travellers out of Guyana. The road network both within and beyond the main port city of Georgetown has been enhanced by constructing new roads and/or renovating and expanding existing roads and bridges. The improvement of airports and the road networks resulted into increased international arrivals and also eased transportation for both goods and citizens as they ply their business and services within the country.

## 3 TRADE POLICY DEVELOPMENTS

### 3.1 International Trade Policy

3.1. Guyana considers trade policy to be at the center of its economic development since trade, both exports and imports contribute significantly to the National Gross Domestic Product (GDP). The Ministry of Foreign Affairs and International Cooperation is responsible for coordinating Guyana's trade policy, specifically through the Department of Foreign Trade. The Ministry oversees the National Advisory Committee for External Negotiations (NACEN) which is a forum for public-private stakeholders and ensures their participation in trade policy matters. The NACEN has regular meetings quarterly to get briefing and give guidance based on Guyana's interests, on key ongoing trade policy matters. The NACEN is convened and chaired by the Minister.

3.2. Guyana remains open to investment as the basic code and regimes are the same as they were during the last Review. As a member of CARICOM, the well-established mechanisms in place for the waiver of tariff duties on inputs. Such waivers are still followed by local producers. The general trade policy regime as it relates to locally and regionally produced items remain constant as per the last review, they do enjoy some amount of tariff protection from extra-regional imports, in particular agricultural products. Guyana only uses *ad valorem* tariffs and has not imposed any import quotas.

3.3. Guyana is a founding member of the Caribbean Community (CARICOM) and in accordance with the Revised Treaty of Chaguaramas, Guyana conducts its external trade policy through the CARICOM, including negotiation of external trade agreements with third countries. Any external trade agreement Guyana may wish to negotiate independent of CARICOM must be notified to CARICOM for no objection from member states. A key feature of the CARICOM is the operation of the Common External Tariff (CET) by member countries and the CARICOM Single Market Economy (CSME), which member countries have sought to deepen and strengthen to facilitate categories of people that may freely move as service providers during the reporting period.

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<sup>12</sup> <https://finance.gov.gy/wp-content/uploads/2021/02/Budget-Speech-2021.pdf>.

3.4. During the reporting period, Guyana under the auspices of the Caribbean Forum (CARIFORUM) Group of countries negotiated with the United Kingdom (UK) of Great Britain and Northern Ireland an Economic Partnership Agreement (EPA). This EPA is essentially a rollover agreement from the CARIFORUM-European Union (EU) EPA. Guyana signed the CARIFORUM-UK EPA on 22 March 2019. This EPA is being provisionally applied since 1 January 2021. This Agreement has since been notified to the WTO Committee on Regional Trade Agreements.

3.5. The governance institutions of the CARIFORUM-UK EPA will match those of the CARIFORUM-EU EPA, namely the Joint Council (at Ministerial Level), the Trade and Development Committee (TDC, meeting at Technical Level), the Parliamentary Committee and the specialised Committees on Agriculture and Fisheries, Services and Development Cooperation. The TDC had its first meeting in October 2021, and the Joint Council will meet during the first quarter in 2022.

3.6. On the side of the CARIFORUM-EU EPA there continues to be the main vehicle for trade between CARIFORUM States and the EU. Consequent to the exit of the UK from the EU, the Region's trade with the EU will be affected. However, with the mandatory second five-year review underway it is hoped that measures will be identified to ensure real market access and presence for CARIFORUM Member States. The Joint Declaration that was signed at the conclusion of the EPAs mandate that a review of the operations of the EU must be undertaken in five-yearly intervals. The first such took place in 2015 and the second was due to have been completed during 2020 but was affected by the ongoing COVID-19 pandemic. It is anticipated that this the second review will be completed during the first quarter of 2022.

3.7. The Cotonou Partnership Agreement that governed the relationship between CARIFORUM States and the EU came to an end in January 2020. Formal negotiations for a successor agreement were launched in September 2018 and draft texts of the Agreement were initialled by the respective lead Negotiator for the two sides on 16 April 2021. This new arrangement sees a foundation-type agreement at the "all-ACP" level and is supported by Regional Protocols that were tailored to the respective regional specificities. To allow for the signing of and implementation of the new Agreement the Cotonou Agreement has had several extensions, the latest of which will end on 30 June 2022. It is anticipated that the new Foundation-type agreement will be signed in Apia, Samoa before the expiry of the latest extension.

3.8. Since 2015, Guyana has taken several steps to foster Trade Facilitation (TF) reforms and to accelerate implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA). Guyana submitted its requisite notifications to WTO under the TFA during the period 2015–2020, this includes nine (9) Category C measures.

3.9. During the period under review, the Guyana also benefitted from a number of Technical Assistance (TA) activities under the United Nations Conference for Trade and Development's (UNCTAD) Empowerment Programme. UNCTAD's support ensured continuity of the work of the National Committee on Trade Facilitation (NCTF) and led to the development of a Roadmap. The roadmap is considered a living document and is intended to guide Trade Facilitation reforms beyond the TFA for the period 2019–2024. Presently, Cabinet's endorsement is being sought to further encourage active engagement at the NCTF and to achieve the priority goals set out in Roadmap. Reviewing the roadmap and coming up with a work plan being discussed at the national Committee level.

3.10. Guyana currently has an implementation rate of 83.2% under the TFA. To address its Technical Assistance and Capacity Building (TACB) needs, the country successfully mobilized support under the WTO Trade Facilitation Agreement Facility (TFAF) Grant programme. Support under the TFAF Grant Program, led to the development of nine (9) project proposals aligned with Guyana's nine (9) notified Category C measures under the TFA. The foregoing is intended to facilitate further collaboration with donor support partners to ensure implementation of each C measure through engagement at the NCTF level. A notification on TFAF Project Preparation Grant is expected to be submitted to the WTO to reflect these additional updates.

3.11. The NCTF meets on a quarterly basis and is jointly coordinated by the Ministry of Foreign Affairs and International Cooperation (Foreign Trade Department) and the Guyana Revenue Authority (Customs Administration). In addition, the NCTF membership includes other key border and regulatory agencies.



3.12. Guyana also remains committed to engagements on Trade Facilitation at the levels of CARICOM within the Regional Committee on Trade Facilitation and at the WTO within Trade Facilitation Committee (TFC). The former is intended to support the Region's approaches towards implementation of Trade Facilitation reforms in keeping with Article 24.5 of the TFA and the latter remains important, given that the work of the NCTF is also guided by the decisions emanating at the WTO-TFC.

3.13. Through the implementation of the Trade Facilitation Agreement, Guyana has continued to streamline and facilitate movements of goods across its borders, with the intension of ensuring that there is increased transparency and efficiency for importers and exporters. In the same vain Guyana is in the process of instituting measures that will allow operation of a single electronic window to execute customs procedures at the border. This is expected to allow increased predictability and reduce time needed to handle and clear trade goods.

3.14. Agriculture is a major contributor to Guyana's Gross Domestic Product (GDP) and the current Administration intends to continue investing in the sector to expand it and return it to profitability. Since August, the Government has made massive investments in the sector, which at the end of 2020 accounted for 27.1% of the non-oil GDP and 21.3% of non-oil exports. The Government has crafted a holistic plan for agriculture aimed at realizing Guyana's potential of becoming the breadbasket of the Caribbean. This year, expenditure in the agriculture sector is expected to increase to GYD 22.6 billion from GYD 18.3 billion in 2020.

### **3.2 Trade Performance**

3.15. Guyana has seen a strong export growth during the review period. The mining and quarrying sector has largely contributed to Guyana's increased export revenue, especially since the commencement of petroleum exports. Gold and aluminium exports have also made significant contribution to Guyana's export. The traditional agricultural products including rice, sugar, rum also continue to play a key role in Guyana's exports besides the fisheries and forestry products. Guyana is looking to increased diversification of its exports. During the review period, Guyana's imports have also increased tremendously in response to the development of new sectors, like the oil and gas sector. Imports have grown as well, and Guyana continues to have a significant trade deficit. The imports are dominated by machinery and industrial manufactured goods and the increased imports have dictated an increase in Guyana's trade deficit over the years during the review period.

3.16. Just as Guyana has sought to diversify its exports during the review period, export markets have also been diversified to new destinations although the traditional markets in USA, Canada, UK and EU remain strong besides the regional markets. During the review period, increased imports were sourced in new markets, including China, India and Brazil, Singapore and United Arab Emirates, among others. Diversification and expanding of Guyana's export and import markets is a key priority for Guyana, as the country seeks to engage in production of new products.

3.17. Most of Guyana's trade is currently dependant on preferential trade arrangements with partner countries. Although there is still relatively limited trade with Guyana's regional neighbours, this trend is changing as Guyana makes investments in the gas and oil sector as well as agro-processing industry. Strategic investments in physical infrastructure are being planned by government to facilitate trade on a larger scale with regard to both products and market destinations.

### **3.3 Preferential Market Access and Free Trade Agreements**

3.18. Guyana as a member CARICOM continues to be an active proponent and promoter of the Caribbean regional integration process. CARICOM administers a CET on extra-regional products and tariff-barriers for trade in goods within the Region have been largely abolished, to encourage and enhance regional production. A significant share of Guyana's imports and exports are with CARICOM states, especially Trinidad and Tobago and Barbados. Successful implementation of the CSME is a priority for both the Government of Guyana and its regional partners as a way of strengthened regional integration and facilitate unimpeded movement of resources across the all the countries in the region.

3.19. Besides the CARICOM where Guyana enjoys preferential treatment regarding market access, it also receives preferential access for most of its products in key markets of the UK, EU and Canada.



Accordingly, Guyana's market presence in these markets has remained strong during the review period. The UK and EU's preferential market for Guyana's exports of sugar, rice and rum has been crucial for the development of these sectors. Guyana together with CARIFORUM member countries signed the Economic Partnership Agreement with EU in 2007 and with UK alone in 2019 after Brexit. Both Economic Partnership Agreements are being provisionally implemented with progressive liberalization of Guyana's imports from these markets while enjoying market access substantially for most of the exports. Despite this seemingly favourable terms, Guyana's exports have not significantly increased during the review period but have remained stable. Guyana looks forward to full implementation of both agreements and is intensifying efforts to attract investments from both markets.

3.20. The United States grants duty-free access for a wide range of products under the Caribbean Basin Initiative (CBI). The Caribbean Trade and Partnership Act (CTPA) was extended to 2030 and Guyana will continue to enjoy preferential access to the US market until then.<sup>13</sup> The United States is also the major source of non-oil imports for Guyana.

3.21. Under the CARIBCAN arrangement, Canada extends to Guyana and other CARICOM countries non-reciprocal preferential access to the Canadian market for a wide range of products that satisfy specific rules of origin. The current arrangement is due to expire in 2023. Gold, diamonds aluminium and rum have consistently remained Guyana's key exports to Canada over the review period. Negotiations between CARICOM and Canada of an enhanced Trade & Development Agreement to strengthen the trade and economic relationship between the parties have stalled for some time.

3.22. Guyana together with other CARICOM countries has signed (Free Trade Agreements) FTAs with a number of Latin American countries, including Cuba, the Dominican Republic, Costa Rica, Colombia and Venezuela. Guyana has also signed a bilateral Partial-Scope Agreement with Brazil. Trade between Guyana and these countries has been very limited despite efforts to reinvigorate the performance of all the agreements during the review period. One contributing factor is the limited transportation infrastructure between the parties.

3.23. Guyana seeks to enhance its trade relations through new or improved trade agreements with a view to diversifying export markets as well as products. There is a concerted effort to attract investments from key markets to specifically produce for export markets. The Government is also adopting and implementing measures to create an enabling environment for increased production and export of non-traditional exports and investing in trade infrastructure, including transport networks as well as trade facilitation at ports and customs points.

### 3.4 New and Emerging Sectors

3.24. The Guyanese economy has until the recent past relied of few industries, notably sugar, rice, bauxite, rum, fisheries and forestry products. During the review period these traditional sectors were outpaced by the mining and quarrying sector, particularly gold and diamonds. The oil and gas sector has been recently developed and has become key to Guyana's export revenue. While the traditional sectors remain key to the economy, sugar exports have witnessed a drop in revenue due to erosion of preferences, especially in the EU and UK markets. Accordingly, value addition on the traditional products will be key to continued relevance to the economy. In this regard rather than relying on export of primary products, focus is shifting to agro-processing and light manufacturing to add value before export. There exists great potential in various emerging sub-sectors for investment and growth in the agriculture sector, including fruits and vegetables, livestock and aquaculture where most of Guyana products are exported as primary products.

3.25. Guyana, in the context of the CSME, has lead responsibility within CARICOM for Agriculture, Agriculture Diversification and Food Security. In exercise of this responsibility, the President of Guyana, His Excellency President Dr. Mohamed Irfaan Ali, presented a proposal, **Advancing the CARICOM Agri-Food Systems Agenda: Prioritising Regional Food and Nutrition Security**, which was adopted by the Conference of Heads of Government of CARICOM at their Thirty-Second Inter-Sessional Meeting held on 24 and 25 February 2021. The said Conference also

<sup>13</sup> <https://www.minfor.gov.gy/featured/renewal-of-the-caribbean-basin-trade-partnership-act/>.

approved the establishment of a Special Ministerial Taskforce (MTF) on Food Production and Food Security to follow-up and monitor implementation of the strategy.

3.26. The Strategy envisages a two-tiered approach to reinvigorate growth and development in the CARICOM agri-food sector: **full commercialization** of the agri-food system, involving large scale private sector investment and potentiating the contribution of MSMEs, including the Region's farmers and fisherfolk, through forward and backward linkages; and swift tackling of the **strategic policy priorities** required to address structural challenges to commercialization. The end result should be a modern, highly efficient regional food production and distribution system that responds to the food and nutrition needs of the Region's consumers in terms of quality, affordability, reliability and sustainability.

3.27. The initiative can be seen as integral to enhancing Regional food and nutrition security and "building back better" after the COVID-19 pandemic, by strengthening the Region's self-reliance in meeting basic human needs on a more secure basis. This is particularly relevant to employment opportunities, given the devastating impact of the pandemic on the tourism sector and the challenges posed in rolling out of vaccine programmes globally.

3.28. Besides improving on the traditional agricultural products for export, the Government of Guyana is also actively promoting accelerated diversification of the economy and developing non-traditional sectors including the services sector, tourism, alternative energy and information technology besides the gas and oil sector. During the review period, the Government has sought to strengthen the trade in services sector through the revitalization of the Coalition of Services Providers and preparing key legislation for specific services including architects and engineers, building infrastructure for ICT and promotion of internet connectivity in the country. Since the exploitation of oil, the gas and oil related services sector grew tremendously during the review period and the trend is not about to stop. The Government is also pursuing investments in alternative renewable energy including biofuels, hydropower, and solar energy in response to climate change and the need to reduce dependence on fossil fuels.

3.29. Guyana's Low Carbon Development Strategy (LCDS) 2030 is geared towards a massive expansion of renewable energy across the country. The strategy aims to decouple economic growth from the use of fossil fuels for electricity generation by developing low-carbon energy resources (Solar, Hydro, Wind, Biomass, and Natural Gas) to meet the rapidly rising demand and keep greenhouse gas emissions low. The Government's Hinterland Electrification Programme aims to utilize the most technical and economically feasible solution (interconnection to the larger grid, solar PV and/or mini-hydro) that will include the enhancement of the productive usages of energy to increase the long-term sustainability of the mini-grids. It is anticipated that the programme would be implemented during the period 2023-2026.

3.30. The Government of Guyana remains committed to providing affordable, stable and reliable energy that will benefit both households and businesses. Under this initiative, the Government will advance an energy mix of solar, hydropower, natural gas, and wind, which will lead to more than 500 MW of newly installed capacity while reducing the country's dependence on imported fossil fuels for electricity generation and the cost of electricity.

3.31. The Government is committed to implementing the following policy measures:

- Completion of the 165 MW Amaila Falls Hydroelectric project.
- Production of about 300 MW in the interim, from natural gas.
- Investment in solar and wind systems for off-grid areas.
- Expansion of the hinterland electrification programme.
- Replacement and upgrade of solar systems in the hinterland.
- Urgent action to improve and upgrade the national grid (transmission and distribution).
- Development of micro-grids for large hinterland areas.

3.32. Guyana became an oil producing country in December 2019 and currently has recoverable reserves exceeding (ten) 10 billion barrels.

3.33. As new sectors in the economy emerge and outpace traditional sector as drivers of the economy, the Government of Guyana puts special emphasis on institutional strengthening, skills

development and training to enable citizens have opportunity to participate in shaping the future of the country. In this regard, Guyana has adopted a local content policy, especially for the oil and gas sector, but will also influence other economic sectors. Research and development remain at the center of Government's initiative to promote and strengthen the emerging sectors for them to be key in enhancing production levels. It is Government's commitment for these sectors to employment and provide jobs, especially to the youth and help to achieve the Millennium Development Goals (MDGs) and reduce poverty besides reducing the country's vulnerability to external shocks.

## **4 MULTILATERAL TRADE RELATIONS**

### **4.1 Doha Development Agenda (DDA)**

4.1. Guyana continues to support and advocate for the resumption of the now stalled Doha Development Round of negotiations with a view to achieving its successful conclusion with a balanced, development-oriented outcome. The Government of Guyana is committed to having the issues under the Round concluded under a multilateral framework taking into account the different circumstances of all Members. Guyana's position in the Doha round negotiations remains closely aligned to the position of its regional CARICOM partners and the Small and Vulnerable Economies (SVEs) group. Guyana continues to keenly follow developments at WTO and looks to working with like-minded members to have the Round concluded.

4.2. Guyana's interests in the Doha Development Agenda negotiations on agriculture remain premised on the need to have food security for the vulnerable countries that are prone to the effects of global warming and climate change; removal of prohibited subsidies by developed countries, especially those which have market distorting effects for agricultural products from countries like Guyana; the need to provide adequate policy space for domestic and CARICOM agriculture as well as other issues that are necessary for sustainable growth of our agricultural sector. Guyana is well aware that the proposals of the SVE group have always had acceptance among the membership in as far as they provide supportive trade environment to agriculture. Market access for agricultural products continues to be of concern due to unjustifiable technical barriers as well as damaging preference erosion to products of interest to Guyana including sugar, rice and rum.

4.3. Guyana looks forward to tackling and resolving the issues related to WTO Reform. It is appreciated that the current multilateral trading system as created at the end of the last century, no longer adequately fulfils members' expectations and needs to adjust to the realities of the current times. In this regard, it will be important to continue working on consensus building on those issues that remain unresolved. There is need to end the impasse with the Dispute Settlement Body so that members have a forum to settle any existing and future disputes. It will also be crucial to restore confidence in the institutions and operation of the multilateral trading system. The moratorium on tariffs on electronic transmissions has been beneficial to small countries, including Guyana and provided relief in access internet and participating the global electronic commerce economy. Guyana supports the extension of the moratorium and members should consider making it permanent in order to help small vulnerable countries attain the required development.

## **5 FUTURE POLICY DIRECTIONS: OPPORTUNITIES AND CHALLENGES**

### **5.1 The COVID-19 Challenge**

5.1. During the past two years the entire world has been faced with a health crisis that translated into an economic slowdown that affected all countries, without exception. Guyana, like other small developing countries, has been affected by the crisis much more than developed countries that were in better positioned to manage the consequences associated with the crisis. In the short to medium term, Guyana like other countries will continue to design and implement policies to alleviate the challenges created by the pandemic. The Government shall continue to work with member countries to find solutions that will enable equitable access to medical supplies by vulnerable countries without manufacturing capacity of their own. The COVID-19 pandemic has demonstrated to the entire world how economic disparities lead to other more serious challenges that require global intervention.

## **5.2 Public Infrastructure and Transport Infrastructure**

5.2. The COVID-19 pandemic and related economic negative consequences notwithstanding, the Government of Guyana remains committed to creating conducive environment for trade and investment and has continued to adopt appropriate policies aimed at making Guyana a better place for business and investments. Relevant policy framework has been developed to attract sustainable investment, and Government continues to explore new possible markets for Guyanese products through agreements with partner countries. Extensive investments have been made in developing trade related public infrastructure including airports and road networks in order to make Guyana more competitive. Guyana has modernized the international airport at Timehri and also commissioned a second international airport which mainly services the regional market to improve connectivity and efficiency as a key component of the tourism industry and provision of other services. The road networks linking agricultural production areas to the rest of the country, especially to the port city of Georgetown have been upgraded to ease transportation of products and open up the interior regions for productive activity. In partnership with the neighbouring Suriname the Government is in the final stages of constructing a bridge at the common border to boost trade between the two countries. The Government is focused on export diversification through value-addition to primary products that were previous exported with minimum processing. Particular attention is also being given to the services sector, which is being developed as a catalyst for developing other economic sectors.

## **5.3 Oil and Gas Sector**

5.3. Although the COVID-19 pandemic and the consequent economic slow-down would necessarily lead to decreased export revenue, Guyana hopes to the oil and gas sector to make up for the revenue missed from other sectors of the economy. Guyana is developing a low carbon green economy, while at the same time is developing the oil and gas sector as a key component in enhancing economic development. The Government of Guyana has developed necessary policies to manage a robust oil and gas sector as a backbone and enabler to other sectors by facilitating development of the industrial sector as well as services sector. Consequently, Guyana looks to attract investments not only in the gas and oil sector, but also in other areas that feed into this sector, especially services.

## **5.4 Energy**

5.4. Guyana is cognisant of the negative consequences of climate change and as a country with a low-lying coastline hosting most economic activities will continue to put emphasis on measures designed to avert the causes of climate change and environmental degradation. The supply of electricity in Guyana also faces difficulties with reliance on imported oil for its power supply, prone to price shocks on the oil market. In this respect the Government intends to invest in continued diversification of the economy by supporting non-oil sectors and areas of the country away from the coastline. This will involve support for physical infrastructure – including river, road and air transport networks, the electricity grids; the national digital connectivity network; and more. It will also involve repairing coastal and hinterland climate protection infrastructure, as well as targeted support for agricultural expansion in non-forested parts of the country – to enable Guyana to address national and regional food and nutrition security concerns. Measures have been put in place to encourage use of solar energy, while studies are being made to develop hydro power generation plants to support economic activity across the country. There are also plans to use wind power, and the government is addressing the demand side through increased efforts to reduce technical and commercial losses. Clean and sustainable power generation is expected to have a very positive effect on the competitiveness of the manufacturing sector. Guyana's potential for the generation of hydropower could also be used to export energy to neighbouring countries.

5.5. Guyana's energy challenges include disparity in energy access between coastal and the remote Hinterland and riverine communities, dependence on aged fossil-fuel based generation capability, inadequate generating capacity resulting in supply shortfalls, a porous transmission and distribution network resulting in high technical losses and commercial losses. The Government is currently advancing its commitment to achieve a low carbon economy and propelling the country's transition towards clean energy development.

5.6. This energy transition is expected to undergo three (3) stages:

- In the period 2022 to 2027, a combination of natural gas (300 MW) and the 165 MW Amaila Falls Hydro plant will be added to the Demerara-Berbice Integrated System (DBIS), coupled with a major expansion of solar power, with batteries, on the rural networks.
- From 2027 to 2032 there will be continued replacement of HFO, with the expansion of wind and solar and the commission of Guyana's second hydro plant (to be identified before 2025).
- From 2032 onwards, future expansion will be determined by prevailing market conditions, but it is likely that battery and hydrogen technology will be sufficiently advanced to enable solar and wind to provide new capacity increases while contributing to further downward pressure on electricity prices.

## **5.5 Export Diversification**

5.7. Hitherto Guyana has relied on a limited number of products for its export revenue. These exports consist of agricultural commodities and mining and quarrying products as well as forestry and fisheries products which are normally exported in raw or semi-processed form. Thus, Guyana economy remains vulnerable to price shocks and the erosion of preferences for agricultural has not been helpful. Guyana seeks to reverse this situation by encouraging and undertaking value addition for exports for both traditional and non-traditional exports. Strategic investments need to be made in this regard in order to increase exportable products. This will as a consequence lead to the development of Guyana's industrial sector and create employment for citizens.

## **5.6 Reforming Traditional Industries**

5.8. The sugar industry which used to be one of the major contributors to the national revenue has been under stress for some years. This was largely due to the loss of preferential prices in the EU market after the CARIFORUM–EU EPA came into force. The industry is being reformed and has downsized personnel after closure of some factories. Efforts are being made to continue the modernization that started sometime back and explore diversifying into other value-added products besides sugar is expected to bring substantial improvements to the industry. During the review period sugar was registered as a geographical indication together with rum and molasses in Guyana and in EU with a view to making it more competitive with added protection. The rice industry has continued to grow over the years although the sector continues to experience flooding and climate change related challenges which increase costs. The industry continues to look for new markets and diversify into new products. Although these two traditional products as well as rum remain key exports for Guyana, they continue to face challenging market access condition and will continue to make necessary investments and reforms to remain viable on market.

## **5.7 Climate Change and Environmental Impact**

5.9. Guyana's economy remains susceptible to the negative effects of climate change and global warming which significantly impact the economy. Guyana's coastland where most of the country's economic activities lies below sea level. Changes in climate and weather patterns continue to negatively affect most economic activity including the agricultural sector and business. Therefore, the Government has put policies to combat climate change at the core of its program and play its part in the fight to mitigate the negative impacts of climate change. Guyana integrated its rainforest in a global carbon credit scheme within the United Nations Framework Convention on Climate Change (UNFCCC), under the proposed REDD mechanism (Reducing Emissions from Deforestation and Degradation) and has been at the forefront of the global climate change advocacy. In this regard, Guyana as a potential provider of environmental services and such activities could help to secure revenue to allow addressing adaptation needs, such as improved sea defence and drainage, while creating other non-forestry related opportunities.

## **5.8 Public-Private Dialogue**

5.10. Government considers public – private sector network and dialogue to be a key pillar in shaping general government policy. Indeed trade-related policy in Guyana is determined through

consultations and discussion between public sector agencies and private sector stakeholders. The NACEN is the key instrument that is utilized in the consultative process which affords Government the opportunity to enhance its understanding and appreciation of how the Guyanese private sector stakeholders are utilizing or are impacted by the trade agreements with a view to designing measures to improve market access conditions.

## 5.9 New Technologies and ICT

5.11. Information and communication technologies (ICT) are key enablers of innovation. Recognizing the importance of digital infrastructure for national development, and economic and social empowerment – Guyana's 2013 Low Carbon Development Strategy (LCDS) included several now completed initiatives including the expansion of Guyana's fibre optic capability, support for call centres and business process outsourcing, and completion of telecommunications liberalization.

5.12. The Government of Guyana has also invested heavily in expanding the national telecommunications network to reduce the digital divide between hinterland and coast, and between Guyana and the rest of the world; employing new technologies to improve national health, education and security; increasing digital literacy; and ensuring that the policy environment promotes competition and innovation.

5.13. The eGovernment project, which concluded in 2015, encompassed the construction and commissioning of a data centre, 54 (4G) LTE towers, and a fibre ring around Georgetown. This infrastructure is now the backbone of Guyana's national eGovernment programme and has since been expanded to include 55 (4G) LTE sites, 9 third-party (leased) point-to-point connections, 1 satellite ground station supporting 91 satellite (VSAT) sites, over 227 km of fibre and 658 mobile (LTE) units – with fibre and LTE being accessible in the coastal regions, and satellite technology being utilised in the hinterland and remote parts of Guyana. With the recent completion of the national broadband project, Guyana's SafeCity initiative was launched in 2021. This ICT solution supports the 911 call centre and local crime fighting efforts and is serviced through this network. Data transmission services are provided to over 150 Intelligent Video Surveillance (IVS) sites etc. all of which are monitored and managed from a purpose-built command centre. Internet, private leased circuits, and cloud services (i.e. virtual, email and website hosting and data storage facilities) are also provided to 319 educational institutions, 16 fire stations, 17 police stations, 54 health institutions, 104 other government agencies, 128 ICT hubs, and 436 Public Internet Access Points (PIAPS). Government's efforts to bridge the previously mentioned digital divides also continue – the ICT Access and eServices for Hinterland, Poor and Remote Communities project is ongoing and LCDS 2030 includes plans for the expansion of Government's satellite, LTE and fibre optic networks, data centre capacity, and service-oriented government programmes.

5.14. Notwithstanding the above, one of the most significant achievements is the liberalization of the telecommunications sector on the 5 October 2020 which ended a 30-year telecommunication monopoly in Guyana.

5.15. This change is expected to increase the number of service providers in the sector, lead to wider variety of services, greater service availability, and improved service quality. Already, crucial reductions in the cost of Internet bandwidth have been observed and while 4G LTE is being offered by both of Guyana's mobile telecommunications providers, one provider this year announced their intent to upgrade to 4.5G LTE or LTE advance. These are all signs that Guyana's investment in this sector has started to yield the hoped-for returns, with improved business innovation and productivity, jobs creation, and government service delivery through the adoption of e-health, e-education, e-security, e-agriculture, and other services soon to follow.

## 5.10 Forestry

5.16. Guyana notes with pride that it has a very robust and strong system for forest management and forest governance. The Forest Sector is governed by a suite of legislations and policy documents. Two key policy documents are the National Forest Plan (NFP) and the National Forest Policy Statement (NFPS). These documents were updated and received Cabinet approval in 2018. The main programmatic areas of the NFP are as follows:

- Deriving development benefits from the forest (ECONOMICS).

- Conserving, protecting and sustaining the forest (CONSERVATION).
- Governing the forest to ensure current and future benefits (GOVERNANCE).
- Building human and institutional capacity for management of activities in the forest (CAPACITY).

5.17. Guyana and by extension the Guyana Forestry Commission (GFC) places high emphasis on forest governance in supporting of sustainable forest management. In 2014, the Government of Guyana commenced negotiation of the EU FLEGT Process with the aim of signing a Voluntary Partnership Agreement (EU VPA). The EU FLEGT – VPA as is commonly referred to is aimed at strengthening forest management and legality hence reducing illegal logging, developed capacities for strong forest governance and increased trade through access to niche and sensitive markets. In 2018, the Government of Guyana completed the first stage of this process, and the agreement was initialled in November 2018. The next three to four years will focus on implementation activities and capacity development across sectors.

5.18. Forest covers over 80% of Guyana's land mass at an estimated 18.5 million hectares of forest. The forests provide a range of services and has rich biodiversity. The economic value of Guyana's forest eco systems is estimated to be over USD 40 billion annually. The forest protects against climate change. Since the launched of Guyana's first Low Carbon Development Strategy (LCDS 2009) Guyana has been pursuing payment for Forest Carbon Services. Extensive work has been done on the platform to access these services and to date Guyana has developed a World Class Monitoring Reporting and Verification Systems (MRVS). Guyana, through the GFC is now pursuing a market-based mechanism for payment of forest climate services. Extensive development and progress have been made in this area in 2020 and continuing in 2021 through the ART – TREES Programme (Architecture for REDD+ Transactions). This is an integral part of the recently launched draft of Guyana's Low Carbon Development Strategy 2030.

5.19. Guyana's Forest has a range of species that can be used wide for a wide range of applications from external heavy construction, marine works, rails, decking as well as species for high value-added products such as furniture, kiln dried lumber, flooring, decking, plywood, veneer, shingles and building components. This segment of the forest sector has been expanding and new operators and products have developed over the period. The GFC will continue to promote and support value added and product diversification.

5.20. In 2019, the Guyana Forestry Commission commenced a National Forestry Inventory (NFI) Program. Forest Inventory is an important tool for planning and resource allocation purposes. An NFI was deemed necessary for Guyana in order to boost the planning capability of the forestry sector and maximize the potential of our rich, tropical, multiple use forests; where the core of the project relies on extensive field work to collect empirical forest resource data in 12.3 million hectares of State Forests. NFI will address the current lack of accurate, updated and complete forest resource inventory data at the national level, since previous smaller scale inventories were being done non contiguously at varying intensities, time periods and purposes; and therefore, cannot be used in consolidation to produce a single, comprehensive, reliable and accurate representation of the entire state forest estate.

5.21. It is envisioned that upon completion of NFI, the forestry sector will be revolutionized in terms of sustainable forest management and allocation, yielding economic, social and environmental benefits for a diversity of stakeholders. Data collected from NFI will be analysed to produce much needed forest resource statistics and comprehensive reference databases that will directly enable evidence-based forest management and planning. NFI will also fulfil GFC's national commitments to the National Forest Plan and Policy Statement 2018 which emphasizes the need for resource inventory under Policy. The programme will be completed in 2022.

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