



# *Guyana* *Investment and Transformation*

A Presentation by  
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**Keynote Address of His Excellency, Dr. Mohamed Irfaan Ali,  
President of the Republic of Guyana, to the Forecast on  
Latin America and the Caribbean Conference, hosted by the Association  
of American Chambers of Commerce and Latin America and the  
Caribbean (AACCLA).**

I am delighted to participate in the Forecast on Latin America and the Caribbean Conference. The Association of American Chambers of Commerce, the organiser of this event, has within its ranks, persons and companies who are adept at marketing. Today, I want to assume a similar role. I am here to pitch my country, Guyana, as the hemisphere's foremost investment destination.

Before I do so, however, let me express my appreciation to the American Chamber of Commerce for its interest in Guyana's economic development. This attention has soared over the past two months and represents an overwhelming vote of confidence in Guyana's future.

My primary task today is to have a conversation with you in order to convince you as to why you should be setting your sights on investment opportunities in Guyana.

## Investment Attraction

**Guyana is about to become the investment colossus of the Caribbean.  
It will become the Region's most exciting investment destination.**

Now, therefore, is the right time to be doing business in Guyana. Despite the economic problems caused by the coronavirus pandemic, our country's prospects have never been brighter or more promising.

I wish to highlight three principal reasons why Guyana is a prime investment destination.

First, the country is about to leapfrog its growth and development. This will spawn untold investment opportunities.

Secondly, its location and trade and investor agreements facilitate access to key markets. Investing in Guyana therefore carries market access advantages.

Thirdly, the country has an attractive investment regime which is being further refashioned to become more investor-friendly.

### **Economic take-off:**

I wish to elaborate on these 3 comparative advantages. Guyana is now an oil-producing country. This is our first year of production. Oil production is projected to continue well beyond the next 30 years. Upstream and downstream investments and the jobs and revenues which these will generate will catapult our economy to a higher level.

This year, Guyana's economy is expected to grow by 26.2%, on account mainly as a result of the start-up of oil production. The International Monetary Fund estimates that the average annual real GDP growth over the next four years will be in excess of 13%<sup>1</sup>.

Guyana, however, is not hitching its wagon on oil. Guyana is rich also in timber, gold, diamonds, bauxite, manganese, sugar and tourism. Its agricultural

<sup>1</sup> International Monetary Fund





potential is phenomenal. It is believed to possess rare and precious minerals – another potential bonanza.

More than 80% of Guyana is covered with forests. These forests provide ecological services to the world. As we asserted before, these forests are worth more standing than felled.

Guyana therefore is not hedging its future only on oil. It is reviving its traditional economic sectors in order to ensure a more diversified and resilient economy and to avoid both the resource curse and Dutch disease. The revival of our traditional economic sectors will also require significant investment.

Guyana's impending economic transformation will see a rapid increase in the rate of growth and aggregate national output. It will also set in train the modernisation of the country's infrastructure and foster increased technological transfers and promote innovation. New poles of economic growth will emerge to balance and diversify the economy, including in manufacturing and services.

Modernizing will ensure a more competitive and resilient economy. My government is committed to ensuring that our country is modernised in the fastest possible time. We require investment, including private investment, to drive this process of economic transformation.

### **Access to markets:**

Access to markets is also an important aspect of our development.

Guyana offers geographic positioning to investors. Its trade relations and agreements – regional, multilateral and bilateral – allow access to major markets and provide protection for investors.

Guyana is a signatory to a number of trade, investment and economic agreements which facilitate market access. I want to cite a few examples to illustrate the benefits which investors can derive from these agreements:

**The Caribbean Single Market** provides duty-free access for locally produced goods into the Caribbean;

**The Caribbean Basin Economic Recovery Act (CBERA)** allows for duty-free access of eligible goods – including textiles, energy-related products, agricultural products and processed foods – into the United States;

**The Caribbean-Canadian Trade Agreement (CARIBCAN)** provides non-reciprocal duty-free access for eligible Caribbean goods into Canada;

**The CARIFORUM-European Union Economic Partnership Agreement** is a major trade, investment and development treaty which promotes access of regional goods into the European market;

**The Guyana-Brazil Partial-Scope Agreement** fosters trade flows by offering tariff preferences for Guyanese goods entering the Brazilian market;

**The Caricom-United States Trade and Investment Framework Agreement** is aimed at the long-term development, expansion and diversification of trade in products and services and at promoting and ensuring an attractive investment climate; and

**The Growth in the Americas Memorandum of Understanding** was signed two weeks ago during the visit of US Secretary of State, Michael Pompeo. This MOU seeks to promote greater US investment in Guyana's energy, ICT and infrastructure sectors.

### **Investment climate:**

The third attraction which Guyana holds for investors is its investment regime. We already offer generous fiscal incentives. Investors are permitted the unbridled repatriation of their profits. The country has an open foreign currency market, low levels of inflation and a stable financial system.

But do not take my word alone! Recently, the US State Department 2020 Investment Climate Statement on Guyana noted the following:

*Guyana's Constitution specifically protects the rights of foreigners to own property or land in Guyana. Foreign and domestic firms possess the right to establish and own businesses, enterprises and engage in all forms of remunerative activity. Private entities are governed by the Companies*

*Act and are free to acquire or dispose of interest in accordance with the law. Foreign and domestic firms have the right to establish and own business enterprises and engage in all forms of activity...*

The National Assembly recently passed the country's 2020 National Budget. The 'Budget' identifies a number of measures which will be pursued to improve the ease of doing business, reduce investment and production costs and enhance export competitiveness.

Measures to improve competitiveness include tax concessions on agro-processing, cold storage and packaging; the removal of VAT on exports and allowing exporters, including those in the fishing, rice and timber industries, to reclaim input VAT.

Measures to reduce investment and production costs include the removal of VAT on building and construction materials, electricity and water, the removal of VAT on fertilizers, agro-chemicals, pesticides and key inputs into the poultry sector and the zero rating of the poultry industry.

My government is also pursuing policies and plans to improve investment promotion. A new Chief Executive Officer and Board have been appointed to the Guyana Office for Investment, an agency established to encourage investment and promote exports. The Guyana Office for Investment will focus on increasing foreign direct investment and expanding local investment, including through matching local businesses with foreign investors and vice versa.







## Investment Opportunities

The 2020 Budget also lays the groundwork for attracting investments. The country's rapid growth is expected to spawn significant investment opportunities in oil and gas, infrastructural development, energy, agriculture, forestry, manufacturing, services, information communications technology and tourism.

I wish to identify some of these investment opportunities:

### Investments in petroleum:

Guyana's has a growing oil industry which provides numerous opportunities for investors. The scale of these investments represents a major business opportunity, especially for businesses involved in this sector and those providing support services.

The Liza Phase 1 Field Development involves an estimated US\$3.5 B<sup>2</sup>. Liza Phase 2 Field Development is projected at more than US\$6B.<sup>3</sup> My government

has just approved a permit for the Payara Field Development Plan. This permit paves the way for the injection of another US\$9B into the sector. Apart from their direct impact, these investments will provide spin-off effects to the local economy and for local businesses.

### Investments in infrastructure:

Guyana's physical infrastructure is being revolutionized. A number of transformative infrastructural projects will be undertaken. These include the completion of the East Coast Demerara Highway, the resurfacing of the East Coast Railway Embankment from Sheriff Street to Enmore; the remodeling of the Linden to Lethem Highway in order to complete the section between Linden and Mabura Hill.

Work will also commence on a road link between Ogle and Diamond. A four-lane highway will be developed between Georgetown and Timehri. A road link between Parika and Rockstone will open new lands and provide a link to Bartica.

<sup>2</sup> Oil Now, "Liza Phase 1 cost expected to be around US\$1 billion below budget." Jan 29, 2020. <https://oilnow.gy/blog/2020/01/29/liza-phase-1-cost-expected-to-be-around-us1-billion-below-budget/>

<sup>3</sup> ExxonMobil, "ExxonMobil to proceed with Liza Phase 2 development offshore Guyana." May 3, 2019. [https://corporate.exxonmobil.com/News/Newsroom/News-releases/2019/0503\\_ExxonMobil-to-proceed-With-Liza-Phase-2-development-offshore-Guyana#:~:text=Phase%20%20start-up%20is%20expected,and%20offloading%20\(FPSO\)%20vessel.](https://corporate.exxonmobil.com/News/Newsroom/News-releases/2019/0503_ExxonMobil-to-proceed-With-Liza-Phase-2-development-offshore-Guyana#:~:text=Phase%20%20start-up%20is%20expected,and%20offloading%20(FPSO)%20vessel.)

A new bridge will be constructed across the Demerara River and is slated to be completed within four years. A deep-water harbour, the dredging of the Demerara Harbour and the construction of an all-weather road link to Brazil remain part of the country's plans.

This as you will be aware are essential development for a cross sectorial growth of our economy. These infrastructural development and investment are linked to economic expansion, opening up of new markets, connecting different countries. For example, the deep-water port and the road link is aimed at connecting Brazil with Guyana; and the bridge link to Suriname, opening up the potential for great and expanded market opportunities.

All of the transformational links and projects are geared towards economic expansion and improvement in the livelihood prospects of Guyanese.

### **Investments in energy:**

We are seeking investors to develop a mix of energy projects in order to generate an additional 400MW of installed capacity. We shall be installing a natural gas plant, pursuing hinterland electrification, including through the provision of mini-grids for large hinterland communities. The Amaila Falls Hydroelectric Project will recommence. Guyana looks forward to partnering with the private sector, including foreign investors, in these and other energy projects.

As you can see, our aim is to ensure that all Guyanese have access. That would reduce inequality, open up new opportunities and ensure that all Guyanese are involved in the development of our country and benefit from the prospects of development.

Investment in agriculture, mining and forestry and manufacturing, this is the next area that I wish to turn my attention to.

Measures to support investments in agriculture, mining and forestry and manufacturing.

Guyana intends to realize its dream of becoming the bread basket of the Caribbean. And more than this, we have already commenced discussions with various stakeholders in the Middle East, in developing our halal industry standards, so that we can benefit from that large market through investments and new market opportunities. To do this we have to modernise our agriculture, we have to expand it to mega-farms and we have to create and motivate an environment in which large scale investors in agriculture would see Guyana as a destination of great prospect and opportunity.

We're open to investment to expand the agriculture production, including in rice, sugar and livestock production.

Land rents and drainage and irrigation charges which were increased have already been reduced, so as to remove the burden on farmers.

Our intention is to give farmers and to give the agricultural sector more incentives, fiscal incentives, give them more tax incentives and allowances that would allow the farmers to grow, that would allow agriculture to graduate into mega-farms, increasing our production and allowing us to become more competitive.

Agricultural diversification will witness a renewed focus on coconut, aquaculture, horticulture and poultry. We have already zero-rated the poultry industry.

As an impetus to boosting the agricultural, forestry and mining sectors, we have already restored the zero-rating of machinery for these sectors. The mining sector is another important sector. The mining sector will benefit from reduced capital costs, the upgrading of mining roads and the reversion to a 2% royalty rate.



With reduced energy costs, our manufacturing sectors will expand and become globally competitive. We have already provided fiscal concessions to boost the competitiveness of manufacturing.

We now have to train and improve our human capital and with cheaper energy, manufacturing will become another competitive area for Guyana.

### **Investments in ICT:**

ICT is another important area in our development plan.

Enlarging Guyana's digital footprint is crucial to economic competitiveness and the development of the services sector. As announced in the Budget, we will be expanding the country's information communications technology sector portfolio, to ensure that it is accessible and affordable to every household. The pandemic has highlighted the critical importance of e-education. We intend to seek investments, private and public, to promote greater ICT learning in schools. We have already removed VAT on cellphones.

Last week, we liberalised the telecommunications sector. This will not only allow for cheaper and improved telecommunication services and increased competition, but will also facilitate massive investment in the development of new ICT services within our country.

### **Investments in Tourism:**

Tourism is not only of great potential, but tourism has a bright and prosperous future.

The tourism sector has been identified as a major economic growth pole. Unfortunately, the pandemic has adversely affected the sector, resulting in its contraction and the loss of hundreds of jobs. We are going to revive the sector.

Government is seeking private investors to reboot this sector. We welcome new players into the industry and will offer incentives to catalyze its development. We are interested in having 4 new branded hotels in Guyana over the next 5 years. These will be primarily private sector ventures. The Lethem aerodrome, on the border with Brazil, will be developed into an international airport as part of our drive to boost ecotourism and adventure tourism.

### **Investments in housing:**

There is also considerable scope for public-private partnerships in the housing sector. We are committed to building, within the next year, 5,000 turnkey homes. We plan over the next five years to contribute 50,000 house lots which we expect to create a boom in the residential construction sector.







## Guyana is on the move. We are accelerating development.

As, I said 5,000 homes earlier, the construction of 5,000 homes annually, which is 25,000 homes over the next five years.

Guyana is brimming with confidence about its country's future. However, we recognize that public investment by itself would not be adequate to drive our country's future plans. Guyana needs foreign direct investment to drive growth and its transformative agenda. It requires critical skills to boost its human capital base. It needs public-private partnership to implement key transformative projects. It needs the transfer of knowledge and technology which comes with foreign direct investment.

**We welcome foreign investment. We are eager to do business with the rest of the world, including with the United States. We are enthusiastic in attracting investment, including through public-private partnerships and through the partnerships between foreign and local companies.**

**My message to you today therefore is that Guyana is ready to do business. Guyana will become the investment capital of the Region. We assure you that when you come here, you will not want to leave.**

I invite all of you therefore to explore the business opportunities which abound in Guyana.

Before I close, I want to assure you that the challenges we had over the last five months in ensuring democracy was protected, has indeed caused questions to be asked, but I want you to reflect on the will of the Guyanese people. The Guyanese people stood strong and ensured, with international support, that democracy won and the rule of law won.

When the people are on the side of democracy and the rule of law, we are heading into a good direction.

*Thank you very much.*





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