

Guyana – Country Investment Profile

External measures of country risk

General country risk analysis

- Companies within the sector argued that the availability of investment capital is a major problem in Guyana for the whole private sector.
- It would appear, however, that the real problem is the cost of capital rather its availability *per se*. The Guyanese banking sector in fact has an excess of liquidity, and the existing high interest rates of between 17 and 20% reflected the estimated high risks associated with lending in the Guyana capital market.



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- Difficulty of access to capital by the forest and wood products sector is further compounded by the short repayment periods for investment loans in Guyana.
- Investments in the forest and wood products sector are usually for the medium to long term, and require longer repayment periods.
- This is further compounded by short, non-exclusive and non-tradable leases or concessions, which makes it difficult for local firms to use their cutting rights as security for loans or attract joint venture capital either locally or from overseas.



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Quality of Infrastructure and Utilities relevant to Investment

Transportation systems

- Nationwide, Guyana has 2,600 km. of main roads and approximately 600 km. are paved.
- The layout is dominated by a north-south orientation to bring goods like timber to the coast and vice-versa for goods like basic foodstuffs. 19% of the network is coastal and 21% are feeder routes to coast-bound roads.
- There are 1570 km. of internal trails; 80% of all passengers are carried by road and 33% of all freight.



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- Most of the country's infrastructure – roads, power supplies, telecommunications *etc.* – is found along the settled Atlantic Coast.
- Here are situated the main towns - Corriverton, Rose Hall and New Amsterdam in the Berbice area; Parika at the mouth of the Essequibo River; Anna Regina on the Essequibo Coast and the capital city and principal port Georgetown at the mouth of the Demerara River.



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Energy (electricity, gas,...)

- The installed capacity for electricity generation is approx. 100 MW, the generating capacity is however less than this and not very reliable, due in part to the heavy requirements for maintenance of the aged equipment.
- The lack of availability in the volumes required for continuous industrial operation, has led many processors and manufacturers in the forest and wood products sector to generate their own electricity, using imported petroleum products.



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Energy (electricity, gas,...)

- As the sector businesses are not exempt from the payment of duties on imported petroleum products, power adds significantly to the industry's overall cost of production, particularly the small to medium-sized enterprises.



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Communications

- There is a fair telephone network using a microwave radio relay network for internal trunk lines and an Intelsat satellite earth station on the Atlantic coast for international communications.
- There are four internet service providers, but bandwidth is inadequate. Dedicated radio channels for logging crews to communicate with base are the norm.



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Water

- Guyana has many types of freshwater: the rivers and the vast swamps of the coastal plain, the extensive estuarine reaches of the rivers, the huge rivers of the Essequibo system flowing through forest, and the interconnecting smaller forest streams and swamps.
- About 75% of areas in Guyana have some source of potable water supply. Significant strides have been made over the past 10 years to increase potable water supply.



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Legal and Regulatory System

Investment Regulations – There are various legislations governing Forestry Activities

One piece of legislation that addresses investment regulation: ***Investment Act No. 1 of 2004***. The objectives of the ***Investment Act No. 1 of 2004*** are to stimulate the socio-economic development of Guyana and to attract and facilitate investment by:-

- *Providing legal protection for investment;*
- *Increasing the predictability, stability and transparency of the legal regime for investment;*
- *Promoting the development of international best practices regarding investment;*
- *Streamlining the existing procedures for investment;*
- *Establishing the structure, role and responsibilities of the Investment Promotion Council established pursuant to Section 40 of the Act.*



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Land Titling or Tenure

- Land allocation has been affected by the number of Government agencies that have overlapping responsibilities. The Government still owns a huge proportion of the country, possibly as much as 90%.
- Property usage rights are vested in State Land lessors and their sub-lessors, and in freehold property both owner-occupied and rented. Finally, there are Amerindian Reserves, the sugar holdings, and the landless.



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Firm Registration

- For a business to have legal recourse and benefit from various incentives it must register. Business forms include:
- Single ownership (i.e., proprietorship)
- Partnership (in any form)
- Company (incorporated businesses both domestic and foreign)

The ***Business Names (Registration) Act*** and the ***Partnership Act*** are the governing regulatory documents for single ownerships, partnerships, and agencies.

The ***Companies Act (9/91)*** covers the registration of an incorporated business, domestic and foreign. Though three different Acts address the different business types, the government office for business registration of any kind is the Deeds Registry in Georgetown.



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- To register a proprietorship or partnership takes about 3 weeks and costs G\$5,000. To register an incorporated business, domestic or foreign, takes about 3 days and the cost varies.
- Any foreign company, referred to as "external companies" in the ***Companies Act***, transacting business in Guyana must register with the Business Registrar.



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Law Enforcement and Court System

- The Guyanese judicial system consisted of the Supreme Court, which encompassed a Court of Appeal and a High Court, and ten magistrates' courts.
- The Court of Appeal, created in June 1966, consisted of a presiding chancellor, the chief justice, and the number of justices of appeal determined by the National Assembly.
- The High Court consisted of the chief justice as president and several subordinate judges. Its jurisdiction was both original and appellate, and included criminal cases brought before it on indictment.
- The High Court had unlimited jurisdiction over civil matters and exclusive jurisdiction over probate and divorce. Magistrates had the authority to decide small claims in civil suits and had original jurisdiction in criminal cases.



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Trade Regulations

- The Government of Guyana, under the Ministry of Finance, recently merged Customs and Inland Revenue under the Guyana Revenue Authority. The merger has brought together the two primary government sources of revenue - now called the Customs and Trade Administration.

- The import or export process begins with registration.
 - Importers and exporters must complete an [Application for Registration](#), in duplicate.
 - The applicant will receive a customs registration number in about a week.
 - This number is used in completing all import and export documentation.

- Customs periodically fixes the exchange rate used to value imports or exports.

- The Ministry of Tourism, Industry and Commerce (MinTIC) issues both import and export licenses.



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Clearing Imports

- The Government has reduced tariffs on many imports to between 0 and 20 percent. In addition to whatever the applicable tariff is on the imported goods, a consumption tax is levied based on CIF value plus tariff. The consumption tax rate ranges from 0 to 30 percent, though some goods are higher.
- Clearance takes 2½ to 3½ days, though many importers claim that it takes 2 to 3 weeks. Customs is upgrading the computer system and is targeting a clearance time of 2 to 3 days.



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Labor Regulations

- A discussion of the rights and obligations of an employer with respect to labour is necessarily bound by a number of related Acts, among them:

- Accidental Deaths & Workman's Injuries Compensation Act
- Employment of Young Persons & Children Act
- Equal Rights Act
- Factories (Hours & Holidays) Act
- Labour Act
- National Insurance & Social Security Act
- Occupational Safety & Health Act
- Prevention of Discrimination Act
- Trade Union Recognition Act
- Termination of Employment & Severance Pay Act



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In addition, there are:

- Work permits
- Employment guidelines
- National Insurance Scheme



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FINANCIAL SECTOR

Current Exchange or Convertibility

- Anyone who wants to buy and sell foreign currency must apply to the Bank of Guyana for a license annually. The Bank will consider the person's experience, financial resources, and character in deciding to award or not a license.
- The licensed foreign currency dealer is free to set the price of the exchange. The rates of exchange must be displayed. A licensee may not engage in the lending, borrowing or acceptance of deposits in any currency unless the licensee is also licensed as a financial institution under the Financial Institutions Act.



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Licensed dealers must keep proper accounts recording:

- Amount of each foreign currency purchased by the dealer each day and the price paid
- Amount of each foreign currency sold by the dealer each day and the price received
- Opening and closing balances each day in respect of each foreign currency held by the dealer
- The dealer determined, daily opening and closing exchange rates for each currency the dealer buys and sells.



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Credit Product Available

There is a range of commercial banks that provide credit facilities in Guyana. These include:

-  National Bank of Industry and Commerce Ltd.
-  Guyana Bank for Trade and Industry Ltd.
-  Bank of Nova Scotia
-  New Building Society
-  Demerara Bank Ltd.
-  Citizens Bank Ltd.



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Other organizations also offer financing to small and medium sized investors. These include:

- Guyana Small Business Association
- Institute of Private Enterprise Development



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Financial Services Available

The range of financing services offered by commercial banks in Guyana include:

- Deposit accounts
- Financing facilities such as overdrafts, loans, bonds
- Foreign trade
- Telephone banking
- Payroll processing



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Services offered by other financing institutions include:

- No collateral loans
- Financial planning
- Business development services
- Business advisory services



COUNTRY LEVEL INFORMATION: SUMMARY

	Major Opportunities	Major Challenges
<i>External Measures</i>	Guyana is signatory to the main international treaties for environmental management. E.g CBD, ITTA, UNFCCC.	Compliance with all the provisions is sometimes difficult for a developing country.
<i>Infrastructure</i>	With forest concessions being granted in the interior locations of Guyana, road networks would be built by the operators.	There is evident “free riding” of the facilities established by these operators. Not adequate maintenance in some cases.
<i>Legal and Regulatory</i>	Development of appropriate laws to support investment.	Implementing the laws may be costly and difficult in the initial stages.
<i>Financial Sector</i>	There has been an influx of financing sources for investment.	The interest rate offered is still relatively high for investors.



End..

