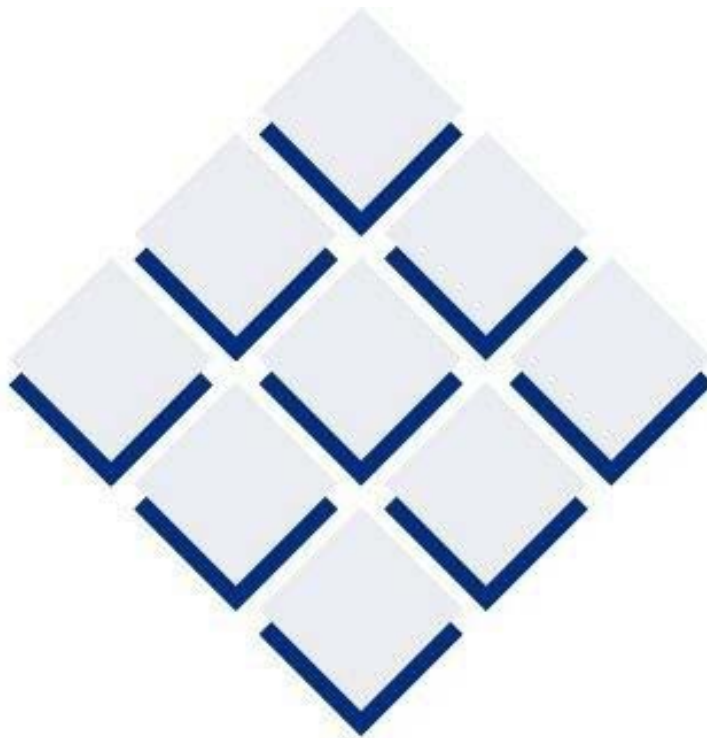


# Private Sector Commission

Technical Information Bulletin  
No. 13 February 2009



*A Review of the Guyana Economy in 2008*

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## **Preface**

Technical Information Bulletin #13 – A Review of the Guyana Economy in 2008 – continues the series which is aimed at providing our membership and the wider business community with basic data for general awareness and business planning.

Data used in this Bulletin was obtained from the Bureau of Statistics and from published information of the Ministry of Finance.

Lakeram Singh  
Executive Director

## **Previous Bulletins**

***Bulletin 1 (Dec 2006) - The Guyana Economy June 2006***

***Bulletin 2 (Mar 2007) - Highlights of the Guyana National Budget 2007***

***Bulletin 3 (Mar 2007) - Recent Growth Trends in the Guyana Economy***

***Bulletin 4 (Apr 2007) – Labour Force and Employment in the Guyana Economy***

***Bulletin 5 (May 2007) – Employment Structure in Guyana***

***Bulletin 6 (July 2007) – Measuring Inflation in Guyana***

***Bulletin 7 (July 2007) – Living Conditions in Guyana***

***Bulletin 8 (October 2007) – The Jagdeo Initiative***

***Bulletin 9 (November 2007) – Educational Achievement in the Population of Guyana***

***Bulletin 10 (December 2007) – The Guyana Economy as at June 2007***

***Bulletin 11 (April 2008) – A review of the Guyana Economy in 2007***

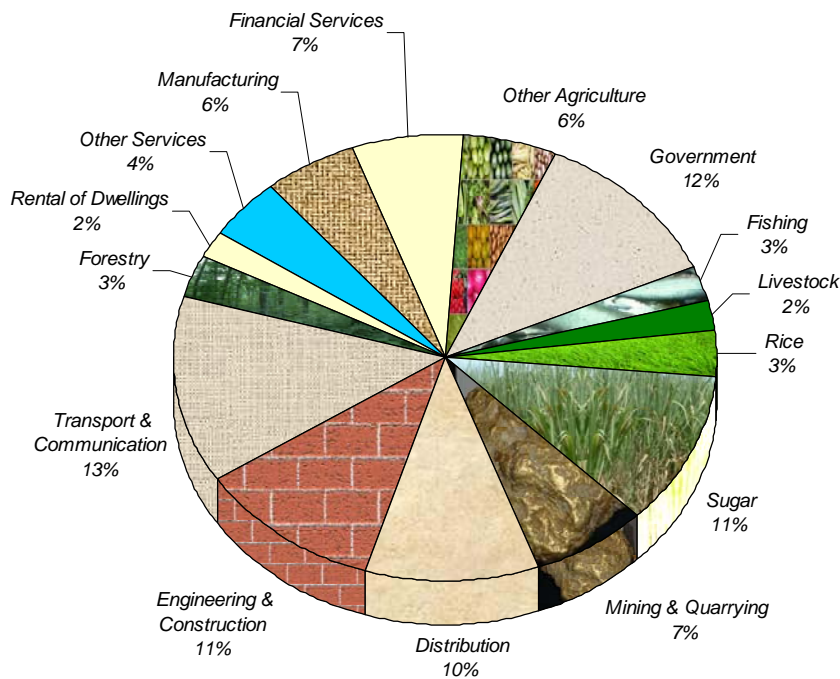
***Bulletin 12 (November 2008) – The Guyana Economy as at June 2008***

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<http://www.psc.org.gy>**

## A Review of the Guyana Economy in 2008

A real growth rate of 3.1% was recorded in 2008, down from real growth rates of 5.4% and 5.1% in 2007 and 2006 respectively. Unlike 2007, when all sectors recorded positive growth, there was a contraction in forestry, sugar, fishing and manufacturing. The highest growth sectors were financial services and distribution with rice and transport and communication also showing robust growth.

### Sectoral Contribution to Gross Domestic Product 2008



### Sugar

Sugar production in 2008 declined from 266,482 tonnes to 226,267 tonnes, a sharp decline of 15.1%. The shortfall was registered in the second crop which produced just 122,987 tonnes as the industry struggled to overcome problems with the Skeldon factory as well as poor crops and labour unrest. The sector which had accounted for 14% of GDP in 2007 contributed just 11% of GDP in 2008. Sugar production in 2009 is expected to increase by 28.2% reaching 290,000 tonnes.

### Agriculture, Forestry and Fishing

		2007	2008	% Change
Sugar	tonne	266,482.0	226,267.0	-15.1%
Rice	tonne	298,124.8	329,573.7	10.5%
Forestry total	Cu M	425,602.5	361,000.6	-15.2%
Total logs	Cu M	330,374.0	275,320.0	-16.7%
Greenheart logs	Cu M	84,610.1	58,137.7	-31.3%
Other logs	Cu M	245,763.9	217,182.3	-11.6%
Sawnwood	Cu M	74,363.6	66,958.2	-10.0%
Roundwood	Cu M	20,864.9	18,722.4	-10.3%
Charcoal	Cu M	1,833.9	4,173.0	127.5%
Firewood	Cu M	24,386.4	16,885.0	-30.8%
Plywood	Cu M	34,444.1	20,631.2	-40.1%
Fish	tonne	27,397.0	24,700.0	-9.8%
Shrimp	tonne	36,502.0	36,302.0	-0.5%
Prawns	tonne	655.0	931.0	42.1%
Small shrimp	tonne	35,847.0	35,371.0	-1.3%
Eggs	000	9,839.3	19,833.7	101.6%
Poultry Meat	tonne	25,111.9	23,187.2	-7.7%

### Rice

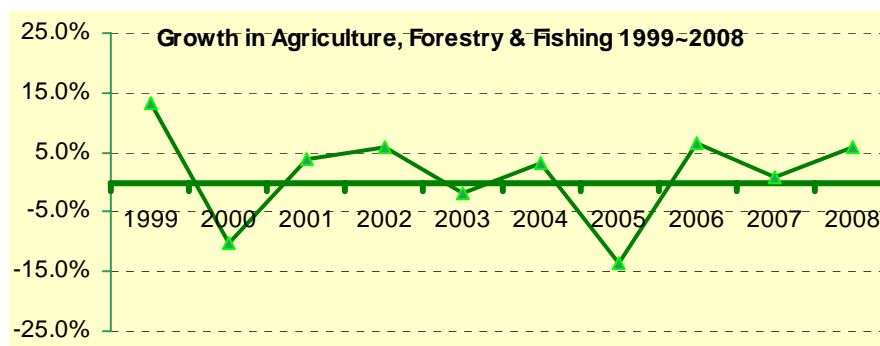
Rice output rose by a significant 10.5% from 298,124.8 tonnes in 2007 to 329,573.7 tonnes in 2008 and outstripped the year's target of 290,000 tonnes. The increase was primarily due to higher prices which encouraged farmers to put more acres into cultivation. The sector also benefited from a €11.705m grant which improved drainage and irrigation and provided investment financing for farmers. Rice production again accounted for 3% of GDP but the sector is expected to decline by 7.1% in 2009.

### Fishing

Output of fish contracted by a significant 9.8% to 24,700 tonnes in 2008 from 27,397 tonnes in 2007 as the sector coped with high fuel prices and piracy. Shrimp output was down by 0.5% to 36,302 tonnes but output of prawns was up 42.1% to 931 tonnes. Fishing accounted for 3% of GDP in 2008.

### Forestry

The forestry sector contracted by a sharp 15.2% in 2008, moving from 425,602.5 cubic metres in 2007 to 361,000.6 Cu M. With the exception of charcoal production all other products showed a decline as the sector responded to more stringent enforcement of regulations by the Guyana Forestry Commission.



Total output of

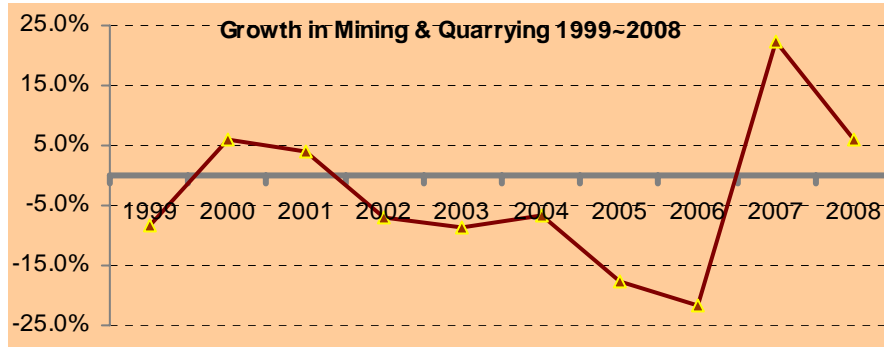
logs declined by 16.7% to 275,320 cubic metres while output of greenheart logs fell by 31.3% to 58,137.7 cubic metres and production of other logs fell 11.6% to 217,182.3 cubic metres. Output of both sawnwood and roundwood declined significantly in 2008. Sawnwood was down 10% to 66,958.2 cubic metres while roundwood production declined by 10.3% to 18,722.4 cubic metres. Charcoal production climbed 127.5% to 4,173 cubic metres while output of plywood fell 40.1% to 20,631.2 cubic metres. Forestry again accounted for 3% of real GDP. A marginal 0.3% growth is expected in 2009.

### Mining and Quarrying

Output in the mining and quarrying sector was mixed in 2008 with gold production increasing sharply while output of diamonds and bauxite declined.

Mining and Quarrying				
		2007	2008	% change
Total bauxite	tonne	2,242,928.0	2,092,237.0	-6.7%
Total raw gold declared	troy oz	238,297.0	261,424.0	9.7%
Diamonds declared	metric cara	268,925.0	168,926.0	-37.2%
Sand declared	tonne	308,466.4	359,722.0	16.6%
Crushed stone declared	tonne	323,088.0	411,726.0	27.4%

Declaration of raw gold increased by 9.7% to 261,424 oz from 238,297 oz as high prices encouraged higher output.



Output of

diamonds declined drastically by 37.2% to 168,926 metric carats from 268,925 metric carats as high gold prices caused a shift into gold production. Bauxite production, which had grown by 51.7% in 2007 due to increased investment in the sector, fell by 6.7% in 2008 to 2,092,237 tonnes as prices on the world market fell drastically. Output of sand and crushed stone rose as the building boom continued. Sand production increased by 16.6% to 359,722 tonnes while output of crushed stone rose by 27.4% to 411,726 tonnes. The mining and quarrying sector grew overall by 6.1% in 2008 and constituted 7% of GDP. The sector is expected to contract by 1.4% in 2009.

## Manufacturing

The manufacturing sector declined by 2.0% in 2008 with most major items showing a fall in production. The sector again constituted 6% of GDP. Garment production declined by 20.8% moving to 104,627.6 dozen while footwear production declined 15.1% falling to 25,901 pairs. Production of detergents fell 18.7% to 737,400 kg while paints were marginally up by 0.3% and putty production was down 7.7%.

Manufacturing - Industrial Goods				
		2007	2008	%change
Garments	dozen	132,148.4	104,627.6	-20.8%
Footwear	pairs	30,511.0	25,901.0	-15.1%
Laundry soap	kg	117,488.7	28,524.0	-75.7%
Stockfeed	tonne	46,849.3	44,711.9	-4.6%
Corrugated carton	000 Sq M	4,328.5	3,255.7	-24.8%
Neutral alcohol	000 Lpa	4,812.4	4,910.3	2.0%
Detergent	kg	906,801.2	737,400.0	-18.7%
Paints	Litre	2,480,971.9	2,488,666.5	0.3%
Putty	kg	500,543.5	461,830.0	-7.7%
White wash	kg	78,178.0	93,847.3	20.0%
Oxygen	litre	67,826,565.0	94,612,345.0	39.5%
Acetylene	litre	13,819,573.0	8,832,416.0	-36.1%

Production of rum

was up 13.0% while output of wine and vita malt was up 19.3% and 23.3% respectively. Production of most other beverages declined. With the exception

of baking fats, production of most other edible goods declined significantly. Output of cereals and snack foods were down 48.4% and 53.1% respectively. Flour production fell by 13.9% to 29,425.2 tonnes.

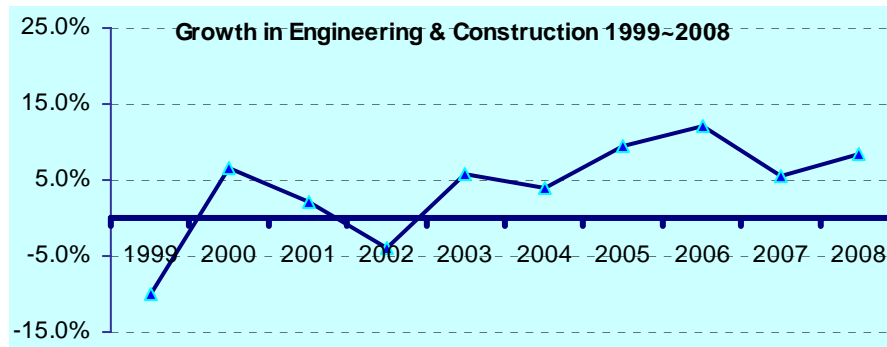


Manufacturing - Edible Goods				
		2007	2008	% change
Rum	000 Lpa	12,550.5	14,186.0	13.0%
Beer & milk stout	000 litre	8,736.2	8,402.6	-3.8%
Malta	litre	816,766.2	824,342.1	0.9%
Guinness	000 litre	3,333.9	3,106.2	-6.8%
Wine	cases	191,328.0	228,176.0	19.3%
Shandy	cases	60,591.0	60,110.0	-0.8%
Vita malt	cases	49,102.0	60,530.0	23.3%
Beer & stout	000 litres	12,070.1	11,508.7	-4.7%
Beer	000 litres	8,539.1	8,242.7	-3.5%
Total stout	000 litres	3,531.0	3,266.1	-7.5%
Milk stout	000 litres	197.1	159.9	-18.9%
Guinness stout	000 litres	3,333.9	3,106.2	-6.8%
Total aerated	000 litres	38,310.8	39,324.4	2.6%
Mineral/distilled water	000 litres	15,222.6	15,720.9	3.3%
Margarine	kg	2,310,965.7	1,528,121.0	-33.9%
Butter	kg	7,717.9	7,089.0	-8.1%
Baking Fat/Lard	kg	569,068.3	729,329.0	28.2%
Ghee	kg	131,503.1	126,143.0	-4.1%
Ice cream	litres	1,259,035.8	1,117,009.7	-11.3%
Frostee Pop	cases	55,913.0	58,173.0	4.0%
Snack Foods	kg	31,784.5	14,913.3	-53.1%
Biscuits	000 kg	783.6	695.5	-11.2%
Cereal	kg	85,634.7	44,156.3	-48.4%
Flour	tonne	34,191.9	29,425.2	-13.9%

## Engineering and Construction



The engineering and construction sector grew by 8.5% in 2008 as expansion continued in housing and commercial projects and public works. The sector contributed 11% of GDP in 2008 up from 10% in 2007. The engineering and construction sector is expected to grow by 3.8% in 2009.



## Services

The services sectors showed robust growth in 2008. The distribution sector grew by 11.8% as consumption and demand increased. The sector once again constituted 10% of GDP in 2008. Transport and communication showed growth of 9.9%, accounting for 13% of GDP. Financial services showed robust growth of 12.0% as banks increased their physical infrastructure and services offered. The sector accounted for 7% of GDP in 2008, up from 6% in 2007. Rental of dwellings grew by 4.5% while other services grew by 7.0% and government by 1.0%.

## Inflation

Despite the impact of high fuel and food prices in 2008 inflation reached 6.4% by the end of the year, down from the 14% experienced in 2007. The highest increase was in food prices which reached 11.6% by year end. The prices of clothing and transport and communication both declined, by 2.2% and 7.4% respectively. The price of housing by the end of 2008 was up by 6.8% while footwear and repairs increased by 4.5%.

## Interest rates

The 91-day Treasury Bill rate at the end of 2008 was 4.19%, significantly higher than the commercial bank small savings rate of 3.04%. The weighted average commercial bank lending rate stood at 12.35% while the prime lending rate was 14.54%. The weighted average prime lending rate was 13.91%.

## Central Government Operations

Central government total revenue increased by a marginal 3.2% in 2008 to G\$82.96bn from G\$80.37 in 2007. Tax revenue was up 2.3% to G\$79.13bn

while non-tax revenue rose by 11.5% to G\$3.35bn. Taxes on income were up 6.4% to G\$31.24bn as collections by the GRA improved. Taxes on consumption fell by 3.1% to G\$37.11bn. This resulted as government reduced the excise taxes on fuel to cushion the impact of higher fuel prices. Non-tax revenue rose by 11.5% to G\$3.35bn. Total expenditure rose by 6.5% to G\$114.48bn. Current expenditure increased by 20.8% to G\$78.09bn as government subsidized electricity and flour while capital expenditure declined by 15.1% to G\$36.39bn. The overall balance before grants fell 16.1% to -G\$31.51 and grants increased by 48.6% to G\$16.55bn. Financing of the deficit fell 6.5% to G\$14.96bn.

### **Balance of Payments**

The overall balance of payments position improved from a deficit of US\$1.4m in 2007 to a surplus of US\$7.0m in 2008. The current account deficit widened from US\$189.1m in 2007 to US\$299.1m in 2008. The higher cost of fuel in 2008 contributed to the wider current account deficit. Exports increased in value to US\$798.4m from US\$698.0m in 2007 while imports increased to US\$1,300.2m in 2008 from US\$1,063.1 in 2007. On the capital account there was an 81.2% improvement to US\$305.7m in 2008 from US\$168.7m in 2007. The overall balance is expected to decline in 2009. The current account is expected to improve as lower fuel prices outweigh the expected downturn in export earnings.

<b>Central Government Financial Operations</b>			
G\$m	<b>Actual 2007</b>	<b>Revised 2008</b>	<b>% Change</b>
<b>Total Revenue</b>	<b>80,356.8</b>	<b>82,963.1</b>	<b>3.2%</b>
<b>Revenue</b>	<b>80,356.8</b>	<b>82,484.1</b>	<b>2.6%</b>
Tax	77,353.2	79,133.9	2.3%
Income taxes	29,358.5	31,241.6	6.4%
Consumption taxes	38,298.4	37,109.3	-3.1%
Trade taxes	7,101.1	7,754.6	9.2%
Other	2,595.2	3,028.4	16.7%
Non-tax	3,003.6	3,350.2	11.5%
Private sector	2,275.7	2,121.4	-6.8%
Public Enterprise & BOG	727.9	1,228.8	68.8%
<b>Total expenditure</b>	<b>107,504.0</b>	<b>114,475.7</b>	<b>6.5%</b>
<b>Current expenditure</b>	<b>64,626.8</b>	<b>78,086.1</b>	<b>20.8%</b>
Non-interest expenditure	58,432.7	71,538.5	22.4%
Personal emoluments	21,987.9	23,911.4	8.7%
Other goods and services	20,341.4	24,256.3	19.2%
Transfers to the private sector	16,103.4	20,071.7	24.6%
Transfers to the public sector		3,299.1	
Interest	6,194.1	6,547.6	5.7%
External	3,088.7	3,571.8	15.6%
Domestic	3,105.4	2,975.8	-4.2%
<b>Primary balance</b>	<b>21,765.9</b>	<b>10,945.6</b>	<b>-49.7%</b>
<b>Current balance</b>	<b>15,730.0</b>	<b>4,398.0</b>	<b>-72.0%</b>
<b>Capital Revenue</b>	-	<b>479.0</b>	
<b>Capital Expenditure</b>	<b>42,877.2</b>	<b>36,389.6</b>	<b>-15.1%</b>
<b>Overall balance before grants</b>	<b>(27,147.2)</b>	<b>(31,512.6)</b>	<b>-16.1%</b>
<b>Grants</b>	<b>11,136.0</b>	<b>16,550.0</b>	<b>48.6%</b>
<b>Overall balance after grants</b>	<b>(16,011.2)</b>	<b>(14,962.6)</b>	<b>6.5%</b>
<b>Financing</b>	<b>16,011.1</b>	<b>14,962.6</b>	<b>-6.5%</b>

<b>Balance of Payments</b>			
US\$m	<b>Actual</b>	<b>Revised</b>	
	<b>2007</b>	<b>2008</b>	<b>% change</b>
<b>Current Account</b>	<b>(189.1)</b>	<b>(299.1)</b>	<b>-58.2%</b>
Merchandise (Net)	(365.1)	(501.8)	-37.4%
Exports (f.o.b.)	698.0	798.4	14.4%
Imports	(1,063.1)	(1,300.2)	-22.3%
Services (Net)	(110.8)	(126.1)	-13.8%
Factor	(11.2)	(14.8)	-32.1%
Non Factor (Net)	(99.6)	(111.3)	-11.7%
Transfers	286.8	328.8	14.6%
Official	-	-	
Private	286.8	328.8	14.6%
<b>Capital Account</b>	<b>168.7</b>	<b>305.7</b>	<b>81.2%</b>
Capital Transfers	414.1	38.7	-90.7%
Med. & Long Term Capital (Net)	(150.4)	272.8	281.4%
Short Term Capital	(95.0)	(5.8)	93.9%
Errors & Omissions	19.1	0.4	-97.9%
<b>Overall Balance</b>	<b>(1.4)</b>	<b>7.0</b>	<b>600.0%</b>

<b>Real Economic Growth Rates 1999~2008</b>										
<b>Sector</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Agriculture, Forestry & Fishing	13.3%	-10.2%	3.7%	6.0%	-1.7%	3.2%	-13.7%	6.5%	0.7%	5.9%
Mining and Quarrying	-8.4%	5.9%	4.2%	-6.9%	-8.7%	-6.6%	-17.7%	-21.6%	22.5%	6.1%
Manufacturing	6.7%	-11.7%	0.0%	2.3%	-2.1%	0.0%	12.0%	5.1%	0.8%	8.5%
Construction	-10.0%	6.6%	2.0%	-3.9%	5.7%	4.0%	9.5%	12.0%	5.6%	-2.0%
Distribution	-8.0%	5.2%	0.5%	-0.9%	-2.6%	2.0%	15.0%	10.0%	8.9%	11.8%
Transport & Communication	2.1%	7.1%	5.4%	4.5%	5.0%	3.5%	9.5%	10.0%	13.0%	9.9%
Financial Services	2.0%	3.0%	-5.2%	-1.0%	1.1%	1.0%	6.5%	8.0%	6.9%	12.0%
Rental of Dwellings	-6.5%	5.7%	2.2%	0.0%	2.7%	2.0%	5.5%	10.0%	3.3%	4.5%
Other Services	1.6%	3.7%	3.0%	0.0%	2.8%	1.6%	7.0%	8.0%	4.8%	7.0%
Government	1.1%	9.9%	-4.6%	-1.0%	0.6%	1.1%	2.0%	2.0%	1.0%	1.0%
<b>TOTAL</b>	<b>2.6%</b>	<b>-0.7%</b>	<b>1.6%</b>	<b>1.1%</b>	<b>-0.6%</b>	<b>1.6%</b>	<b>-1.9%</b>	<b>5.1%</b>	<b>5.4%</b>	<b>3.1%</b>
Actual GDP at Constant 1988 Prices (G\$m)	5,426	5,386	5,474	5,536	5,501	5,587	5,478	5,759	6,068	6,253

(Data for this bulletin has been obtained from the Bureau of Statistics and the Ministry of Finance)