

Private Sector Commission

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A Review of the Guyana Economy in 2009

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Preface

This 18th publication of the Private Sector Commission Technical Information Bulletin is a review the Guyana Economy for the year 2009. It is prepared based on the data and information obtained from the Ministry of Finance and the Bureau of Statistics.

In this publication, we take a deeper look into the Central Government operations and displayed the composition of the government sources of revenue and classification of expenditures.

The aim is to provide our members, investors, students and potential investors with adequate data and information to aid their decision making process and research. We are committed to improve the quality and accuracy of information provided to our users.

Roubinder Rambarran
Executive Director

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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

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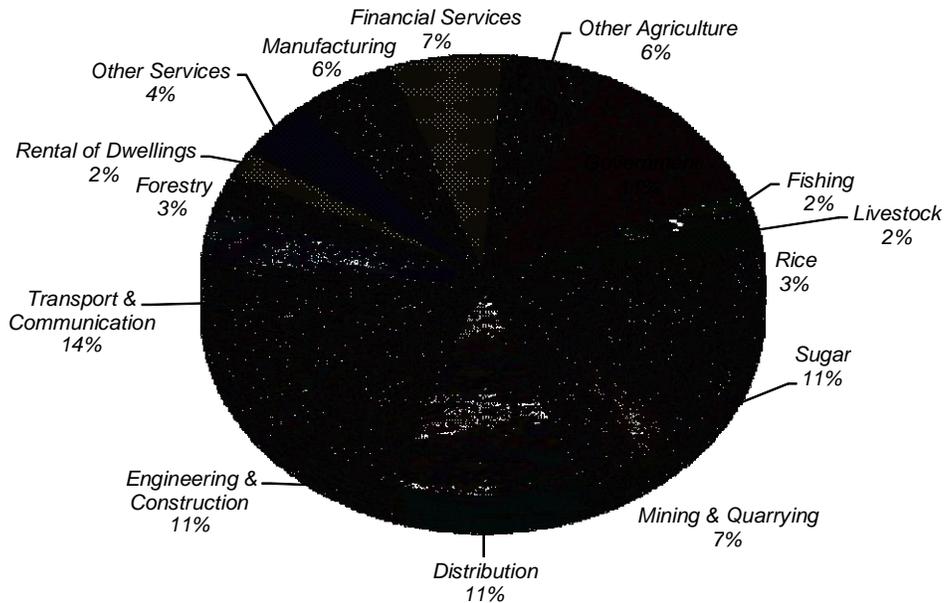
**E-copies are available on request or can be viewed on the PSC website
<http://www.psc.org.gy>**

A Review of the Guyana Economy in 2009

The Guyana economy grew by 2.3% in 2009, down from a growth rate of 3.1% in 2008. The world growth rate is 0.8 % according to the Ministry of Finance. The growth was however achieved in the context of a global recession which crippled the economies of many major industrialized countries. This was the fourth consecutive year of real positive growth for the Guyana economy.

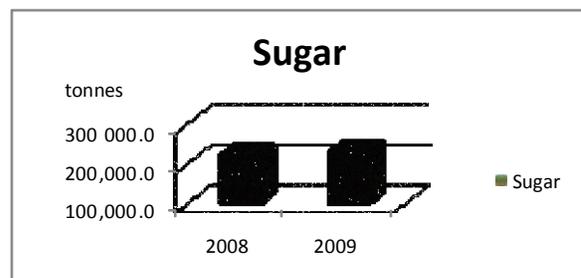
The chart below shows the contribution of various sectors to total Gross Domestic Product in 2009.

Sectoral Contribution to Gross Domestic Product



Sugar

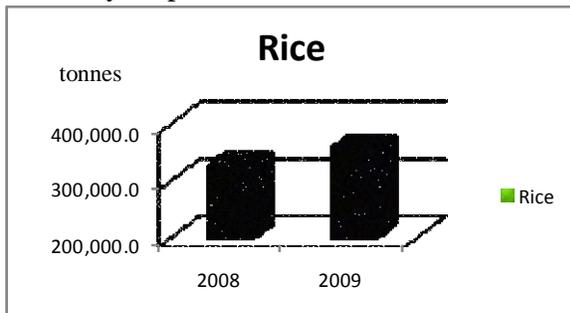
Sugar production grew by 3.3% in 2009 to reach 233,736.1 tonnes compared 226,267 tonnes produced in 2008. This increase in production was achieved despite unfavourable weather conditions which affected the first crop and labour unrest which impacted negatively upon second crop production. The sector contributed to 11% of gross domestic product for 2009, the same share of GDP as in 2008. The bar graph below shows the production for 2008 and 2009.



Rice

The rice sector expanded by 9.2% in 2009 to 359,789 tonnes, up from 329,573.7 tonnes in 2008. This was the second consecutive year of high growth by the rice sector which grew by 10.5% in 2008. The growth in output in 2009 resulted from both increased acreage and higher yields as farmers took advantage of government fertiliser programmes and training programmes. Favourable weather conditions also contributed to the growth of output in the sector. The sector contributed to 3% of gross domestic product for 2009 unchanged from 2008.

The graph below shows the production over the two year period.



Fishing

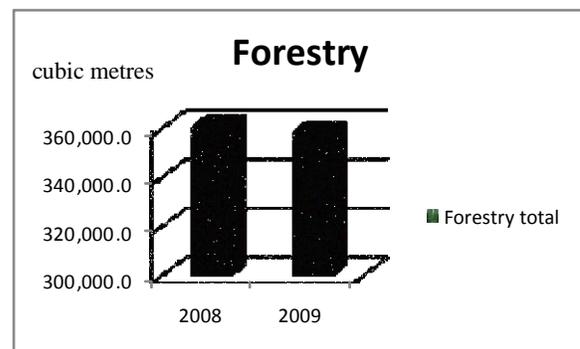
The fishing sector contracted by a sharp 10.8% in 2009 as demand in export markets contracted and stocks continued to be depleted. Output of fish improved by 1.9% but all other products in the sector registered a decline. Shrimp output was down by 55.9% to 15,999 tonnes while output of prawns declined by 23.7% to 710 tonnes. Output of small shrimp was down by 56.8% to 15,289 tonnes. The sector's share of GDP was down to 2% from 3% in 2008

Forestry

The forestry sector declined by a marginal 0.6% in 2009, a significant improvement over the 15.2% decline of the sector in 2008. Total output in the sector reached 358,731.2 cubic metres, down from 361,000.6 cubic metres in 2008. The decline was partly attributable to a contraction of export demand. Total output of logs declined by 3.3% to 266,198.2 while production of greenheart logs increased by 4.9% to reach 60,957.5 cubic metres. Output of logs of other species was down 5.5% to 205,240.7 cubic metres.

Output of both roundwood and sawnwood increased in 2009. Sawnwood production was up by 9.2% to 73,119 cubic metres while roundwood production increased by 3.7% to 19,414.1 cubic metres. Charcoal production soared by 208.4% to reach 12,868.6 cubic metres while production of firewood declined by a marginal 0.2% to 16,846.5 cubic metres. Plywood production was down 8.5% to 18,877.9 cubic metres. The forestry sector contributed 3% of real GDP for the third consecutive year.

The graph shows total output in the forestry sector.



Agriculture, Forestry and Fishing

		2008	2009	% Change 2008 to 2009
Sugar	tonne	226,267.0	233,736.1	3.3%
Rice	tonne	329,573.7	359,789.0	9.2%
Forestry total	Cu M	361,000.6	358,731.2	-0.6%
Total logs	Cu M	275,320.0	266,198.2	-3.3%
Greenheart logs	Cu M	58,137.7	60,957.5	4.9%
Other logs	Cu M	217,182.3	205,240.7	-5.5%
Sawnwood	Cu M	66,958.2	73,119.0	9.2%
Roundwood	Cu M	18,722.4	19,414.1	3.7%
Charcoal	Cu M	4,173.0	12,868.6	208.4%
Firewood	Cu M	16,885.0	16,846.5	-0.2%
Plywood	Cu M	20,631.2	18,877.9	-8.5%
Fish	tonne	24,700.0	25,181.0	1.9%
Shrimp	tonne	36,302.0	15,999.0	-55.9%
Prawns	tonne	931.0	710.0	-23.7%
Small shrimp	tonne	35,371.0	15,289.0	-56.8%
Eggs	000	19,833.7	19,114.4	-3.6%
Poultry Meat	tonne	23,187.2	27,084.8	16.8%

Source: Bureau of Statistics

Mining and Quarrying

The mining and quarrying sector declined by 0.7% in 2009 with decreased output in all sub-sectors except gold. Total bauxite production declined by 29% over 2008 to 1,484,935 tonnes as external demand contracted. Diamond production was also down by a significant 14.8% to 143,982 metric carats as increased gold prices caused

a shift in production from diamonds to gold. Gold yields were up 14.7% reaching 299,822 troy ounces. Production of sand and crushed stone also declined. Sand output fell by 7.7% to 331,870 tonnes while output of crushed stone fell by 23% to 317,231 tonnes. The matrix below shows the outputs and % change in the mining and quarrying sector.

Mining and Quarrying

		2008	2009	% change 2008 to 2009
Total bauxite	tonne	2,092,237.0	1,484,935.0	-29.0%
Total raw gold declared	troy oz	261,424.0	299,822.0	14.7%
Diamonds declared	metric carats	168,926.0	143,982.0	-14.8%
Sand declared	tonne	359,722.0	331,870.0	-7.7%
Crushed stone declared	tonne	411,726.0	317,231.0	-23.0%

Source: Bureau of Statistics

Manufacturing

There was no overall increase or decline in manufacturing sector for 2009. Production of industrial goods declined significantly with only laundry soap, stock feed and detergent showing an increase. Production of paints, putty, white wash, oxygen and acetylene were all down during the year. Production of edible goods fared better with rum and malted beverages showing a decline. Rum production was down by

33.5% while production of wines was up by 43.6%. Production of other aerated beverages increased during the period. Output of both butter and baking fats declined by 19.1% and 28.2% respectively while output of cereals and flour were up by 130.2% and 24% respectively. Production of mineral water and margarine also showed significant increases. The manufacturing sector again accounted for 6% of GDP in 2009.

Manufacturing - Edible Goods				
		2008	2009	% change 2008 to 2009
Rum	000 Lpa	14,186.0	9,434.7	-33.5%
Beer & milk stout	000 litre	8,402.6	-	-
Malta	litre	824,342.1	723,461.8	-12.2%
Guinness	000 litre	3,106.2	2,870.2	-7.6%
Wine	cases	228,176.0	327,760.0	43.6%
Shandy	cases	60,110.0	63,750.0	6.1%
Vita malt	cases	60,530.0	-	-
Beer & stout	000 litres	11,508.7	11,809.2	2.6%
Beer	000 litres	8,242.7	-	-
Total stout	000 litres	3,266.1	-	-
Milk stout	000 litres	159.9	-	-
Guinness stout	000 litres	3,106.2	-	-
Total aerated	000 litres	39,324.4	41,665.6	6.0%
Mineral/distilled water	000 litres	15,720.9	17,983.6	14.4%
Margarine	kg	1,528,121.0	2,021,732.6	32.3%
Butter	kg	7,089.0	5,731.8	-19.1%
Baking Fat/Lard	kg	729,329.0	523,397.0	-28.2%
Ghee	kg	126,143.0	138,846.0	10.1%
Ice cream	litres	1,117,009.7	-	-
Frostee Pop	cases	58,173.0	184,731.0	217.6%
Snack Foods	kg	14,913.3	12,583.9	-15.6%
Biscuits	000 kg	695.5	685.0	-1.5%
Cereal	kg	44,156.3	101,669.0	130.2%
Flour	tonne	29,425.2	36,485.7	24.0%

Source: Bureau of Statistics

Manufacturing - Industrial Goods

		2008	2009	% change 2008 to 2009
Garments	dozen	104,627.6	-	-
Footwear	pairs	25,901.0	2,077.0	-92.0%
Laundry soap	kg	28,524.0	47,010.6	64.8%
Stockfeed	tonne	44,711.9	47,296.3	5.8%
Corrugated cartons	000 Sq M	3,255.7	3,070.5	-5.7%
Neutral alcohol	000 Lpa	4,910.3	4,558.7	-7.2%
Detergent	kg	737,400.0	928,120.5	25.9%
Paints	Litre	2,488,666.5	2,376,753.9	-4.5%
Putty	kg	461,830.0	427,111.2	-7.5%
White wash	kg	93,847.3	67,988.8	-27.6%
Oxygen	litre	94,612,345.0	83,145,121.0	-12.1%
Acetylene	litre	8,832,416.0	5,838,827.0	-33.9%

Source: Bureau of Statistics

Engineering and Construction

The engineering and construction sector grew by 1.5% in 2009 as residential construction continued apace. The sector accounted for 11% of GDP, the same share of GDP as in 2008.

Services

The entire services sector recorded real growth in 2009. The distribution sub-sector recorded growth of 6.5% in 2009 as compared to growth of 11.8% in 2008. This sub-sector accounted for 11% of GDP in 2009, up from 10% in 2008. The transport and communication sub-sector grew by 2.0%, following on phenomenal growth of 9.9% in 2008. In 2009 the share of transport and communication in GDP rose to 14% from 13% in 2008. Financial services grew by 2.9% and accounted once again for 7% of

GDP in 2009. Rental of dwellings grew by 1.6% and accounted for 2% of GDP. Other services grew by 2.9% and contributed 4% to total GDP.

Inflation

Inflation for 2009 amounted to 3.6%, down from the 6.4% experienced in 2008. The highest increase was recorded in housing as demand exerted an upward influence on prices. Prices of food, clothing and footwear and repairs all declined, with food prices reducing by 4.3%. The prices of furniture and transport and communication increased by 3.0% and 3.9% respectively while the cost of medical and personal care declined by 0.7%. The price of educational, recreational and cultural services increased by 4.7% and the cost of miscellaneous goods and services went up by 5.8%.

Balance of Payments

The overall balance of payments surplus improved to US\$234.4m in 2009 from US\$5.6m in 2008. The current account deficit reduced to US\$219.7m in 2009 from US\$321.4m in 2008.

The capital account of the balance of payments increased to US\$ 454m in 2009 from US\$ 308.5m in 2008. Net medium and long term capital increased by 42.6% to US\$392.9m while short term capital increased to US\$24m from a deficit of US\$5.8m in 2008.

Total export receipts declined to US\$768.2m in 2009 from US\$801.5m in 2008 a reduction of 4.2%. With the exception of gold and re-exports all the major exports declined in 2009. Bauxite receipts declined by 39.4% to US\$79.5m as external demand contracted while sugar receipts fell 10.2% to US\$119.8m. Rice receipts were down 3.3% to US\$114.1m while receipts from timber fell 23.0%. Re-export receipts were up 26.4% to US\$11.5m. As gold prices rose on

the external market, the export receipts from gold expanded by 38.3% to US\$281.7m. Other exports declined by 21.1% to US\$120.2m. The bar graph below shows the exports for 2008 and 2009.

Total imports decreased by 11.7% to US\$1,169.2m while expenditure on fuel and lubricants decreased by 32.5% to US\$286.5m. Other imports decreased by a marginal 1.8% to US\$882.7m.

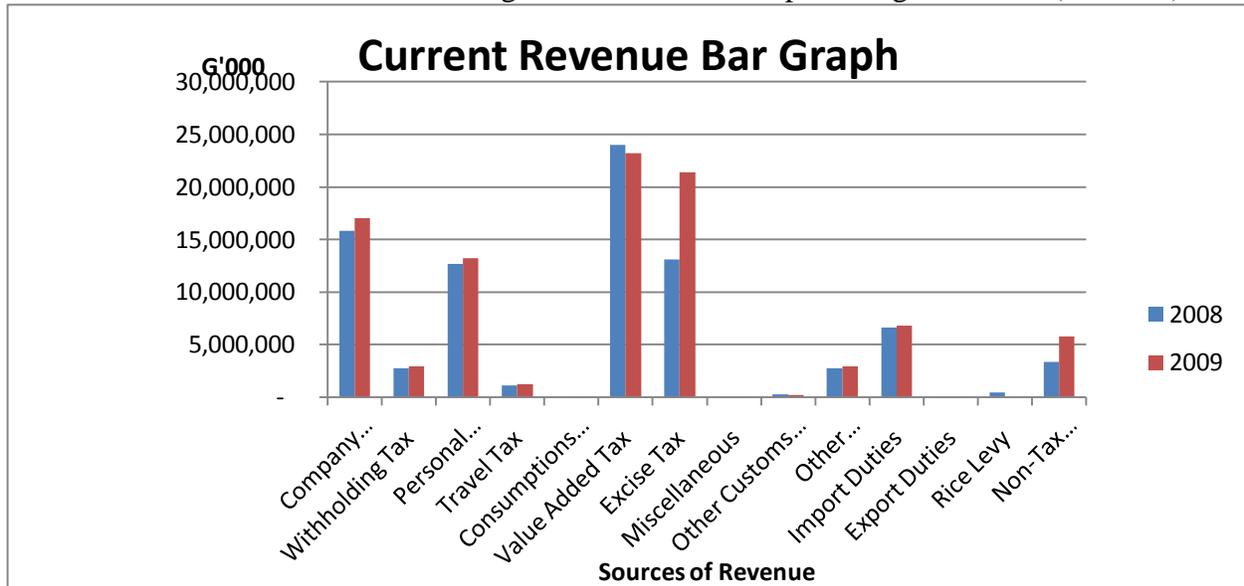
Central Government Operations

Central Government's overall revised surplus for 2009 was G\$139.2m, compared to the deficit of G\$1.49bn in 2008. The current operations surplus increased to G\$13.58bn in 2009 compared to G\$1.35bn in 2008 and the capital deficit increased to G\$13.47bn from G\$2.84bn in 2008.

Total central government revenue increased by 10.68% in 2009, reaching G\$128.44bn from G\$116.05bn in 2008. Current revenue increased to G\$94.89bn in 2009 against

G\$82.95bn in 2008 whilst the capital revenue increased to G\$33.55bn in 2009, a mere 1.3 % increase compared to G\$ 33.09bn in 2008.

The bar graph below shows sources of the current revenue for 2009 compared to 2008. The pie chart shows the sources of current revenue along with their percentage (%) of contribution. Table one shows the various sources of revenue for 2009 and 2008 along with the percentage increase/ (decrease).



Current Revenue Pie Chart for 2009

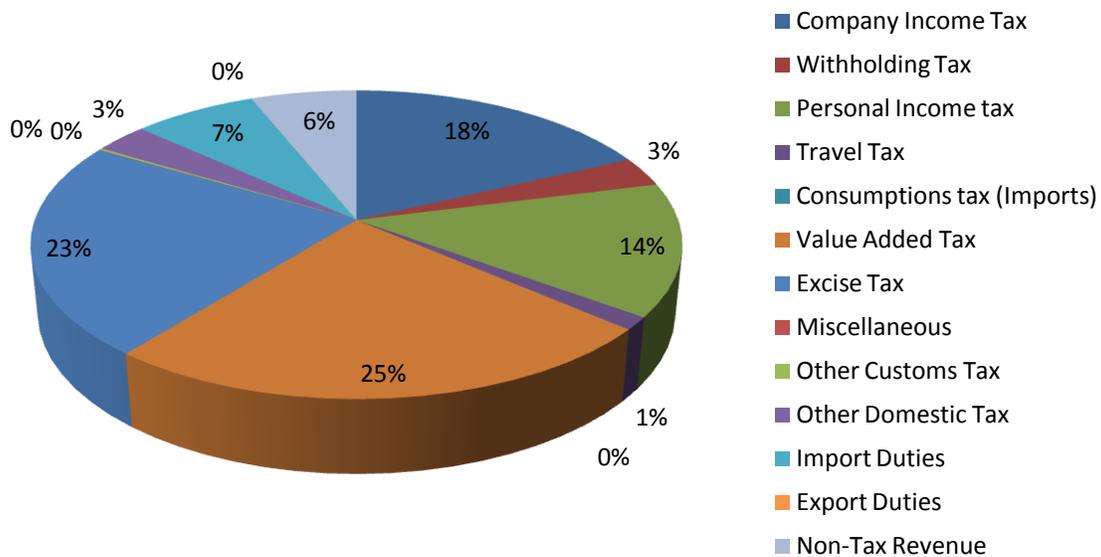


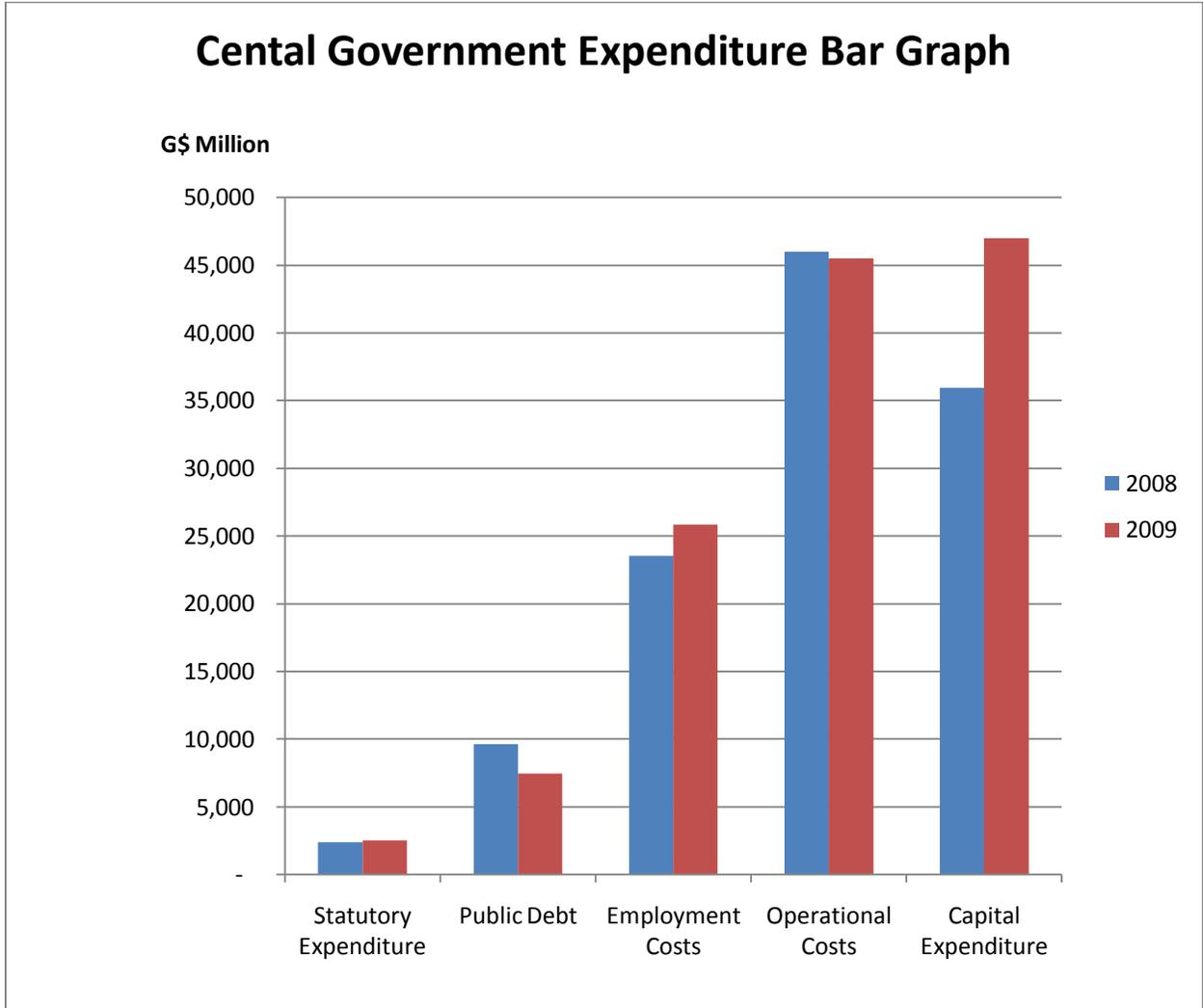
Table 1: Details of Revenue

Sources of Revenue	2008	2009	% Increase (decrease) in 2009
Company Income Tax	15,812,281	17,031,991	7.71
Withholding Tax	2,755,332	2,942,903	6.81
Personal Income tax	12,674,008	13,222,525	4.33
Travel Tax	1,143,536	1,255,202	9.76
Consumptions tax (Imports)		13,500	
Value Added Tax	23,974,929	23,216,070	(3.17)
Excise Tax	13,103,361	21,421,736	63.48
Miscellaneous	23,424	34,003	45.16
Other Customs Tax	267,397	191,910	(28.23)
Other Domestic Tax	2,768,462	2,942,472	6.29
Import Duties	6,602,453	6,804,447	3.06
Export Duties	8,629	8,172	(5.30)
Rice Levy	463,774	-	(100.00)
Non-Tax Revenue	3,350,203	5,805,461	73.29
Total Current Revenue	82,947,789	94,890,392	14.40
Miscellaneous Capital Revenue	2,820,618	1,636,456	(41.98)
External Grants	13,611,630	15,052,584	10.59
External Loans	16,666,653	16,864,073	1.18
Total Capital Revenue	33,098,901	33,553,113	1.37
Total Revenue	116,046,690	128,443,505	10.68

Source: Estimates of Public Sector, Current and Capital Revenue Expenditure for 2010 Volume 1, page 5 and 6.

With regard to the expenditures of Central Government, there was overall increase of G\$ 10.771bn against the 2008 actual of G\$117.54bn. Employment and other charges increased to G\$73.85bn compared to G\$71.94bn in 2008. Capital expenditure rose to G\$ 46.99bn in 2009 from G\$35.94bn

in 2008. Interest on Public debt reduced by 22.7 % to G\$7.5bn in 2009 compared to G\$ 9.6bn in 2008. The bar graph below shows the type of expenditure for 2009 compared to 2008 and the pie chart below shows the value and percent (%) of the types of expenditure for 2009.



Gross Domestic Product at 2006 Prices by Industrial Origin

<i>Industry</i>	<i>Rebased</i> 2006	<i>Rebased</i> 2007	<i>Rebased</i> 2008	<i>Rebased</i> 2009
Agriculture, Fishing & Forestry	62,779	62,131	61,280	62,060
Sugar	15,317	15,730	13,358	13,794
Rice	6,811	6,613	7,311	7,974
Other Crops	13,162	13,545	14,313	14,508
Livestock	7,181	7,263	7,887	8,134
Fishing	9,349	9,649	9,483	8,488
Forestry	10,958	10,331	8,927	9,161
Mining & Quarrying	28,066	32,196	31,233	32,543
Bauxite	5,172	7,724	7,422	5,009
Other	22,894	24,472	26,225	27,247
Manufacturing	20,169	20,784	19,863	20,714
Sugar	4,072	4,182	3,551	3,667
Rice	4,255	4,132	4,567	4,986
Other Manufacturing	11,842	12,471	11,745	12,061
Electricity & Water	4,724	4,751	5,203	5,390
Construction	25,976	27,882	28,508	28,649
Wholesale & Retail Trade	32,003	34,780	36,334	39,886
Transportation & Storage	19,715	21,032	22,353	22,148
Information & Communication	14,054	18,242	19,932	20,668
Financial & Insurance Activities	9,475	9,352	10,243	11,340
Public Administration	25,334	25,792	25,619	25,619
Education	11,851	12,579	12,937	13,564
Health & Social Services	3,802	4,266	4,849	5,782
Real Estate Activities	3,340	3,474	3,578	3,650
Other Service Activities	8,933	10,553	12,052	13,169
<i>*less adjustment for FISIM</i>	<i>-7,340</i>	<i>-7,479</i>	<i>-8,022</i>	<i>-7,454</i>
TOTAL	262,880	281,335	286,896	296,417

**FISIM - Financial Intermediation Services Indirectly Measured*

Source - Ministry of Finance

