



CALENDAR OF KEY ECONOMIC EVENTS

January 2007

This feature presents a summary of local events of economic interest covered in the two daily newspapers, Stabroek News and the Guyana Chronicle.

JANUARY

Rice production in 2006 significantly improved over 2005 despite the challenges the industry faced, including the impact of flooding, Agriculture Minister Robert Persaud has reported. The production of rice in 2005 was 273,237 tonnes while in 2006 this figure increased to 306,828 tonnes. Export figures for the two years were 182,175 tonnes and 204,296 tonnes, respectively. The export value was US\$46.2M and US\$54.4M for each respective year.

A \$1.6 billion EU boost for rice sector. The local rice industry got a major boost when a \$1.6 billion credit facility for its benefit was launched. The funding was made available by the European Union (EU) following a commitment to support the development of the sector. Rice producers and millers can access loans from the source for use as working

capital and purchasing machinery and equipment. Exporters, too, can borrow working capital to also restructure or expand facilities and importers could be facilitated for fertilizers and pesticides, as well.

\$212M 2006 capital works programme completed. Regional Executive Officer (REO) of Region Two (Pomeroon/Supenaam), Mr. Sewahanand Meusai has reported that all projects under the \$212M capital works programme for 2006 have been completed. The region did well during last year and has greatly improved the drainage and irrigation (D&I) network within. According to him, \$87M was spent to construct concrete irrigation checks, tail walls, box culverts, timber revetments and regulators to enhance D&I facilities for rice and other crop farmers.

The president has said elements are embedded within the Guyana National Competitiveness Strategy that, when implemented, would result in a more

stable and expanded economy, which will, in turn, create more jobs and generate additional resources for development of the nation. “Sustaining the environment for economic growth, through continued prudent fiscal and monetary management of the economy, is one facet of government’s economic development plan for the next five years,” he stated.

The government has been moving to transform the dependency of Region 10 (Upper Demerara/Berbice) on mining to diversified development that would improve its economy and integral to the move is a five-year development plan, Regional Executive Officer (REO), Mr. Henry Rodney has reported. The government’s budgetary allocation to the Regional Democratic Council (RDC) for 2006 was \$120M.

The government will table an amendment to the Valued Added Tax (VAT) Act in the National Assembly that will ensure it is “a fair and effective tax and definitely not punitive to consumers.

President Bharrat Jagdeo made the announcement after meeting several stakeholders in the domestic travel industry. “The Minister of Finance will seek an amendment to the Act that will allow us flexibility, should we want to change the rate on certain items. We will be able to do it immediately rather than to have to wait on Parliament to meet, which takes a long time sometimes, to give effect to the changes we want to make,” GINA quoted the President as saying.

“We met with the aircraft owners and we want to reduce the tax on domestic air travel as well as remove the toll on the hinterland roads, so that will hopefully facilitate cheaper fares to the hinterland areas and therefore reduce the cost of living,” President Jagdeo said.

A Survey by a local chartered accounting firm has found that the level of optimism in the national economy in the business community is the highest in five years. The accounting firm Ram and McRae, which conducted the survey, the 13th of its kind, reported the findings yesterday at a news conference.

It said some 54% of the respondents expressed confidence in the performance of the economy compared to 26% in the last survey it did. Mr. Rakesh Lachana, who was principally involved in conducting the survey, said this optimism could be attributed to the stable political environment surrounding the August 2006 elections.

Lachana said the survey showed 50% of the respondents predicted that their scale of operations would increase this year with none expecting to scale back operations, while 68% and 71% believe that turnover and profitability respectively will increase.

The Regional Development Councils (RDCs) would derive benefit from a comprehensive government plan to spend more than \$100 billion on local government, in the next five years. Minister of Local Government and Regional Development, Mr. Kellawan Lall, who made the announcement,

said his ministry will receive a substantial part of the sum, approximately \$14 billion.

According to him, the availability of funds for government schemes has been due to the reduction of international debt and creditworthiness of this administration.

Guyana has signed the PetroCaribe bilateral agreement in Caracas, Venezuela under which it will get oil supplies from that country. Head of the Guyana Energy Agency (GEA), Mr. Joseph O'Lall signed the agreement for Guyana. A source said the agreement is for 5,200 barrels of oil a day with the first shipping date to be May 1.

Prime Minister Samuel Hinds confirmed that the agreement was signed, noting that the PetroCaribe accord is for Balance of Payment support that gives countries like Guyana time to adjust to the significantly increased prices of crude oil and petroleum products.

Under the PetroCaribe agreement, countries pay market prices for Venezuelan petroleum products. However, at crude prices greater than US\$15 per barrel, credit is provided for a portion of the purchase: from five per cent per barrel to 50 per cent at crude prices greater than US\$100 per barrel. Repayment conditions which are very concessionary, from US\$15 per barrel are even more so at crude oil prices greater than US\$40 per barrel.

Exports of non-traditional agricultural produce and products for last year rose over 2005 with exports in 2006 for the

period January to November reaching 4,337 tonnes compared to 4,272 tonnes for the same period in 2005, Agriculture Minister, Mr. Robert Persaud has reported. According to him, the value of the exports for last year was \$1.2 billion or US\$6M.

Specialist volunteers from the United States began a two-week review of the status of Guyana's cattle industry with a view to evaluating possibilities for this country to develop a viable export market for beef.

The four U.S.-based volunteers - Dr. Geoffrey Benson, Dr. Steven Washburn, Dr. Francis Higdon and Dr. John Rushing – will also be recommending a way forward for Guyana's dairy industry in general and dairy product marketing in particular. A statement from the Washington, D.C.-based Partners of the Americas said the four volunteers were scheduled to begin work in Guyana under the 'Farmer to Farmer Program'.

*Bureau of Statistics
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