



CALENDAR OF KEY ECONOMIC EVENTS

January 2008

This feature presents a summary of local events of economic interest covered in the Stabroek News and the Guyana Chronicle, with occasional articles from other sources.

Agriculture

Pomeroon farmers who want to diversify to pig rearing can expect help since Government is resuscitating that industry. Minister of Agriculture, Mr. Robert Persaud, made the disclosure Wednesday after being told, at Friendship Canal in lower Pomeroon, that some planters want to establish a large scale business with the animals.

Faced with a number of challenges, local dairy company Moogoodies is shifting to concentrating on primary production instead of value-added processing, until some measure of viability returns to the local dairy manufacturing sector.

Contacted yesterday, Managing Director of Moogoodies Timothy McIntosh said that for the past year or so, his company has been finding it difficult to acquire the quantities of milk required for its processing operations, thus the shift. McIntosh said that because milk prices on the world market increased during this time, demand for local milk shot up and left dairy processors "high and dry".

The Guyana Marketing Corporation (GMC) is renewing its call for farmers of non-traditional crops to establish associations in order to strengthen their negotiating power with exporters. GMC General Manager Nizam Hassan said the farmers need to create a

mechanism that will enhance their efficiency and ability to meet the requirements of exporters and agro-processors. Hassan recently said current trends show exports in this sector will continue to increase this year, since there is greater demand both regionally and extra-regionally for non-traditional agro-produce.

Recent reports on the performance of the other crops sector are quite interesting as there is a clear indication of continuous annual growth in the production and export of our fruits and vegetables. Even more motivating is the opening-up of new markets in North America and elsewhere that has created more opportunities for farmers to expand their activities and maximise profitability.

More paddy drying facilities are being encouraged. Region Two Vice-Chairman, Mr. Vishnu Samaroo is encouraging rice farmers on Essequibo Coast to set up more drying facilities for the next crop harvest. Paddy farmers tend to dry paddy on the road, which poses a traffic hazard.

Business

Citizens Bank Guyana Inc's profit before tax for last year of \$247.1 million was affected by its acceptance of the terms of government's settlement for the Guyana Mining Enterprise (Guymine) US\$20 million bonds. Because of

this settlement, the bank incurred a non-recurring loss of \$257.9 million.

Chairman of Citizens Bank Clifford Reis said during the annual general meeting: "If adjusted for the aforementioned non-recurring loss, the bank would have recorded an increase in its profit before taxation of 28 per cent over the 2006 figure of \$392.7 million."

Downtown businessmen are predicting a tough post-Christmas trading period which most say could extend for several months into 2008.

Stabroek Business spoke to several retail traders in the food, clothing and hardware sectors most of whom are predicting that consumer spending could be reduced considerably, at least up to April this year.

Stabroek Business reports that the assets of the Ocean View Hotel have been acquired by city businessman Jacob Rambarran. News of the sale of the once highly-touted hotel comes amidst persistent reports that the original proprietor, George Lord, who immigrated to Guyana in the 1980, was encountering serious financial difficulties.

Global

New York - The world economy has had several good years. Global growth has been strong, and the divide between the developing and developed world has narrowed, with India and China leading the way, experiencing GDP growth of 11.1% and 9.7% in 2006 and 11.5% and 8.9% in 2007, respectively. Even Africa has been doing well, with growth in excess of 5% in 2006 and 2007.

Energy

CGX Energy Inc. has announced that an independent resource assessment has estimated that its licensed area in the Corentyne, off-shore Guyana, holds 2.7B barrels of oil. The Canadian oil firm said the assessment was done by Gustavson Associates LLC of Boulder, Colorado, U.S.A for four prospects on the company's Corentyne Petroleum Prospecting Licences (PPL) located offshore Guyana.

Gustavson was retained by CGX to prepare the report to estimate the potential undiscovered oil and gas resources underlying the 9,170 square kilometers offshore portion of the Corentyne in which CGX has a 100% working interest

The Public Utilities Commission (PUC) has approved the power company's application to increase tariffs, while chastising it for being "unreasonable and unfair" to announce the hike without giving adequate notice to consumers. In an order issued by the PUC on Wednesday granting approval to the Guyana Power and Light (GPL) Incorporated for increased rates, the PUC said: "The commission recommends that three months is not an unreasonable period of time for consumers to be notified in order that they make the necessary adjustment in the use of electricity, and that in the future you will give such adequate notice."

With a view to heeding the warning of President Bharrat Jagdeo, Synergy Holdings Inc is making a greater effort for financial closure of its US\$371M plan for the 100-megawatt Amaila Falls Hydro Project. Synergy Holdings Inc's President Makeswar 'Fip' Motilall said that his company has been engaged in a number of meetings with potential investors and some middle-ground has been reached, though some of the talks are still ongoing and should conclude this week.

Mr. Motilall said that the position reached thus far should make "everybody happy." He said that he has taken notice of what the President said some days ago that financial closure should come soon or the company may lose the franchise to build and operate the hydro facility. Jagdeo at the press conference declared that Guyana would build the hydro project "no matter what." The project's completion date has shifted from 2010 to 2011.

Forestry

Conservation International Guyana (CIG) says it expects to enhance its role in safeguarding Guyana's natural heritage with its appointment of Dr David Singh as its executive director. CIG said Singh previously served as the director general at the Iwokrama International Centre for

Rainforest Conservation and Development and he brings a wealth of experience to the field of conservation and environmental management.

The government through the Guyana Forestry Commission (GFC) has granted a State Forest Exploratory Permit to American wood processing outfit Simon and Shock Inc (SSI), after months of due diligence and some tension between the company and the Guyana Office for Investment (Go-Invest).

The company had indicated its earlier frustration with the lengthy process, which had been stagnated for some months. To this, the government said that the time was spent performing due diligence background checks to ensure that the company had the capacity to implement what it said it would.

The Guyana Forestry Commission (GFC), last year recorded total export Earnings at US\$61.5M, Minister of Agriculture, Mr. Robert Persaud, announced yesterday, promising rigid enforcement of forestry rules this year. He said the 2007 earnings represented a 3.25 percent increase over 2006, when earnings stood at US\$59.5M. Speaking at a press conference at the Ministry of Agriculture, he said the highest revenue earner for 2007 was sawn wood with US\$21.86M, which represented sales of 43,825 Cubic meters. This represented 35.56 percent of export earnings. This was followed by logs with US\$20.85M (Volume: 57,097 Cubic meters) which represented 33.91 percent of export earnings.

Infrastructure

The \$107M Vreed-en-Hoop/La Jalousie Road was commissioned. According to the Government Information Agency (GINA), the 2.9-mile all-weather road will in particular enable the transport of paddy from the fields to the mills. The road was built under the Poor Rural Communities Support Services Project. GINA said that prior to the construction of the road farmers had to use the earthen embankment which became impassable during the rainy season.

The Agriculture Ministry yesterday commissioned a \$116.9 M drainage and irrigation project in Western Hogg Island, in the Essequibo River, Region Three. The project, executed under the Poor Rural Community Support Services Project (PRCSSP), saw the excavation and rehabilitation of 11 miles of canal and the construction of five reinforcement structures at the Western Hogg Island River. PRCSSP acting Programme manger Abdul Annief, in his remarks at a ceremony held at Western Hogg Island Primary School said the project will yield direct benefit to some 300 persons.

Government

The number of persons paying taxes is lessened every year as Government increases the income tax threshold. This year, the threshold has been raised from \$28,000 to \$35,000, an increase of 25 percent. 36,000 employees have been removed from the tax net as a result.

President Bharrat Jagdeo has promised vast improvements in the welfare and services sectors, especially as regards women and children. To this end, 2008 will see the creation of a special fund to assist single-parent households. In addition to putting programmes in place to assist the vulnerable, government will enact a Sexual Offences Bill this year aimed at protecting women and children from sexual exploitation. Among the other improvements the populace can expect, he noted, was the completion of the Berbice River Bridge. The government was also in the process of formalizing major investments in hydroelectricity and exploration for offshore oil is expected to recommence this year, he added.

Mining

Guyana has recorded an excellent year for alluvial gold production, reaching over 240,000 ounces declared as of December 27, a 16 per cent increase over last year. However, diamond production took a nose dive by 25 per cent of the projected figures to 264,000 carats.

Acting General Manager of the Guyana Gold Board, Anantram Balram, and yesterday said

that many diamond miners turned to gold mining because of the high demand and world prices, which at yesterday stood at US\$836 per ounce.

Acting Commissioner of the Guyana Geology and Mines Commission (GGMC), William Woolford, has indicated that bauxite, stone and sand have all recorded strong showings also. As at November, figures for bauxite stood at 2,047,000 tonnes, some six per cent over last year's.

A commitment to liberalise the telecommunications sector, rapid movement toward renewable energy initiative, increased electricity generation and the promotion of sustainable mining were key highlights of the Office of the Prime Minister for 2007. Rehabilitation works on the road linking Matthews Ridge to Arakaka, Port Kaituma and other communities was realised through funding by the Guyana Geology and Mines Commission (GGMC). The previous condition of the roadway impeded inter-community travel by residents, farmers and miners.

Miscellaneous

The success rate of the poverty reduction strategy papers over the last five years has been minimal with no significant reduction in moderate and extreme poverty levels countrywide. It is against this backdrop that Prime Minister Samuel Hinds, at the opening of consultations yesterday, charged the participants, for the 2008-2012 paper, to find out why there have been such poor results and to make recommendations about what can be done to correct shortcomings.

Private sector

Sections of the business community may approach government in an effort to discuss ways of mitigating the effects of continually rising energy costs on the local productive sector in the wake of the recently announced increases in electricity charges.

The Guyana Power and Light Company (GPL) announced on December 28 that with effect from January this year electricity tariffs will be

increased by between 6 per cent and 20 per cent for varying categories of electricity consumers, a circumstance which company Chairman Winston Brassington has attributed to continually rising fuel prices.

The Private Sector Commission (PSC) says it has made a number of recommendations to the government which would ease the burden of taxation on the average citizen including a cut in the personal income tax rate and the zero-rating of flour and other food items.

The PSC said that at a meeting with the Minister of Finance Dr Ashni Singh in December last year, it recommended the increase of the income tax threshold to \$35,000 per month and was pleased that the government had immediately introduced this measure.

Rice

The General Secretary of the Guyana Rice Producers' Association (RPA), Mr. Dharamkumar Seeraj, said yesterday that cattle damaging cultivated rice fields and access dams in Regions 5 (Mahaica/Berbice) and Six (East Berbice/Corentyne) continues to be a sore problem. He told the Guyana Chronicle it is an age-old and a major hiccup and, together with some minor drainage and irrigation (D&I) constraints and rainfall, comprise the challenges affecting rice farmers in those two Regions.

Prominent rice farmer and miller Beni Sankar is of the view that had the Guyana Rice Development Board (GRDB) carefully monitored the stocks for consumption, rice prices would not have escalated to over \$6,000 per bag - a rise of over 100 per cent in a year.

At the most, he said, the price of the commodity should have increased by about 25 per cent. Rice cost \$2,800 per bag (about \$280 per gallon) at the beginning of 2007 and is now over \$6,000 (about \$600 a gallon). He said that the price should have only increased to around \$400 per gallon even with all the external factors taken into consideration - high price of fuel and the rising price of rice on the international market

The Guyana Rice Development Board (GRDB) is monitoring rice exports more rigidly with a view to ensuring that there is enough for the local market.

Asked yesterday if the GRDB was restricting exports, General Manager GRDB Jagnarine Singh told this newspaper that his office was asking millers to put rice on the local market. He said that they were being asked to put enough of the commodity to satisfy the requirements of the region in which the miller's operation is located

The price of rice should drop in the next two months or so when the first crop is ready to be harvested, General Manager of the Guyana Rice Development Board (GRDB) Jagnarine Singh said on Tuesday.

Singh said the price of rice had shot up owing to a number of factors. Among these were the increase in demand, a decrease in production and increase of the price of the commodity on the international market. A bag of the product could cost as much G\$6800.

Sugar

The Guyana Sugar Corporation (Guysuco) said it recorded a production of 266,462 tonnes of sugar last year, 2.6% above the previous year's output and it says it is aiming for over 300,000 tonnes this year.

In a press release Guysuco said the Berbice Estates contributed 166,357 tonnes and the Demerara Estates produced 100,125 tonnes. The

eight grinding factories produced the following quantities Skeldon: 27,739 tonnes, Albion: 59,925 tonnes, Rose Hall: 39,928 tonnes, Blairmont: 38,765 tonnes, Enmore: 32,248 tonnes, LBI: 27,228 tonnes, Wales: 26,428 tonnes and Uitvlugt: 14,222 tonnes. In 2006, the Corporation produced 259,550 tonnes of sugar but has been consistently aiming for 300,000 tonnes and over, and with the new Skeldon factory coming on stream this year will be looking for a much better performance.

Utility

President Bharrat Jagdeo publicly signaled his government's intention to begin negotiations with the Guyana Telephone and Telegraph Company Ltd (GT&T) on ending the firm's monopoly in the local telecommunications sector.

The long overdue negotiations were anticipated to have commenced since last year and are aimed at bringing an end to the monopoly stranglehold GT&T currently enjoy over this crucial sector.

The Guyana Telephone and Telegraph Company (GT&T) has built a new multi-million dollar GSM cellular service facility at Mahdia, the cost of which has been estimated at around US\$250,000.

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