

G u y a n a



Rapid expansion is taking place at the port of Georgetown (below), Guyana's capital and the location of the Caricom headquarters.

CARICOM'S NEW SINGLE MARKET AND ECONOMY



LAUNCHED in January, the Caricom Single Market and Economy (CSME) will have a major impact on the economic development of the Caribbean region. By joining forces and turning themselves into a unified trading bloc, the participating states will gain the combined economic and political strength to compete effectively in a rapidly changing globalized economy.

Free movement of goods, services, people and capital throughout a single large market will give rise to new opportunities for employment, investment, production and trade.

By 2008, it is intended to create a single entity in which economic policies, interest rates, laws and tax regimes are coordinated and harmonized, boosting development across member nations and trading arrangements and economic links with other countries and regional groups.

At the forefront of the integration movement are Guyana, Suriname, and Trinidad and Tobago, which were among the first to join the new bloc.

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Intercom UK Ltd

12, St James Square, London SW1Y 4RB, United Kingdom
Tel: +44 20 7629 5870
Fax: +44 20 7629 5337
www.intercom-ltd.com

Project Management:

Guyana

Mary Blackwell and Nicolas Danaux

Suriname

Alexandra Benard and David Assad

Trinidad & Tobago

Florencia Arenaza and James Bennet

▶▶▶ RICH IN NATURAL RESOURCES AND WITH AN ECONOMY BACK ON THE GROWTH TRACK, GUYANA IS READY TO DIVERSIFY ITS EXPORTS AND IS LOOKING FOR FOREIGN INVESTMENT TO DEVELOP ITS POTENTIAL

Big opportunities in the 'Brussels of Caricom'

A small nation of just 760,000 people, Guyana has had to get used to facing big challenges. But there are also big opportunities on offer from its membership in the region's newly launched single market and economy. Located at the top of South America, where it is bordered by Venezuela, Brazil, and Suriname, the former British colony marked the 40th anniversary of its independence this year. The only country on the continent with English as its official language, Guyana is as much Caribbean as South American, and it is in the future of Caricom, the Caribbean Community and Common Market, that it is placing its best hopes.

"Outside of the European Union, Caricom is the most successful and longstanding free trade area in the world," declares the Guyanese President Bharrat Jagdeo. And Guyana is at the very heart of Caricom. One of the four founding members of the regional integration movement, it is also the location of Caricom's headquarters. "Guyana is to Caricom what Brussels is to the EU," says Mr. Jagdeo.

The economy is back on track for growth, having weathered the shocks it suffered last year, including devastating floods and rising fuel prices. The budget for 2006 predicts GDP growth of 4.3 percent. Sugar output is expected to increase by 28 percent and bauxite production by a massive 77.6 percent. However, recent shifts in trading arrangements — notably EU price cuts affecting Guyana's sugar and rice exports — have highlighted the need to diversify and find new markets for a broader range of products.

Agriculture is a particularly promising sector for Guyana to develop within the new Caricom Single Market and Economy (CSME). Densely forested and with plenty of land suitable for farming, Guyana has huge potential for supplying fruits, meat, vegetables and wood to the region.

Samuel Hinds, Guyana's Prime Minister, says the Guyanese have demonstrated their ability to be competitive within Caricom. "We certainly have the competitive edge over other Caribbean countries in agriculture-based activities, such as farming and rearing of livestock, and also in areas of garment manufacturing. More recently, we have been seeking to attract call center services," he says.

Lawrence Williams, Governor of the Bank of Guyana, says the CSME will provide local and foreign investors in Guyana with a significantly larger market than is currently available. He explains, "This will hopefully enable them to concentrate on developing value-added products to accelerate and guarantee access into the global market place."

The government spent a record amount on the public sector investment program last year in a drive to boost competitiveness and growth. This year's budget allows for further massive spending on Guyana's physical, social and human infrastructure. It also includes further provision for health, education and housing, as well as new roads and bridges, drainage and irrigation systems, and embraces new priorities such as sea and river defenses.



BHARRAT JAGDEO
President



SAMUEL HINDS
Prime Minister



LAWRENCE WILLIAMS
Governor of the Bank of Guyana

MINING AND OIL PROFITS INDUCE A RISE IN ACTIVITY

Major investment brings positive prospects

Production of bauxite is rising fast, and promising exploration findings may result in new gold mines

MINING is one of the most important sectors of Guyana's economy, accounting for around 40 percent of the country's exports. The Guyana Geology and Mines Commission (GGMC) reports a significant increase in bauxite and diamond production during the first quarter of this year. And while gold statistics were down, along with the closure of the Omai gold mine last year, there are high hopes that a new wave of exploration will reveal important new deposits.

Revitalization of the bauxite industry is well under way following privatization of state-owned operations in northeast Guyana, where reserves stand at approximately 700 million tons. Overall production is expected to rise by 78 percent as a result of major investment by two foreign private companies—Canada's Cambior and Russian aluminum producer Rusal.

Although the Omai mine closed last September, the increase in world gold prices has spurred exploration activity. Three Canadian companies

are exploring large areas in the western and northwestern regions. Guyana Goldfields of Ontario and Vancouver-based Sacre-Coeur Minerals and Strata Gold are expected to invest a total of US\$20 million dollars. Initial results are positive, and production could start on three new mines within two to three years. According to GGMC Commissioner Robeson Benn, conservative estimates show that each of the mines could produce a minimum of one million ounces of gold. Guyana Goldfields has recently reported finding "significant gold values" on the Cuyuni River at Aurora.

Operating highly profitably with no immediate prospect of privatization is the state-owned Guyana Oil Company (Guyoil), which has grown from a million- to billion-Guyanese-dollar business.

According to Oscar Phillips, Guyoil's Deputy Chairman, the key to the company's success is effective management. Although it is state-owned, it is run like a private company. No government revenues are used to subsidize its operations, so its service stations must operate as profit-making centers. Mr. Phillips says, "The quality of the service at any of our service stations could match that of any of the service stations within the private sector, and the company is consistently upgrading its standards."

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63 Upper Brickdam, Georgetown, Guyana Tel: +592 225-3047 / 225 2274, Fax: +592 225 3047, E-mail: mgeolggmc@yahoo.com, www.ggmc.gov.gy

Bank of Guyana

1 Avenue of the Republic, Georgetown, P.O. Box 1003, Guyana
South America, Tel: +592 226 3250, Fax: +592 227 2965
communications@solutions2000.net, www.bankofguyana.org.gy