

EIC COUNTRY REPORT GUYANA

Executive summary

Guyana's official name is the Cooperative Republic of Guyana where it is an independent republic and a member of the British Commonwealth. The country is located in the north-eastern corner of South America and is identified as part of the Caribbean region with Georgetown as its main capital. Its neighbours are Suriname, Venezuela, and Brazil. Guyana is involved in a long-standing territorial dispute with Venezuela that dates back to 1899 over the Essequibo region, which is rich in gold, diamonds, timber and other natural resources. Guyana is a democracy subdivided into ten administrative regions. Region 4, where the capital (Georgetown) is, has the highest population density. Most rural settlements are along roads or riverbanks. The interior is very sparsely populated; Regions 1, 7, 8, and 9 have approximately 10.9% of the population.

Guyana is the only English-speaking country in South America given its long history under the colonisation of the British and Dutch countries. Guyana's people originate from various parts of the British empire. Asian Indians are the largest racial group, accounting for almost half of the country's population. The Indo-Guyanese make up 40% of the population whereas the smaller

percentage of Portuguese, Chinese, Amerindians, and other Europeans complete Guyana's ethnic mix.

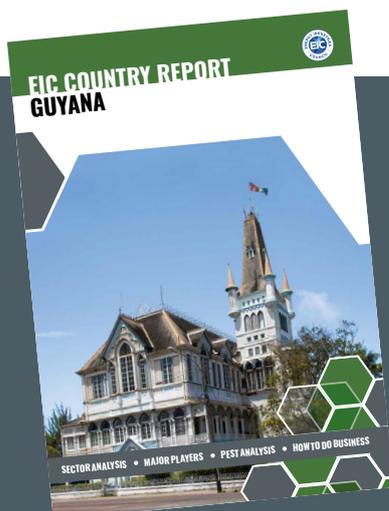
Guyana has a diverse economy, with a gross domestic product of US\$4.28bn in 2019. The service sector contributes a 69% share to the country's GDP, followed by the agriculture (16%) and industrial (15%) sectors. Since Guyana gained its independence in 1966, the country's chief economic assets have been its natural resources, mainly its pristine rainforests, sugarcane plantations, rice fields, bauxite, and gold reserves whereas major imports include manufactured goods, machinery, petroleum, and food. The country's main trading partners are Canada, the United States, Jamaica, and the United Kingdom.

Economic activity in Guyana accelerated ahead of the commencement of commercial oil production in December 2019. The economy grew an estimated 4.7% in 2019, an increase from 4.1% in 2018 – driven mainly by agriculture and extractive industries. The increase in GDP also reflects the uptick in private investment from the construction sector, particularly in residential houses. The other sectors such as agriculture, fishery, and forestry are showing positive growth due to the strong rebound in the livestock sector. Despite the continued weakness in gold extraction, the mining industry is also seeing an upward trend due to

an increase in bauxite and diamond production, underpinned by stable demand. Growth is expected to accelerate in the upcoming years.

Even though Guyana has reserves of petroleum in the Takutu Basin and exploration was conducted in the 1950s, the country has never engaged in a commercial level of production until recently. As a result, the country is dependent on imported oil products for its energy supply. The main sources of energy in Guyana are imported from petroleum products, bagasse, and fuelwood. According to Guyana Energy Agency (GEA), Guyana consumed approximately 1.8 million barrels of oil equivalent (boe) from a variety of energy sources in 2016. Among these were diesel, fuel, oil, liquefied petroleum gas (LPG), fuelwood, charcoal, bagasse, rice husk and biogas. The total installed capacity in the country is 407MW (2019) where only approximately 12% of the generating capacity is from renewable sources.

Guyana has more than 8 billion barrels of proven oil



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reserves through ExxonMobil and its partners' discoveries – potentially surpassing reserves in Mexico and Colombia combined (according to BP Statistical Review of World Energy). Oil production in Guyana began at the Liza field in December 2019 and was anticipated to produce 120,000bbl/d by June 2020, although technical issues and the Covid-19 outbreak have created delays. In May 2019, Liza Phase 2 was sanctioned by ExxonMobil and its partners, which will add another 220,000bbl/d in production by 2022. The final investment decision for Liza Phase 3 – focused on the Payara development - was made in September 2020, adding another 220,000bbl/d to the country's total production. The approval for the Payara development was granted following the inauguration of the new government in August 2020 – potentially producing 750,000bbl/d by 2026.

The Government of Guyana began to work on plans to use oil revenues as a platform to boost the country's economic development, with technical advice from multilateral organisations since the country does not have a national oil company (NOC). The government began the process of formulating the plans to manage the oil policy and the wealth derived from the activity back in 2016. In 2018, the

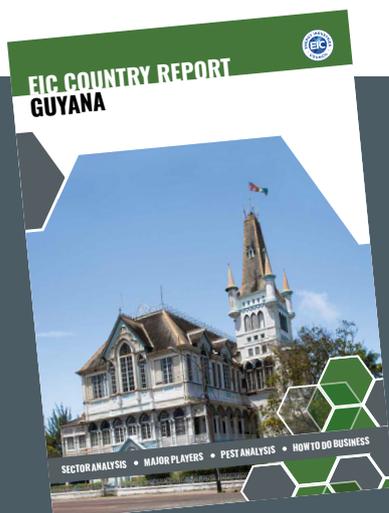
Finance Minister announced a plan to administer revenues from oil production through the creation of a sovereign fund after receiving a US\$35m Development Policy Credit from the World Bank. In 2019, the Guyana Petroleum Resources Governance and Management Project was launched to support the process of improving its institutional framework, as well as strengthening the institution's capacity to manage the O&G sector in the country.

The total electricity generation for Guyana in 2018 was 1,136.2 GWh, of which 92% was from heavy fuel oil (HFO) and diesel oil (ADO), 7% from bagasse-based cogeneration whereas the remaining percentage was generated by hydro, small-scale solar and wind plants. Conventional power plants – mainly fired by fossil fuel products – correspond to 46% of the country's capacity and have a key complementary role in the Guyana power generation matrix. Guyana Power and Light Inc. (GP&L) is the country's largest electricity provider. GPL is responsible for providing electricity for the coastal grid, which includes regions 2, 3, 4, 5 and 6. Electricity supplied by GPL is all based on imported fossil fuel.

The country's second-largest electricity producer is the Guyana Sugar Corporation, which sells excess electricity to GP&L. The country's hinterland and rural villages are supplied by small scale private energy companies – their total capacity stands

at 35MW. Guyana has significant hydropower plant potential. In contrast to Suriname however, Guyana has yet to tap this potential estimated at more than 5GW with 67 potential sites. The new administration has recently revived the 165MW Amaila Falls hydropower plant (more details in the State of Play section), which is expected to begin operations in 2026 onwards.

Solar energy has considerable potential, particularly in remote areas of the country where the current grid system is not available, and buildings are sparsely scattered. The same applies to wind power in the coastal regions. The Government of Guyana signed a memorandum of understanding (MoU) with a private developer to build a wind facility, which could potentially add another 10MW to the power grid. At the time of writing, the country does not have any large-scale solar and wind facilities installed. However, additional opportunities do exist in the solar and wind sectors but are yet to be fully explored by the government and the major renewable players.



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