

Address by

Her Excellency Mrs Janet Jagan, O.E.

President of the Republic of Guyana

at the

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Guyana has successfully extricated herself from a past of rigid state controls and has moved to an open economy. In this transitional period we experience growing pains, similar to those experienced by other countries that have taken the courageous path to modernise. But these problems do not in any way divert us from aggressively pursuing our objectives of building a society based on freedom, equality and economic prosperity. What is important is for us to entrench a stable participative political environment within which an open market orientation is anchored: such a strong edifice will safeguard the freedoms and well-being of our people and the investments they make.

The fact that we lagged far behind others does not deter us from taking bold and assertive steps to tune our economy to the new realities of liberalisation and globalisation. In less than a decade we have moved rapidly into a democratic and open economy and have moved off from the drawing boards with bold plans to enter the next millennium with optimism.

While we bemoan the fact that Guyana, since independence from Britain in 1966, has lost several decades in taking advantage of benefits of science, technology and private investment, we have started our take-off with the advantage of hindsight. This affords us the opportunity of learning from others and thus we are better placed to adopt policies and programmes that would avoid the many pitfalls others had encountered. Unfortunately, the exercise of caution on our part is sometimes seen as a lack of commitment. But this is not the case. One has to understand that we are venturing into a new experience. The task of developing a poor country at a time of free trade is extremely complex. In our development we aim to achieve high levels of growth and at the same time to realise genuine human development and prevent ecological degradation.

Between 1992 and 1997 Guyana has experienced a robust average growth of 6 percent, a remarkable turnaround, no doubt, but still not to our satisfaction. Under consecutive IMF Structural Adjustment Programmes we have performed well. This year, however, we became aware more than ever of our Achilles heel - a narrow export oriented raw material production base that cannot adequately respond to the vicissitudes of prices in the market.

Rock bottom prices for rice, sugar timber and bauxite, coupled with the adverse effect of the El Nino weather conditions, have conspired to threaten our gains.

The awareness of our vulnerability is not new. What is new is that my administration intends to pursue a sustained direction and focus which would, in concrete terms, diversify the economy and put it on a firmer footing so as to meet the ever new challenges of the changing global reality. Our economic strategy and incentive schemes are geared, in the shortest possible time, to direct investment in new areas of economic activities such as manufacturing, fishing and shrimping, tourism, mining, non-traditional agri-business, housing and apparel.

It is in this light that I see the significance of our presence here in Miami. We have the will and appropriate conditions now present themselves, for us to seek a new and genuine partnership with private capital - local and foreign - since we lack the necessary resources to propel us forward by ourselves. And this is not a short term goal; it a long term commitment to which there is no alternative.

We recognise the crucial role being played by the private sector in increasing economic growth and bringing higher standards of living to our people. The shackles previously placed on the private sector for several decades, naturally constrained its growth. Today, it enjoys fertile conditions for growth and development. Its present vibrancy, however, should not hide the fact that it is small and weak. In this situation, I am sure our private sector partners would welcome the company of foreign investors, their capital, technology, skills and modern methods of management. Many local businesses have already gone that way and the success stories are many. Many more are looking for joint ventures partners

Reforms have been taken to enhance the business environment for investment. In the exchange and trade regime we promote export-oriented growth, ensure competitiveness and maintain appropriate incentives. The measures taken include: maintaining a stable exchange rate so that business can plan into the future with confidence; no restrictions on foreign currency, capital flows, transfer of profits and dividends.

We see the private sector as the driving force for economic development, job creation and wealth. The government has taken direct measures to energise the economy and the private sector. Some these measures include:

- Exchange controls have been abolished and Guyana now has the freest economy in the Caribbean—imports and exports have been liberalised.

- Modern banking legislation is now in place which regulates the workings of the banking sector.

- The government has reduced its share-holding in the commercial banking sector from 95 percent to 25 percent.

- Now in place is Securities Legislation making it possible for the establishment of a Stock exchange.

- Double taxation treaties with the United States and Canada have been concluded and negotiations are far advanced on a Bilateral Investment Treaty with the United States.

- A liberal tax concession regime including zero rate consumption tax on key machinery, equipment and material; losses could be carried forward until absorbed by profits; accelerated depreciation on plant and equipment, export allowances of up to 75 percent on non-traditional exports to non- Caricom countries.
- In addition, at the next sitting of Parliament, the Government will be re-introducing tax holidays in certain industries.
- The free transferability of shares in companies is now the case in Guyana.
- There are also specific investment friendly incentives in specific sectors such as forestry, mining and tourism.

Guyana's 83,000 sq. miles is richly endowed with natural resources that are ripe for small, medium and large scale investments. Among them are huge deposits of gold, diamonds, bauxite, sand and stone, fossil fuel, fishing, ornamental fish and horticulture, alligator leather and more. Coupled with this are the vast tracks of land for various kinds of large scale agricultural activities, and huge forest reserves.

I must stress Guyana's potential for supplying large quantities and high quality of value added products that can come from forested areas occupying most of our land space. Today we are experiencing low prices for raw timber exports and we have to change direction. There is a great future in furniture made from the rare species grown in our rain-forest. This wood sub-sector benefits from the special incentive package for manufacturing. There are good investment opportunities in the manufacture of high quality wooden furniture in both finished and knock-down forms, fitted kitchen furniture, standard size doors, windows and panels and prefabricated wooden houses, parquet material and floor tiles.

In recent times there has been tremendous interest in inland fish and prawns farming, manufacturing of furniture, and agro-processing utilising local raw materials, for which there is a big export market. We are now giving special incentives in these areas to diversify the economic and lessen our historical dependence for export earnings from rice, sugar and bauxite. A key focus is the fishing industry. Its importance can be seen in the fact that I have appointed a Minister to develop this sector. Our offshore sea resources are yet to be fully tapped. Ideal conditions also exist for inland fishing and shrimping.

We are also ready to offer opportunities in the intermediate savannahs located in the Berbice River area of Guyana, where we see the growth of agro-industrial development, production of fresh fruits and vegetables. The Intermediate Savannah Agricultural Project occupies a land mass of some 250,000 hectares. Investors to these areas will benefit from a host of special incentives.

Equally important is our location on the northern tip of South America, sandwiched between Venezuela, Brazil and Suriname and with long historical ties with the English speaking Caribbean. We have carefully nurtured a growing relationship at all levels with our South American neighbours. My recent visits to Venezuela, the Dominican Republic and Suriname, which included representatives of the private sector, have increased our linkages and the private sectors of our countries are convinced of the huge potential for trade and business.

Soon I will be visiting Brazil and hope to establish similar ties. Given our small home market and our proximity to these markets, we certainly hold a strategic advantage. The completion of the road link from our Capital to the Brazilian Border is an important development. The importance of this road can be understood when one considers that the distance from Sao Paulo to Boa Vista is some 4000 miles whereas the distance from Guyana's capital to Boa Vista is just 400 miles. The road to Brazil will also open up vast tracks of savannahs in the Rupununi, an area that holds great promise for large and medium scale development in cattle production, as well as peanuts and cashew nuts for the export market.

A part of our commitment to private sector development is our privatisation programme which, in a few years, has resulted in 18 of the 23 enterprises being sold or brought to the point of sale. The government realises that a reliable source of energy is indispensable to development and will soon have a strategic partner in the Guyana Electricity Corporation. Also, the local carrier, Guyana Airways, and the bauxite company, Linmine, are on the privatisation block.

Guyana is a new frontier which has enormous natural resources that are crying out for development. We need your involvement. Your capital, technology, specialised human resources can help develop this vast country. We have the advantage of being both a Caricom country as well as an English-speaking nation on the South American mainland. Investors can relate to our people and we see Guyana becoming a centre for service and other industries to cater for the needs of Caribbean and South American countries.

We have the added advantage of being a CBI and Caribbean country and Guyana is also a member of the ACP and therefore a member of Lome Conventions. Membership entitles exports of a number of industrial and agricultural products to duty-free access to the USA, Canada, the European Union and Caribbean Economic Community.

Guyana indeed is a country that offers immense possibilities to would-be investors, so let me repeat: We want your investments to help us develop this vast under-developed country. Come and see for yourselves and invest in a country that will be going places in the 21st century.