



# Black gold bonanza for Guyana

Guyana is a former British colony with a population of 784,000, located in the vast, untouched jungles of South America's north-eastern Atlantic Coast, and is the third-smallest South American nation after Uruguay and Suriname.

Guyana's principally plantation-based economy generates a GDP of US\$3.36 billion and is one of the poorest nations in South America, with little modern infrastructure, eg, only 591km of 7,969km of roads are paved.

The discovery of enormous oil fields in Guyana's coastal waters during the past two years has sent major oil companies into a frenzy of exploration and investment.

Exxon Mobil alone has discovered 5.5 billion barrels of oil and other companies have also reported major finds.

Oil royalties over the next decade will make Guyana the richest nation in South America, and possibly the world, as GDP per capita is set to triple or quadruple, according to the World Bank.

In order to forestall corruption, Guyana has published all its existing oil extraction contracts including the Petroleum Agreement with Exxon, and is in the process of joining the Extractive Industries Transparency Initiative.

Guyanese business and community leaders are advocating for the establishment of a Sovereign Wealth Fund to mitigate risks of volatile revenue and support long-term sustainable growth.

Fifteen per cent of the population of Guyana is still without access to even basic energy, and even those with access suffer from inadequate

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supply and frequent outages. Guyanese businesses, even in the capital, Georgetown, suffer the most outages in South America.

Guyana will now be able to deliver affordable and reliable energy services in all the major urban centres, which will drive higher household consumption, deliver enhanced public services and help to sustain higher non-oil economic growth.

Guyanese cabinet minister Dominic Gaskin says his government has made a clear commitment to invest in digitisation and automation, public health and education and improvements to agriculture.

## Opportunities for NZ

In 2017 Guyana imported US\$1.88b of goods and services including, and of particular interest to New Zealand exporters, foodstuffs costing US\$146 million, vegetable products costing US\$68m and animal products at US\$53m - a level of spending expected to increase exponentially in the next decade, as disposable incomes and population rise.

In the same year Guyana's exports to New Zealand were US\$1.49m for wood, wood products and charcoal, and it imported US\$17.41m of New Zealand goods (dairy products, eggs, honey and edible products).

New Zealand has diplomatic relations with Guyana (superintended by a New Zealand High Commission in Barbados and the Guyanese Embassy in Beijing) and with New Zealand Trade and Enterprise's (NZTE's) skills, increasing trade with Guyana is a good prospect.

Two major advantages for New Zealand exporters, which do not apply to other South American markets, are that as a former British colony Guyana has the same legal framework as New Zealand and there is no language barrier, as English is the official language.

Apart from increasing existing dairy and other food product exports, the biggest opportunities for New Zealand are in providing services to the Guyana government under the auspices of "G2G Know-How" which is a partnership between the New Zealand Ministry of Foreign Affairs and Trade and NZTE.

G2G Know-How uses experts from both the New Zealand public and private sectors to work with foreign governments to improve their performance in agribusiness, disaster management, education, environment and conservation and food safety; and develop small-medium enterprises, tourism and e-government - all areas in which the Guyanese government will soon be investing.

There will be no shortage of suitors to supply Guyana with goods and services as its wealth increases.

New Zealand's food exporters and G2G need to forge a path to Georgetown and get a foot in the door before they are beaten to the punch.