



## Private Sector Trade Note: Guyana's External Trade Performance<sup>1</sup>

### Export Competitiveness

In 2004, Guyana's exporters generated US\$ 543 mn in export revenue and the country was ranked 150<sup>th</sup> (out of 241 reporting economies) based on export revenues earned. Export growth was 1% per annum between 2000 and 2004, compared to a global average export growth of 9% per annum over the same period. Therefore generally, Guyana's exporters lost market share over the 2000 to 2004 period. However, there has been some dynamism over the 2003 to 2004 period; with export revenues from goods growing by 15% mainly stimulated by hyper growth in plywood, round logs, diamonds and fish fillets.

### Major Exports

The top ten (10) goods exports in 2004 included (the export revenue generated in 2004 in parenthesis):

1. Raw Cane Sugar (US\$ 111.2 mn);
2. Gold in unwrought forms (US\$99.9 mn),
3. Non-Industrial Diamonds (unworked or simply sawn cleaved or bruted) (US\$ 52.4 mn);
4. Husked Rice (brown) (US\$48.9 mn);
5. Diamonds unsorted whether or not worked (US\$36.6 mn);
6. Aluminium ores and concentrates (US\$26 mn);
7. Crustaceans frozen, in shell or not, including boiled in shell (US\$19.8 mn);
8. Shrimps and prawns, frozen in shell or not, including boiled in shell (US\$15.7mn);
9. Plywood at least 1 outer ply of coniferous wood (US\$14.7 mn);
10. Lumber, tropical hardwood, sawn lengthwise(> 6 mm) (US\$14.4 mn)

These ten items accounted for over 80% of Guyana's goods export revenues in 2004, and as such, their performance in large part determines the national outcome.

### Most Dynamic Exports

Of the top 25 exports, the most dynamic goods exports over 2000 to 2004 included (average annual growth rates in parenthesis) Gold in unwrought forms (48%), Husked Rice (brown) (22%), Diamonds unsorted whether or not worked (60%), Crustaceans frozen, in shell or not, including boiled in shell (425%), Plywood (422%), rum/tafia (31%), mens/boys trousers/shorts (64%), fish fillets (89%), cane molasses (23%), men's/boy's shirts (75%), palm hearts (176%), frozen flatfish (26%), bananas (108%), cosmetics (391%), Lumber/Virola/Mahogany/Imbui/Balsa (90%), Vitamins and their derivatives, in dosage (54%), wooden bedroom furniture (23%) and Live animals (43%).

These sectors represent those in need of active export promotion and marketing. Additional investment is also required to improve their ability to penetrate export markets being lobbied in current trade negotiations.

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<sup>1</sup> All statistics and data provided by the International Trade Centre, TradeMAP market analysis software.

Declining Export Industries.

The declining sectors included the top export sector raw cane sugar which declined by 11% between 2003 and 2004 although registering marginal 2% growth over the 2000 to 2004 period. Other declining sectors included shrimps (21% decline per annum 2000 to 2004), Aluminium ores/concentrates (29% decline per annum), frozen salmon (22% decline per annum), natural sands (27% decline p.a.) and insecticides packaged for retail (23% decline p.a.).

Top 2 Sectors- Market Penetration Performance.

1. **Raw sugar Cane:** In 2004, roughly half of Guyana's export sales of raw sugar were generated from the United Kingdom. Trinidad/Tobago, Portugal, Jamaica and Poland jointly accounted for another 40% of Guyana's export sales of sugar. Guyana is ranked 8<sup>th</sup> globally for exports of raw sugar and accounted for 3% of the global sugar trade in 2004. Guyana sugar exporters accounted for 8% of all sugar import expenditure into the UK, 24% of all sugar import expenditure into Portugal, 1% of all sugar import expenditure into the USA, 91% of all sugar import spending in Trinidad/Tobago, 50% of all sugar import spending in Jamaica and 99% of Barbados sugar import spending in 2004.

On average, trading partners reported spending US\$308/ton for Guyana's sugar. However the unit value (proxy for price) varied widely from US\$63/ton for exporting to France, to a high of US\$637/ton for exporting to Portugal.

It is important to note that Guyana's sugar exporters have been losing market share in high priced markets like Portugal (decline of 57% per annum over 2000 to 2004) and gaining in less attractively priced export markets such as Antigua and Trinidad/Tobago probably signaling the exploitation of closer markets.

Where Guyana exports sugar for refining to the UK (currently their top export market for this product), no tariffs are applied until these exports exceed a quota of 157,700 tons. Where exports exceed 157,700 tons annually, a tariff of €33.9/100 kg is applied. In 2004, Guyana exported 64% of the quota or 100,732 tons. Where sugar is imported but not for refinement, no duty is applied up to 157,700 tons annually but a duty of €41.9/100 kg is applied where the quota is exceeded. These terms are provided for under the Cotonou Agreement<sup>2</sup>, and will be adjusted based on a recent WTO ruling. Where WTO members do not have preferential access to the UK, they will be subject to a tariff of €9.8/100 kg and a quota of 2,564 tons for export of raw sugar for refining.

The fastest growing markets for raw cane sugar over the 2000 to 2004 period included Egypt (439% growth per annum), Algeria (93% per annum), Georgia (110% per annum), Croatia (194% p.a.), South Africa (211% p.a.) and the Ukraine (121% p.a.). Despite the dynamism in import spending in these markets, Guyana's exporters do not currently trade seriously with any of these markets.

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<sup>2</sup> A Trade Agreement which provides duty free and reduced duty market access to the European Union (EU) market.

Completed: March 2, 2006

2. **Gold in unwrought form:** In 2004, almost all of Guyana's gold (97%) was exported to Canada. The USA provided 2% of Guyana's sales of unwrought Gold, with Trinidad/Tobago providing the remaining 1% of export sales. Gold export sales to Canada have been growing by almost 50% per annum since 2004, which more than doubles the rate at which Canada imports gold globally. This implies an increase in Guyana's market share in Canada. Guyana is also the 23<sup>rd</sup> most important exporter of Unwrought gold globally in 2004 and based on the growth trend, 2005 should see further market penetration. Guyana gold exporters were also the second most competitive exporters of Unwrought Gold to Canada with 17% of 2004's import expenditure.

Exports of Unwrought Gold (for non monetary use) to Canada are currently duty free to all countries. Countries such as Viet Nam, Tunisia and the Netherlands, which paid premium prices for importing Unwrought Gold, showed high variations in the duties charged. The Netherlands provides duty free treatment for Unwrought Gold (for Non-monetary use) imports under the Generalized System of Preferences<sup>3</sup> (GSP), while Viet Nam imposes a 43% import duty on imports of unwrought gold.

The most dynamic importing markets for Unwrought Gold over the 2000 to 2004 period included India (265% import growth per annum), Thailand (62% per annum), Malaysia (341% per annum), Greece (110% per annum), Poland (141% per annum) and Guatemala (358% per annum). Despite the dynamism exhibited in these markets, Guyana's exporters do not currently trade seriously with any of these markets.

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<sup>3</sup> A voluntary duty free and reduced duty scheme which developed countries grant to developing countries.