

Guyanese economy grew 5.9% in first half of 2011

-Mid-year report released

Georgetown, GINA, September 1, 2011

The Guyanese economy has achieved real economic growth of 5.9 percent in the first half of 2011, boding extremely well for the remainder of the year. This is according the fifth mid-year report presented by the Finance Ministry to the National Assembly today.

This growth is a continuation of the robust performance of recent years and, in particular, building on its previous achievement of five consecutive years of positive growth since 2006. Underlying this overall expansion in real gross domestic product in the first half was growth in the non-sugar sectors of five percent, while the sugar sector also contributed to the overall acceleration in growth.

The report stated that, “as a result of this performance, and given updated outlooks for the various productive sectors, the economy is now projected to grow by 5.1 percent in 2011 with non-sugar growth projected at 3.4 percent, an upward revision from the original projections of 4.6 percent and 2.8 percent respectively at the time of Budget 2011.”

Government remains committed to maintaining macroeconomic stability and the maintenance of momentum in its transformational efforts, notwithstanding an often hostile global environment, is testimony to the economic resilience achieved as a result of a disciplined policy stance and sustained implementation of a sound and responsible policy framework.

Sugar – tentative signs of recovery

In the first half this year, the sugar industry showed tentative signs that the path to recovery has commenced. The sector returned a 2011 first crop of 106,871 tonnes, reflecting a 30.5 percent increase over the first crop of 2010 and the best first crop performance since 2004. The sector’s projected growth for the full year remains unrevised at 35.3 percent.

Rice- highest first crop in industry’s history

The rice industry continued its successes of recent years into the first half of 2011, coming off a remarkable production performance in 2010. The 2011 first crop rice production at 207,514 tonnes was 23.3 percent higher than the corresponding period in 2010 and the highest first crop in the industry’s history.

This growth in production was attributed mainly to significantly improved drainage and irrigation as a result of government investments, the development of a new and more tolerant rice strain by the Guyana Rice Development Board, higher yields and, most importantly, a higher acreage of paddy planted.

Other Crops- grew by 3%

The other crops sector continues to benefit from Government’s Agricultural Diversification Programme and the Grow More Food Campaign and at the end of the first half the industry recorded a three percent growth rate. Weather conditions are expected to be more favourable after July, which would augur well for production, and there is no revision to the projection of two percent growth.

Livestock- growth projection revised upward

Production in the livestock industry was targeted to remain stable through 2011. However, for the first half of the year overall production levels actually increased by 2.7 percent, with increased production evident in areas of poultry meat, table eggs, mutton and beef while pork production declined. As a result there is now a higher expectation of the eventual annual output and the original growth projection has been revised upwards to 0.6 percent.

Bauxite- production on the increase

Production of bauxite reached a total of 815,505 tonnes at the half year, an increase of 38.6 percent compared to the same period in 2010. The composition of the industry's output, a higher proportion of lower grade to higher grade product, converts into a sub-sector growth of 13.8 percent. With this production mix expected to continue during the second half, the expected growth rate for value added in the bauxite industry is now projected at 13.4 percent.

Gold- growth revised upward

Total gold production in the first half of 2011 was 163,413 ounces, an increase of 14.9 percent over 2010. With gold prices hovering firmly above US\$1,500 per ounce and approaching US\$1,800 per ounce in the post mid-year period, there is every incentive to invest and operate in the industry.

Gold production for the year is now projected to reach 320,000 ounces, resulting in an upward revision in the industry's projected growth from 2.9 percent to 3.7 percent.

Manufacturing- growth by 10.6%

The manufacturing sector grew by 10.6 percent at the half year, driven largely by the manufacturing component in sugar and rice production, but with other manufacturing also estimated to have grown by 2.3 percent. The annual growth target for the sector has been revised upwards from the budgeted 7.7 percent to a now expected 9.4 percent.

Electricity and Water- grew by 2.6%

With the continued investments by Government, the electricity and water sector has grown by 2.6 percent for the comparative half-year and with investments in these services expected to be a continued priority, the annual growth rate has been revised upwards from 0.4 percent to 2 percent.

Construction- expanded by 4%

Engineering and construction activity expanded by 4.0 percent in the first half of 2011. Imports of building materials and construction-related public investment continued to reflect strong growth. The sector is now targeting a growth of 5.5 percent.

Information Communication Technology- continuous expansion

The information and communication sector which has been recognised as an important emerging industry complements economic activity in all sectors and continues to expand throughout the country. The sector is estimated to have grown by 5.5 percent in the first half and as a consequence the initial budget projection for the year of 5 percent is retained.

Finance and Insurance- *grew by 16%*

The finance and insurance industry, estimates at the end of the first half indicate that the industry recorded a growth rate of 16 percent, with much of this driven by expansion in activity by the commercial banks. The industry is therefore projected to grow by 5.3 percent, somewhat higher than the original projection of 4 percent.

Social Sectors- *positive growth*

Education and health and social services which have a growing private sector component recorded estimated growth of three and 3.4 percent respectively for the first half. As a result their budget growth projections have been revised to 1.5 percent and 1.9 percent, respectively.

Fisheries- *downward trend seen*

The fisheries industry was targeted to grow just marginally by 0.4 percent over the production performance of 2010. However, during the first half of the year, the industry recorded a downward trend, with negative growth of 2.2 percent. A contributory factor in the reduced production was higher prices for fuel, a critical input in the industry. The industry is now projected to contract by 4.7 percent in the full year.

Forestry- *negative growth*

In the forestry sector, during the first half of 2011, production of logs, lumber and roundwood all contracted, resulting in an overall negative growth in the industry of 30.3 percent.

Notwithstanding the resumed production of plywood manufacturing operations, sustained international demand for several of Guyana's traditional species now boosted by the penetration of Guyana's lesser used species into the international market, and attendant improvement in international market prices, the sector is now projected to contract by 19.9 percent by yearend compared to an earlier projected contraction of 1.4 percent.

Transportation- *declined by 6.5%*

In the transportation and storage sector, there were significant interruptions of road transport during the first half on account of severe weather especially between the coastland and the hinterland, particularly Region Nine.

This resulted in the sector suffering an estimated decline by 6.5 percent in the first half, and overall projected performance for the year being revised downwards from 3.9 percent to 3.7 percent.

Macro-economic developments – first half 2011

Georgetown, GINA, September 1, 2011

Despite the protraction of a very unfavourable and unpredictable external environment, the Guyanese economy recorded strong positive growth during the first half of 2011 to build on its previous five years of steady and uninterrupted expansion.

This consistent favourable performance reflects the results of deliberate policy choices

made over the years to build a more resilient economy, one that is more diversified, and better equipped to withstand external shocks.

- Real economic growth of 5.9 percent achieved.

- Export earnings expanded by 34.6 percent to US\$533.1 M.

- Sugar sector returned a 2011 first crop of 106,871 tonnes, reflecting a 30.5 percent increase over the first crop of 2010 and the best first crop performance since 2004. Export earnings from sugar increased by 32.4 percent to US\$50.1M, reflecting a 30.4 percent increase in quantity shipped to 99,738 tonnes.

- Rice industry recorded highest first crop in the industry's history in 2011 producing 207,514 tonnes - 23.3 percent higher than the corresponding period in 2010. Rice export earnings expanded by 35.1 percent to US\$92.6M, mainly attributed to a 26.4 percent increase in average export price to US\$551.4 per tonne coupled with a 6.8 percent increase in export volume to 167,945 tonnes.

- Production of bauxite reached a total of 815,505 tonnes at the half year, an increase of 38.6 percent compared to the same period in 2010. The bauxite industry earned US\$65.2M, 15 percent more than in the corresponding period in the previous year due to higher production levels at both bauxite operations, with export volume increasing to 864,570 tonnes compared to 620,776 tonnes.

- Total gold production in the first half of 2011 was 163,413 ounces, an increase of 14.9 percent over 2010. The average export price of gold witnessed a 29.1 percent increase to US\$1,370.3 per ounce, contributing to a 56.4 percent increase in export earnings to US\$229.5M.

- Engineering and construction activity expanded by 4.0 percent in the first half of 2011.

- Expectations for the wholesale and retail sector were exceeded with robust growth of 21.7 percent being recorded for the half year.

- Information and communication sector is estimated to have grown by 5.5 percent in the first half of the year.

- Finance and insurance industry recorded a growth rate of 16 percent
 - Deposits of the private, public and non-bank financial institutions increased during the review period and led to total resident deposits expanding by 7 percent to \$253.2B.
 - Private sector deposits which accounted for 77.9 percent of total resident deposits increased by 8 percent.
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- Private sector credit grew by 6.7 percent and amounted to \$119.8 B at the end of June 2011.

Mid - year report...over \$680M spent to advance agriculture sector

Georgetown, GINA, September 1, 2011

For the first half of the year, \$680M has been spent of the allocated \$1.5 B to the agriculture sector for 2011 to ensure that planned programmes and policies were implemented for the sector's advancement, with the aim of promoting and developing the non-traditional subsectors. According to Finance Ministry's mid-year report which was presented to the National Assembly today, a credit facility was also launched under the Rural Enterprise and Agriculture Development programme (READ), to further provide support to producers, with the aim of expanding their productive capacity.

Farmers of Community Based Organisations have since benefitted from training exercises as well as preparation of business plans. This is expected to continue throughout the year and will target a number of farmers' group.

The report stated that the small credit facility which falls under the aegis of the Agriculture Export Diversification Programme (AEDP) will allow farmers to secure funds for the expansion of farming activities, while business plans prepared for the three cluster groups (fruits and vegetables, livestock and aquaculture), will become operational shortly. Livestock farmers will also benefit from improved services with the construction of a genetic bank for the National Dairy Development Programme while rehabilitation works to control structures and access roads at Canals Polder have also been moving apace. While rehabilitation work to the germplasm laboratory at the National Agricultural Research and Extension Institute (NAREI), has been completed; the procurement process for field, inspection and laboratory equipment is proceeding for the operationalisation of the facility. The latter half of the year, will also see emphasis being placed on the rehabilitation of quarantine stations and construction works to the soon to be completed abattoir. Food safety legislation and the upgrade of the pest and disease control regulation will also be finalized this year, complementing the work of the Plant, Animal Health and Seed legislation which was recently enacted.

Drainage and Irrigation

The sum of \$2.6B was spent to strengthen emergency drainage and irrigation structures countrywide for the first half of 2011.

While works are progressing on the East Demerara Water Conservancy (EDWC), northern relief structure at Hope Dochfour, where approximately 600 meters of canal have been cleared, a drainage sluice at Cottage and Abary was constructed.

Rehabilitation work to a sluice at Lonsdale as well as the rehabilitation and installation of drainage pumps at Greenfield has commenced.

Mid-year report... work commenced on upgrade of 250 roads under a \$3B programme

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Improving existing road networks continues to be at the core of government's planned initiatives and thus far for this year, \$2.5B has been spent for the construction, rehabilitation and maintenance of the transport network.

Of the total \$10.1B budgeted to the sector for 2011, \$8.2B was allocated for roads and \$1.9B for the construction and rehabilitation of bridges.

For 2011 the sum of \$1.7 billion was allocated for the completion of 34.5 kilometres of all-weather roads in the Black Bush Polder area and 19 kilometres of all-weather roads in the East and West Canje areas. At the end of the first half, 1.8 kilometres and 5.7 kilometres of paved roads were completed respectively.

While preparatory works have been completed for the new access roads to the Cheddi Jagan International Airport (CJIA), construction of an additional two lanes for the CJIA access road and major asphalt works for the resurfacing of the current access road have commenced.

Rehabilitation and improvement to the Sheriff Street-Mandela road is under review, while the continuation of the four lane highway from Providence to Diamond is currently at the evaluation stage.

Residents of East Coast will also benefit from a four-lane highway from Better Hope to Golden Grove, the contract for which is at the tendering stage for preparatory works.

Under the urban, rural and hinterland roads project, \$3B was allocated for the reconstruction, rehabilitation and maintenance of roads in all regions. At the end of the first half of 2011, work had commenced on a total of 250 roads.

A further sum of \$494M was awarded for the maintenance of over 276 roads in Georgetown. Works are currently ongoing on these roads.

While street lights installation was completed in Regions Five and Six, work is ongoing to erect luminaries in Region Two.

A total of \$953 million has been budgeted for completion of works on 16 critical structures along the East Bank and East Coast highways.

During the first half of the year, 11 structures were considerably completed while the others are under construction.

Education sector targets on course -mid-year report

Georgetown, GINA, September 1, 2011

The mid-year report presented to the National Assembly today revealed that over \$10B of the \$24.3B budgetary allocation has been expended particularly on the national Education Strategic Plan, geared to improve access to and the quality of education.

The Guyana Learning Channel, the report explained is now operational as infrastructure for transmitting to the coastal population is now established. Apart from the key requirements of developing local content; the further securing of relevant content from other sources is ongoing. The countrywide network is scheduled to be functional shortly.

Recently a workshop of 100 students and teachers from Regions 2, 4, 5, and 6 convened to ascertain the question of feedback. Not only did they praise the programme content, but also lauded its enlightening nature, pointing out that it reinforces and complements classroom teaching.

Touching on the critical aspect of teacher education, the report continued that the Guyana Teacher Education Project (GTEP) had been launched as an “important policy initiative’ aimed at a national target of 70% trained teachers by 2013.

“A key achievement has been the enrolment of the first batch of 461 students in the Associate Degree in Education, which is currently being offered at coastal training centres, while hinterland centres will continue to offer the Trained Teachers’ Certificate in Education programme for the next three years,” the report stated.

During the period under review, the National School Feeding Programme benefitted more than 47,000 students in the coastland regions, with each receiving snacks of biscuits and juice, while hinterland students were fed a snack of cassava bread with peanut butter, complemented with a juice. In Regions 1, 7, 8 and 9, over 16,000 children in 92 schools received a daily meal at a cost of \$251M. Also, 158,000 uniform vouchers were distributed, ensuring that every school child has at least one school uniform. A further distribution of 8,000 will be made in the third quarter to new intake at the nursery level.

These two important interventions have been made, with the aim of increasing school enrolment and attendance, while affording children, irrespective of socio-economic status, an opportunity of fulfilling their potential.

Maintenance and rehabilitation of schools have continued, with several new constructions being done. The latter includes two technical institutes at Leonora, Region Three and Mahaicony, Region Five which are being built at a total cost of \$852M.

The student dormitory at the Essequibo Technical Centre is ongoing and the Leonora Secondary School is on target for opening in September, the report stated.