

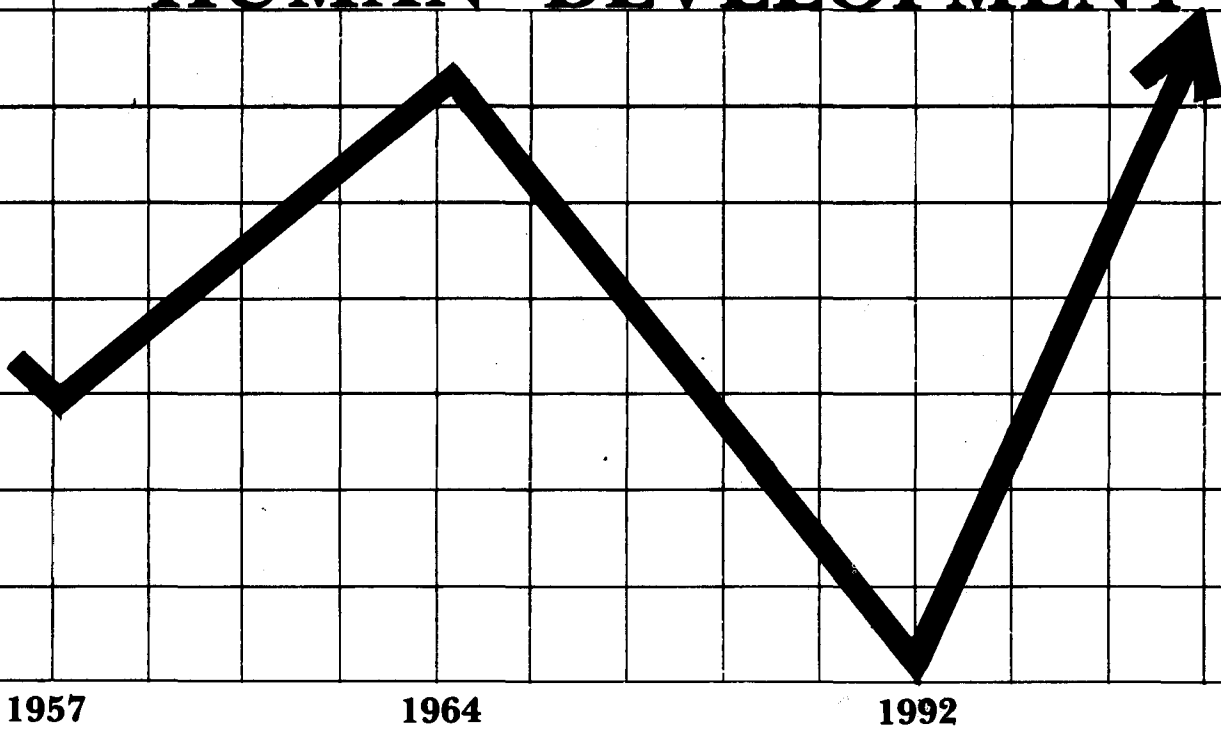
NATIONAL ASSEMBLY  
CO-OPERATIVE  
REPUBLIC OF GUYANA



March 12, 1993  
BUDGET SPEECH

# 1993 BUDGET

RECONSTRUCTION FOR  
HUMAN DEVELOPMENT



*David*

**GUYANA**

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SESSIONAL PAPER NO. 1 of 1993

SIXTH PARLIAMENT OF GUYANA

UNDER THE

CONSTITUTION OF GUYANA

First Session 1992 – 1993

**BUDGET SPEECH**

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*Honourable Asgar Ally, M.P.*

*Senior Minister of Finance*

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12th March 1993

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## DUCTION

1.01 Mr. Speaker, I feel deeply honoured for the privilege of reporting to the nation through the Honourable House on the economic and financial state of the Republic, and to outline for 1993 and beyond, our Government's development strategies and programmes designed to rebuild the economy and improve the quality of life of our people within the theme "**Reconstruction for Human Development**". I rise to move the Motion for the approval of the Estimates of the Public Sector and the Budget for the financial year 1993. In doing so, I wish to indicate that in consonance with Article 171, paragraph 2 of the Constitution, the Cabinet has recommended that the National Assembly proceed upon this motion.

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1.02 In September 1990, when general elections were called, all the opposition parties rejected the call demanding that procedures to make the elections free, fair and transparent were effected before any such elections took place. The heroic struggle of our people supported by the efforts of the Carter Center, United Nations Development Programme (UNDP), other agencies and friendly governments culminated in the change of Government. We are grateful to the international community for making the process of free and fair elections a reality. This achievement resulted in the installation of the PPP/Civic Government which takes pride in declaring itself as "a government of the people, by the people and for the people", our nation's first in three decades.

1.03 Mr Speaker this budget presentation is, indeed, a most significant event in that it is our first budget after being kept out of office for twenty-eight years. The last time this Party stood before the House to present a budget was December 31, 1963. It is no secret that over that period not only did our economy stagnate and living standards deteriorate sharply, but Guyana became the poorest country in the Western Hemisphere. Also, our young democracy and democratic institutions were sacrificed on the altar of "paramountcy of the PNC". A Canadian Human Rights Group refers to this as "administrative dictatorship" clothed in the vestments of Democracy with bureaucratic command and control of administration and management. His Excellency, the President with the support of a wide cross-section of "freedom loving Guyanese" fought hard and long for over 25 years to return democracy to our people. Mr Speaker, the theme of our Party Manifesto was "Time for Change - Time to Build". We have changed the Government, now we must move to re-build the shattered economy. This budget, Mr. Speaker, addresses the following questions:

- (a) Where are we?;
- (b) What brought us here?; and
- (c) Which is the way forward?

1.04 This economy has been surveyed, analyzed and subjected to innumerable consultations. The submission of the PPP/Civic is that the damage over these years was, indeed, devastating. The PN hurricane levelled everything in its path, leaving **no gain but a great deal of pain in its trail**. Our manifesto indicated our conscious design to convert this economic and social debacle and to bring sustenance to the GUYANESE people. We emphasized public accountability in its broadest terms,

decisive shift in resources to the social sector, leading to development with a human face in the context of a market-oriented economy. Having destroyed the economy, the former Government began a programme of economic reform in an attempt to correct its mistakes. The poor and under-privileged were called upon to pay the price for the PNC's mistakes. Yes, Guyana is a classic case of growth without development. The PNC regime put people last, Mr Speaker, and Honourable members, under the PPP/Civic Government, "people come first".

1.05 Mr. Speaker, not only do we have to start from scratch but we must service both the PNC debt legacy of US\$2.1 billion -G\$349,518 for every man, woman and child- as well as what Professor Clive Thomas has aptly described as the "social debt". The harsh realities we faced in constructing this budget included:

- (a) scheduled debt service obligations accounting for 100% of revenue collection;
- (b) our infrastructure being in a state of disrepair;
- (c) a heavily devalued currency;
- (d) minimal allocation of about 7% of Government revenue for social services;
- (e) decline in the real incomes of the working people;
- (f) declining tax base as a result of liberal tax concessions;
- (g) lack of skilled personnel in the public sector;
- (h) inability to execute projects and draw down on external loans, grants, and other forms of financial aid; and
- (i) lack of accountability and mis-use of public funds and state assets;

1.06 Compounding all the harsh realities, have been the wild, inflammatory charges of ethnic discrimination which the PNC and its leaders, to no avail, have consistently tried to corrode the legitimacy of the new Government.

1.07 Mr. Speaker, the vast majority of Guyanese will not continue to tolerate these cheap divisive tactics. Our fair-minded citizens participating in new wide-ranging democratic processes, intended for the good and benefit of all, cannot forget the decades of PNC political rule which was conveniently based on the strawmen of political patronage, double standards, nepotism, and ethnic discrimination levelled at even their own who harboured dissenting political views. In recent times, Mr. Speaker, this pathetic drivel and rhetoric has sunk so low, that under the guise of "freedom of expression" the PNC continues its invective on this new democratic Government charged with a mandate from the Guyanese people to correct the excesses of a failed and sunk regime whose only last straw was ethnicity. Guyana is for all Guyanese and this Government will remain firm in its resolve to ensure that people of all cultures and ethnic groups participate in and enjoy the fruits of this beautiful country.

1.08 Mr Speaker, the task we have inherited can be compared with that of a man who is required to climb a mountain with both his hands and feet tied and a heavy haversack on his back. Our Government accepts challenges and will never shy away from onerous tasks - we will climb a mountain and cross any river to improve the quality of life for all Guyanese. Our efforts, our hopes and our aspirations are fortified by the support we have attracted not only from the Guyanese at home and abroad, but also from our many friends, governments and international institutions. Our achievements, in the five months we have been in office, evidence this tremendous support and goodwill.

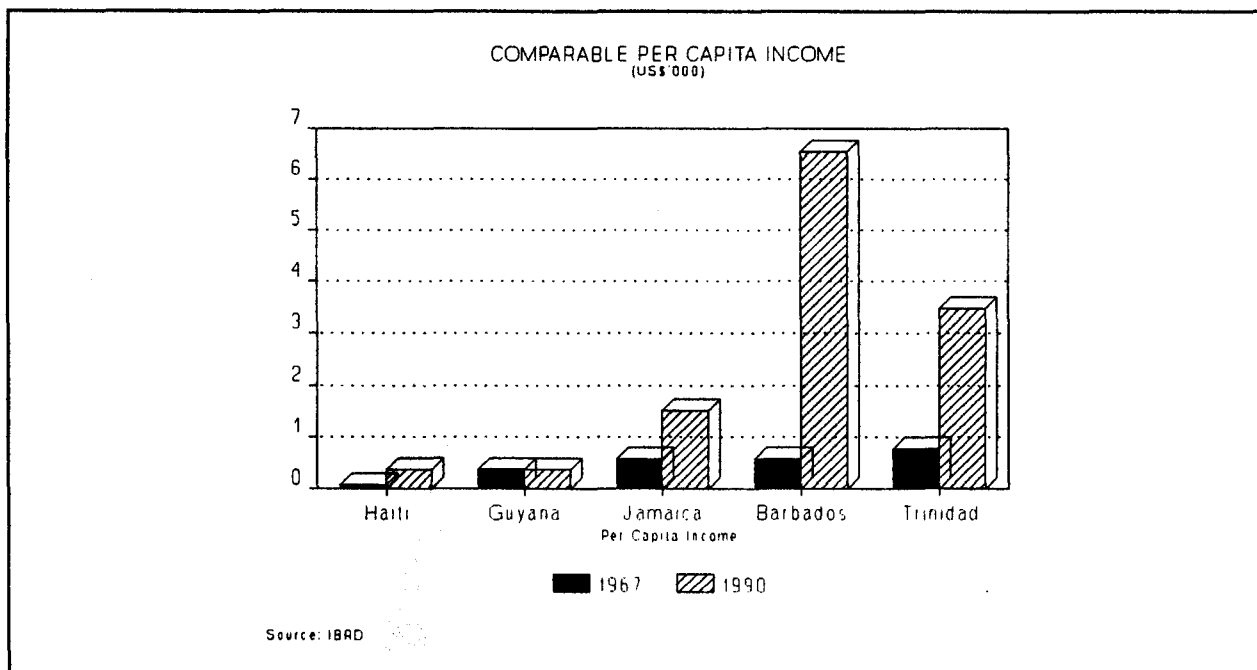
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1.09 We have begun the task of rebuilding our country and improving the quality of life for our people. In this budget, we have concentrated on revenue collections, improving the social conditions of the people through better health care and education, increasing the incomes of public servants by an average of 150% above what the previous Government had agreed. Housing has been allocated ministerial concern with increased budgetary provisions; the Auditor General's Department has been strengthened with increased staff, equipment and travelling facilities, and more transparent and efficient systems of management, accounting and accountability in the public service are being put in place.

1.10 These programmes are made possible by better budgetary and management techniques that eliminate waste and extravagance in many ministries, government departments and state corporations and with minimal tax increases. We have adjusted some existing taxes to reflect a more equitable and realistic structure of the tax system in the light of prevailing conditions.

## REVIEW OF 1965-1991

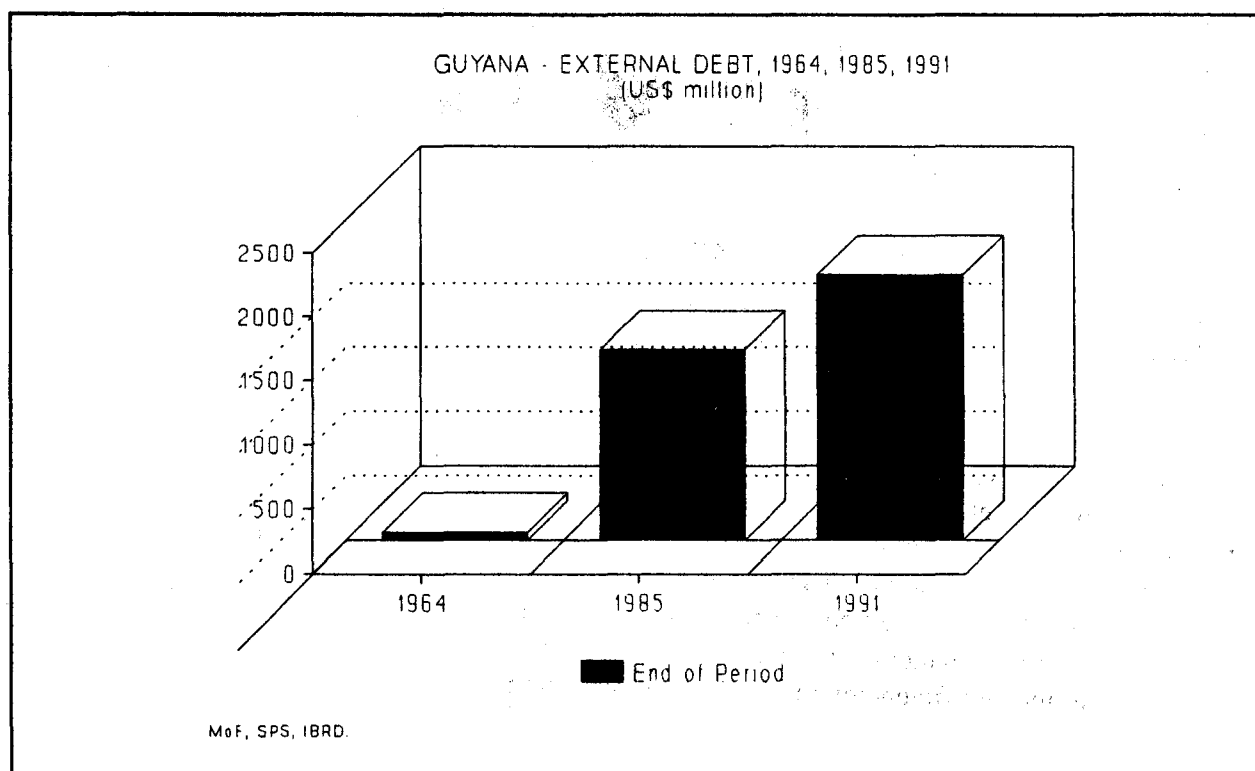
2.01 Mr. Speaker, permit me to set the records straight by informing our people of the deleterious effects of the economic and social policies implemented over the last two-and-half decades. The perilous state of the economy and the monumental uphill task that faces the Government can only be appreciated if I underline the key economic and social indicators which reflect our true financial and economic situation. For this purpose, I wish to review key economic and social indicators such as per capita incomes, policy variables (e.g deficit and inflation), external debt and social welfare.

2.02 **Per Capita Income** Mr. Speaker, over the past 27 years, the Guyanese economy stagnated. Indeed, compared with per capita income growth of 1100% in Barbados, 400% in Trinidad and 260% in Jamaica, Guyana was the only country which reflected zero growth. **In fact, it is pathetic to note that even Haiti, which was the poorest country in the Western Hemisphere performed better than Guyana: Haiti's per capita income grew 400% compared to Guyana's zero.**



2.03 Over the same period, Mr. Speaker, the Government's direct intervention and gross mismanagement of the productive and service sectors discouraged private sector development and paved the way for the emergence and proliferation of an **unbridled parallel market**. This policy misdirection created acute shortages of foreign exchange which restricted the importation of critical inputs (e.g spare parts) vitally necessary for productive activities. Concomitantly, inadequate budget allocations to meet basic operations and maintenance requirements led to a deterioration in the country's infrastructure network including irrigation and drainage, port facilities, and roads. As a result, the productive sectors declined in importance and the Government became the employer of last resort. **Thus, while the economy was stagnating, the public sector was expanding.**

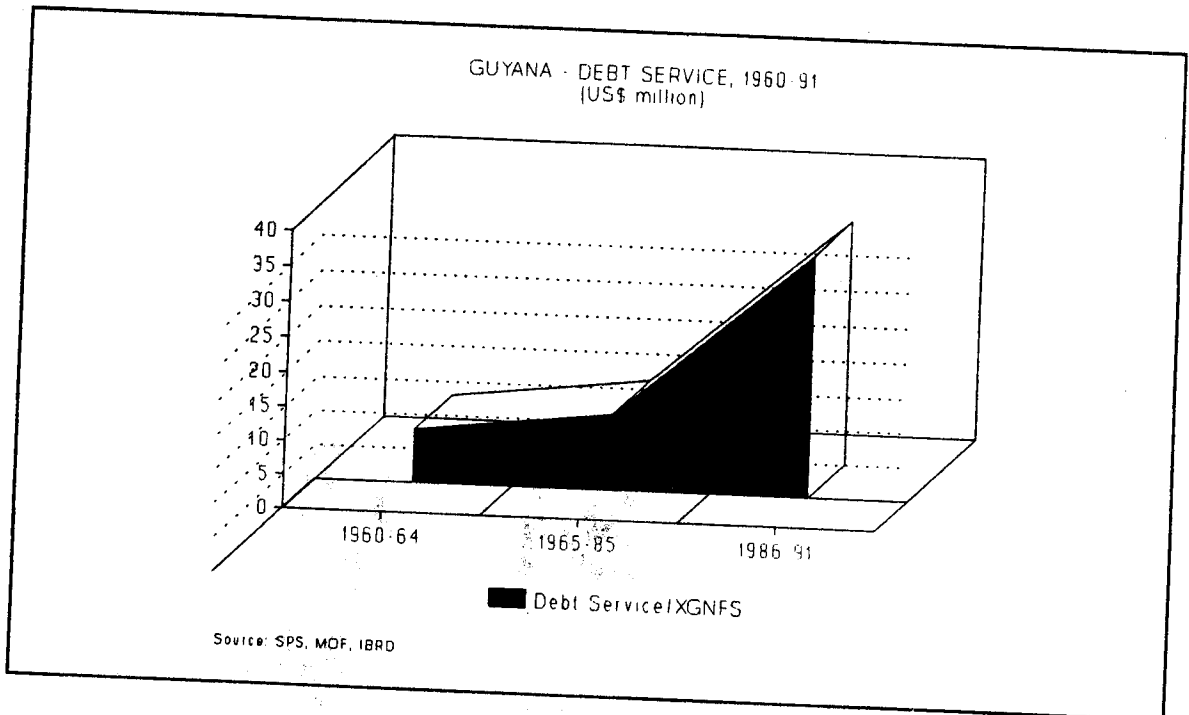
**2.05 External Debt Indicators** Mr. Speaker, the stock of outstanding debt which stood at US\$60.8 million in 1964 or US\$89 per capita reached US\$1.5 billion in 1985, and by the time the PPP/Civic Government took over in October 1992, Guyana's external debt was US\$2.1 billion or US\$2,785 per capita. Put more directly, today, every Guyanese owes G\$349,518 to external creditors. Total domestic public debt which stood at G\$53 million in 1981 had increased to G\$4.2 billion in 1991. When the domestic public debt is factored into the analysis, today, Mr. Speaker, the debt burden per capita rises to G\$355,088. External debt as percent of domestic production was 31.3% in 1964 and 729.7% in 1991. The build-up in Guyana's debt is the result of nationalization loans contracted by the previous Government on non-concessional terms; short-term Government guaranteed loans to public enterprises to meet both working capital and fixed assets requirements; and increasing reliance on suppliers credit and bilateral loans to meet consumption and other requirements due to the continuous deterioration in economic performance.



**2.06** Mr. Speaker, the borrowing policies of the past Government has altered the structure of Guyana's external debt. Whereas, commercial debt accounted for only 8% of total outstanding debt in 1973, by 1977 it represented more than 20%. Suppliers credit moved from US\$0.2 million in 1974 to US\$292 million in 1981. As a consequence of imprudent economic and borrowing policies, the economy could not generate the resources necessary to service the external debt, hence external arrears which stood US\$34 million in 1981 rose to US\$1.1 billion in 1988. In 1985, Guyana became ineligible to access the resources of the international financial institutions (IFIs), notably the World Bank, International Monetary Fund (IMF) and the Caribbean Development Bank (CDB). The arrears situation had become such a burden that the Government in 1988 had very limited options. This, Mr. Speaker, explains, in part, why Guyana today is in an IMF/World Bank program.



2.07 The massive build-up of debt over the past 27, years which constitutes the most severe constraint to improving the living standards of our people, places a grave debt service obligation on Government.



The total debt service to exports ratio (including private transfers) which was 4.1% between 1960 and 1964 rose to 16.2% between 1965 and 1985, but accelerated to 71.5% between 1986 and 1991. In 1964, debt service represented 14.9% of Government revenue. By 1992, this share had increased over six times, and every dollar of revenue was required to finance external debt. The goal of new borrowing and liability management must be to stabilize or lower these ratios, not only by seeking debt relief and concessional financing, but also by prudent management of revenue collections and effective control of waste and inefficiencies in public administration.

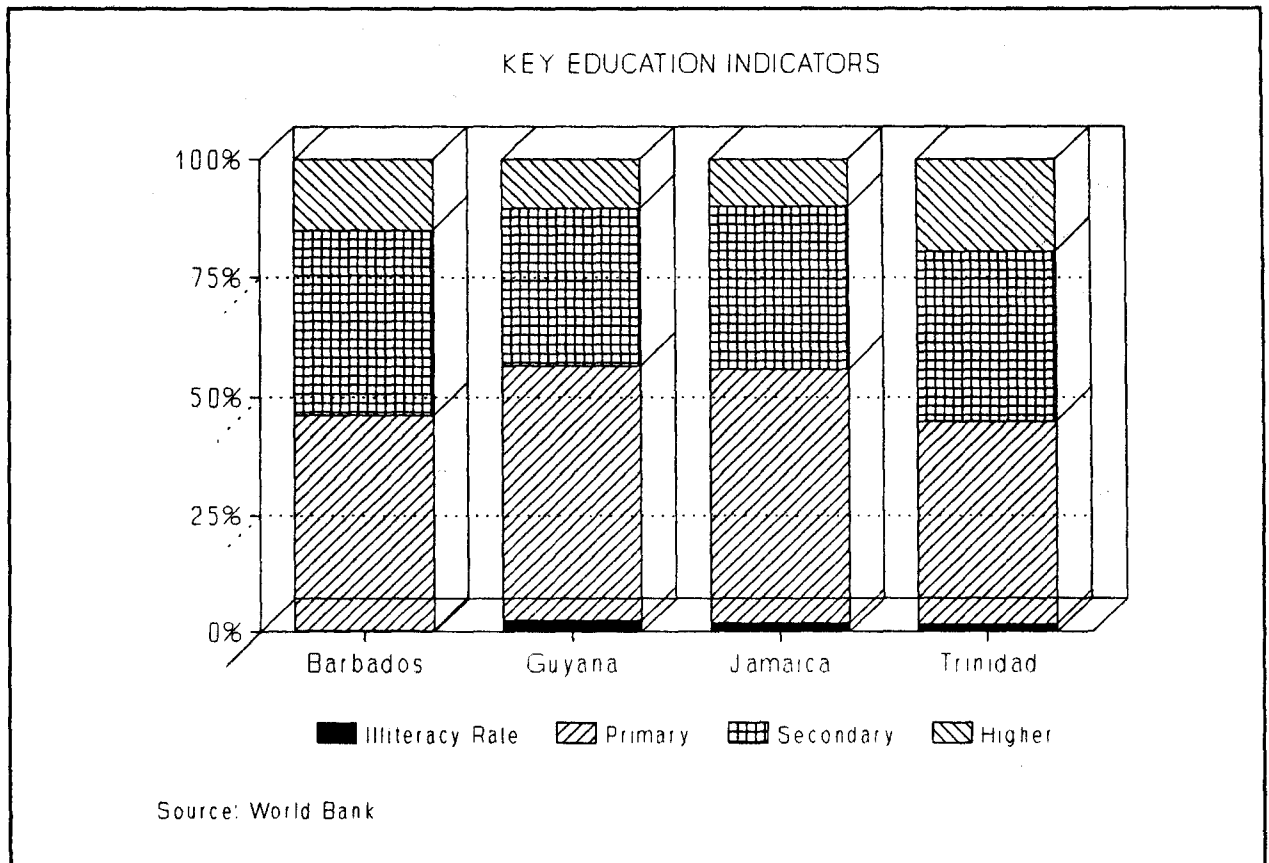
DEBT SERVICE AS A PERCENT OF CENTRAL GOVERNMENT REVENUE

G\$Mn

ITEM	BUDGET 1993	REVISED 1992	BUDGET 1992
<u>Revenue</u>			
Current	21,257	17,722	16,292
Capital	829	506	574
<b>TOTAL</b>	<b>22,086</b>	<b>18,228</b>	<b>16,866</b>
<u>Debt Service</u>			
Interest	9,211	8,839	13,723
Principal	10,300	9,379	6,912
<b>TOTAL</b>	<b>19,511</b>	<b>18,218</b>	<b>20,635</b>
<u>Debt Service as % of Central Govt. Revenue</u>	88.30	99.90	122.30

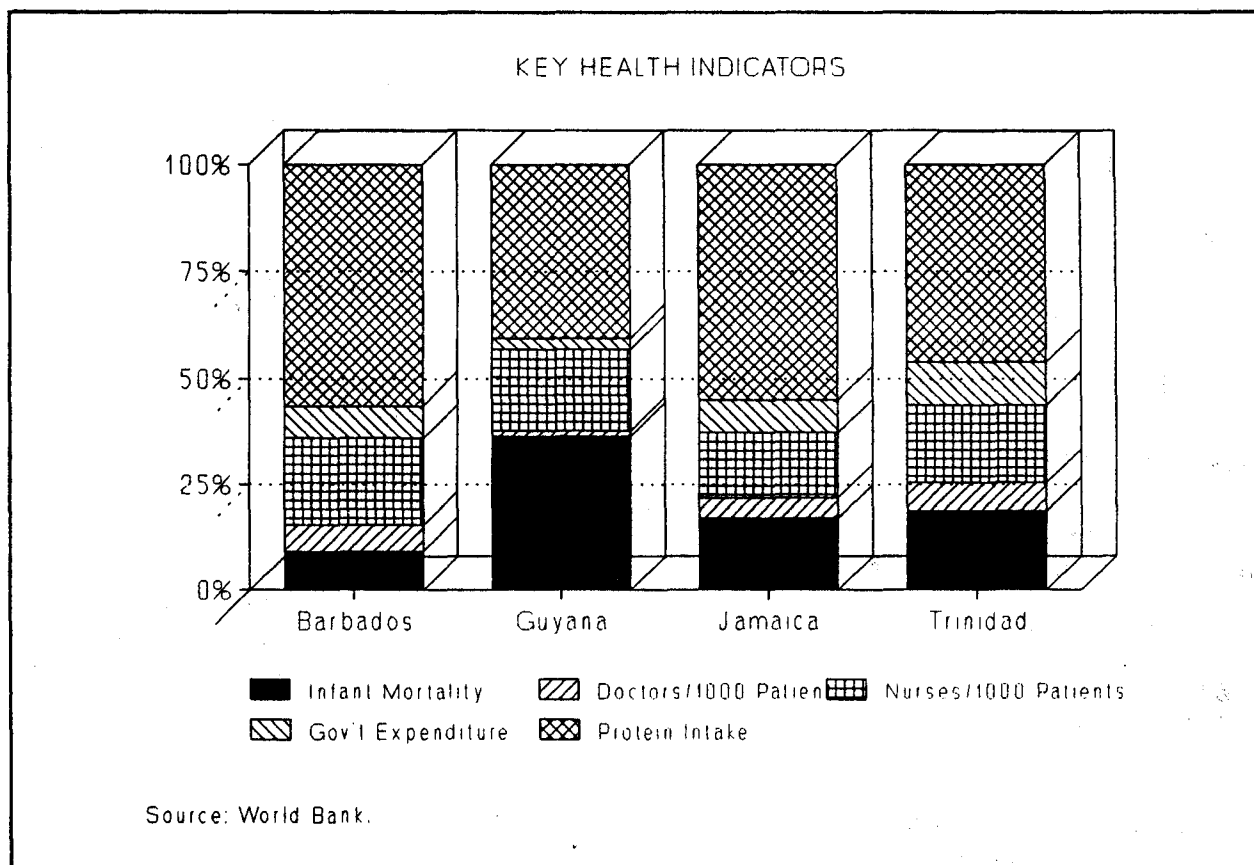
**2.08 Social Indicators** Mr. Speaker, the comparatively low output growth and expansionary policies of the last 27 years were accompanied by a decline in social welfare; this is reflected in the steady fall of all the social indicators. One of the immediate consequences of the country's economic decline is the fall in average incomes and living standards among Guyanese, the burden of which had to be borne principally by the poor and the under-privileged. Between 1965 and 1991, per capita income rose from US\$340 to US\$360. **This unimpressive rise in income was accompanied by a fall in real income especially of the lower income group.**

**2.09** Compared with other countries, in the 1960s and early 1970s, this country afforded its citizens superior access to the professions and to economic advancement. However, as a result of change in emphasis, earlier investment in education was not sustained.



**2.10** Indeed, Mr. Speaker, among other things, a 1992 World Bank study cited declining budget allocations for textbooks and education materials over the past decade; low pay scales and poor working conditions of teachers at all levels of the education cycle; inadequate capital expenditures for rehabilitation and expansion of school facilities; and over-crowding as the main issues deriving from the neglect of the country's education.

2.11 Mr. Speaker, in addition, decreasing resource allocations in both recurrent and capital expenditures affected the quality and delivery of services. Health sector expenditure accounted for less than 4% of total expenditure in 1987, compared with Barbados (11.4%), Jamaica (7.8%), and Trinidad and Tobago (15.9%) where expenditures were significantly higher. As a consequence, this country experienced falling standards in health care. Infant mortality in 1990, was 53 per 1000 live births compared with 14 per 1000 in Barbados. Today, for every 1000 patients, there are on average 2 medical doctors in Guyana compared with 11 doctors in Trinidad and 9 in Barbados.



2.12 In short, Mr. Speaker, we now have the unenviable task of reconciling the competing needs of the limited resources available to us namely: the servicing of the national debt; rehabilitation and rebuilding of the economic and social infrastructure; the maintenance and expansion of our productive resources and the improvement of real incomes of the under-privileged members of our society. Painful though it was, Mr. Speaker, it is my Government's considered view that the people of our country must be informed of the poor state of the nation's financial and economic health. An appreciation of this position, we are confident, will emphasize the need for all Guyanese to join together with us in the process of rebuilding our shattered economy. We must know the truth, for only the truth shall set us free.

REVIEW OF ECONOMIC PERFORMANCE, 1992

3.01 As a result of the mis-management of the economy discussed earlier, the previous Government had reached a dead-end in 1985, and had no alternative but to enter into a program with the World Bank and the IMF. Let us be reminded Mr. Speaker that the failed policies pursued by the PNC Government during the 1978-1981 period of IMF Agreements, were later rejected in the 1982-1985 period as a "recipe to riot". The Hoyte administration reintroduced the 1978-81 policies with a vengeance - massive devaluation, privatization and divestment, wage freeze culminating in a serious decline in living standards.

3.02 The Hoyte's policies pursued in the 1985-1992 period also adverted to the 1964-1971 Development Plan of the PNC Government which were in 1971 characterized by the then Economic Adviser, Dr. Wilfred David as "Growth without Development exemplified by a high level unemployment and foreign dependency".

3.03 Indeed, the first seven years [1965-1972] Programme of the PNC Government, although much larger in financial spending, was a dismal failure compared with the previous 7 year period (1957-1964) of the PPP Government: - production in the three key sectors [sugar, rice and bauxite] was significantly lower, there was a big deficit in 1973 and a cut in imports by 30%. This was due to the lack of democracy, mismanagement, political and racial discrimination and waste and extravagance.

3.04 Mr. Speaker, we are following in the firm footsteps of the PPP Governments of 1953 and 1964, and not those of the weak kneed PNC.

3.05 In those periods of PPP Governments, there was economic growth with a human face, social progress and human rights guarantees. Retracing those footsteps by this Government for civil and political rights, and economic, social, and cultural rights, means a new beginning for Guyana and its working people.

3.06 Sectoral Performance Mr. Speaker, the implementation of prudent policies that the former Government rejected but turned to in 1988, -- now supported generously by the international community, namely the United States, United Kingdom, Italy, Germany, Canada, Japan, Europe Economic Community (EEC), UNDP, World Bank, IMF and Inter-American Development Bank (IDB) -- has begun to show results. Output grew by 7.7% in 1992 led by the agriculture sector which grew by more than 27% as a result of the good performance of the sugar and rice sub-sectors. Increase in acreage under cultivation, good industrial relations between management and labour, and unusual favourable weather conditions, in part, accounted for the unexpected growth of more than 45% in sugar output in 1992.

3.07 Despite the low and declining maintenance allocations to irrigation and drainage, deteriorating access roads to farm areas and inattention to extension services, continued price incentives and assistance provided by the IDB through the Agriculture Rehabilitation Loan led to an output growth rate of 11.5% in the rice sub-sector. It should be noted that the levels of rice and sugar production in 1992 were lower than production in the 1960s.

3.08 The industrial sector suffered a setback in 1992. In spite of a 34% increase in gold and diamond output, and a 7% increase in engineering and construction, the overall growth rate was a negative 2.3%. This was attributable to the failure of the Government to reach an accommodation with Guymine creditors on financial restructuring.

3.09 Nevertheless, Mr. Speaker, prudent fiscal and monetary policies pursued last year especially after the October elections did have their intended benefits on the economy on four important fronts -namely inflation, gross international reserves, interest rates and domestic credit.

3.10 **Inflation** There was a significant drop in the rate of inflation from about 65% in 1991 to 14.2% in 1992. At the end of September, annualized inflation rate averaged 14.8% but in the last quarter of 1992, inflation rate annualized fell further to 10.8%. This was attributable to the reduction in prices of a number of commodities including kerosene, gasoline, fuel, flour, cooking salt, rice and curry powder initiated by new the Government.

3.11 **Balance of Payments** Mr. Speaker, the foreign exchange reserves of the Bank of Guyana, which stood at US\$123.3 million in December 1991, rose to US\$142 million in September 1992, but by year end the country's gross international reserves stood at US\$193 million, equivalent to 4 months of debt service, and imports of goods and non-factor services. Exports receipts in 1992 grew by more than 17.1% in real terms. Imports reached US\$446 million, an increase of US\$139 million over 1991 generating a resource balance of -US\$114 million compared to -US\$37 million in 1991. The increase in imports is accounted for by a better performance in capital goods imports, explained, in part, by improved implementation in the public sector investment program (PSIP), especially during the fourth quarter, and capital equipment and other imports by Omai. Net factor payments was a negative US\$131 million derived in part from high interest payments. With private transfers of US\$14 million, the current account deficit amounted to -US\$231 million or 69.5% of exports of goods and non-factor services, compared with 58.3% in 1991.

3.12 The current account deficit was offset by large capital inflows from the IFIs and bilateral sources and direct foreign investment. We have been able to meet our external obligations on a timely basis mainly through sacrifices made by our citizens in restraining consumption, particularly imports; and the generosity of the international community in providing balance of payments support to the Government. In addition to the IFIs, the Government will continue to rely on the support of the Governments of Brazil, Canada, Germany, Japan, Italy, United States, United Kingdom, Venezuela, and Trinidad & Tobago and others as it implements its future programmes.

3.13 **External Debt** rescheduling and debt reduction arrangements were concluded with Venezuela, Brazil, North Korea, China and the commercial banks. Through the assistance of the World Bank, the country eliminated its arrears to the commercial banks to the tune of US\$93 million. In addition, US\$9 million of our outstanding obligation with OPEC was cleared and negotiations are continuing regarding a mechanism to settle the remaining US\$12 million. Paris Club rescheduling of principal and interest provided a relief of an additional US\$42 million to the country. Notwithstanding the considerable assistance received, Guyana's external debt stands at US\$2.1 billion, making debt service obligations extremely difficult.

3.14 **Fiscal Performance** Mr. Speaker, total current revenues in 1992 amounted to G\$17,721 million, an increase of 49.9 percent over the level of current revenues in 1991. Collections from the Inland Revenue Department went up by 63.5 percent to G\$6,532 million; Customs and Excise Department rose by 36.3 percent to G\$6,446.9 million and receipts from Ministry of Finance by 52 percent to G\$4743.7 million.

3.15 The entire rise of 36 percent in revenues from the Customs and Excise Department came from the consumption tax which at G\$4,469.7 million was 34.9 percent higher than in 1991. Although the Customs and Excise Department improved its collections in 1992 its share of total current revenue fell from 40 percent in 1991 to 36.4 percent in 1992. Revenues collected by the Ministry of Finance comprised mainly of the sugar and rice levies but also included rent, royalties, and dividends. Sugar levy alone amounted to G\$3,150.0 million, compared with G\$962.1 million in 1991.

3.16 Mr. Speaker, total non-interest current expenditure amounted to G\$10,292.7 million in 1992. The primary current surplus of G\$7,429 million represented about 40% above projections. When account is taken of interest payments, however, the result was a current deficit of G\$1,410 million.

3.17 Total expenditure and net lending amounted to G\$33,359 million in 1992 in contrast to total revenue and grants which amounted to G\$18,227 million or 50% of GDP. This generated an overall deficit of G\$15,131 or 40.9% of GDP compared with G\$17,410 million or 51.8% of GDP in 1991.

3.18 The public enterprises as a group, Mr. Speaker, recorded a primary current surplus of G\$8,277 million, an improvement of 67 percent over the 1991 performance. Specifically, GUYSUCO realized a primary current surplus of G\$6,729 million which was 81 percent of the combined primary current surplus of all public enterprises. Guyana Airways Corporation was the only other corporation that performed significantly better than the previous year. With the exception of GEC which had a deficit of G\$1.63 billion, all other corporations performed marginally better in 1992.

3.19 Mr. Speaker, after a rapid decline over several years, real wages rose for the first time in 1992. The rise in real wages and salaries in the central government averaged 10.5%. In addition, employees earning G\$6,000 and below per month were granted an income supplement of G\$553 per month with effect from September 1, 1992. In the case of workers in the public corporations and financial institutions in the public sector, which were guided by the ability to pay, wage and salary increases were higher. The minimum wage rate for workers in GUYSUCO went up by 40 percent while that of LINMINE rose 77 percent.

3.20 I will now turn my attention, Mr. Speaker, to the performance of the Public Sector Investment Programme (PSIP). Analysis of the 1992 expenditures suggests the following:

- (a) share of external financing in the Central Government's net investment program was 49%.
- (b) of G\$2.6 billion external financing budgeted for the public enterprises, only G\$832 million or 32% was disbursed.
- (c) overall, only 54% of planned external financing was absorbed in 1992, indicative of problems encountered in project implementation.

3.21 The major implementation issues that still require urgent attention in programme implementation include improving: (i) coherence and coordination of the investment programme; (ii) planning and budgeting procedures; (iii) programme monitoring; and (iv) defining the roles of all participating ministries and agencies. Mr. Speaker, some of these issues will be dealt with later.

3.22 **Monetary and Credit Performance** Mr. Speaker, fiscal policy was complemented by prudent monetary policy in 1992. Credit expansion was restrained and there was accumulation of international reserves and stability in the exchange rate especially after the October 1992 elections. In addition, financial saving in the banking system increased substantially. Compared with 1991, money and quasi-money rose by 60.4% in 1992. Interest earning and time deposits rose by 79% compared with 71.4% in 1991, while demand deposits and currency in circulation expanded by 28.8% after an expansion of 75.2% in 1991. **The increase in financial savings reflected the growth of real incomes in 1992, the strong export performance and the rise in real deposit rates especially after the October elections.**

3.23 While financial savings rose, domestic credit was restrained during the year with an increase of only 5%. Public sector net borrowing declined by 24% due to the accumulation of net deposits by public corporations and a marginal increase of 8.8% in Central Government borrowing. The cutback in public sector use of bank credit permitted a shift in the allocation of resources to the private sector.

3.24 Although private sector net borrowing increased by 30.9% over the preceding year, and its share of total bank credit rose from 53.4% in 1991 to 66.6% in 1992, the large accumulation of deposits, resulted in a considerable build-up of liquidity by commercial banks. This problem would need to be resolved in 1993. I would revisit this when I address the key tasks and measures for 1993.

3.25 **Foreign Exchange Market** Mr. Speaker, as a result of the strong export performance, private capital inflows and transfers, the volume of operations in foreign exchange dealings increased substantially in 1992. The resulting net increase in foreign exchange reserves contributed to the stability of the exchange rate which influenced the reduction in inflation. Specifically, Mr. Speaker, in the Cambio operations, a combined total of US\$220 million was purchased in US dollars, Canadian dollars and United Kingdom pound sterling with a corresponding total of US\$162.5 million in 1991. US dollars accounted for 90% of the sales and 89.4% of purchases.



**THE 1993-1996 POLICY FRAMEWORK**

4.01 Mr. Speaker, in spite of the changes that arose from the adoption of the Economic Recovery Programme (ERP), the apparent economic recovery is fragile as major structural obstacles to sustained growth still persist. These include (i) decline in real per capita incomes; (ii) huge debt over-hang; (iii) declining real wages; (iv) deteriorating economic and social infrastructure including roads, electricity generation, water and sanitation, sea defences, health, and education; and (v) narrow production and tax base. In relation to the production and tax base, it is necessary to emphasize that the increases in the production of bauxite, timber and gold are not reflected in the inland revenue or customs and excise collections because of the extremely liberal concessions granted to investors in those sub-sectors.

4.02 In short, Mr. Speaker, Guyana, well endowed with both human and natural resources in the 1960s had by 1992 been reduced from being the perceived breadbasket of the Caribbean to a pitiful "basketcase". Given the limited resources available, the economic and social problems which must be addressed call for an action-oriented medium-term development strategy designed to achieve timely solutions. The Government's action plan focuses on: (i) creating a viable macroeconomic framework; (ii) addressing the deteriorating physical and social infrastructure necessary for private sector development; (iii) encouraging private sector development within the context of a sustainable balance of payments outlook; and (iv) implementing public administration reforms.

4.03 Mr. Speaker, the Government considers it important to develop a medium-term policy framework so that the national community, and more particularly investors, could appreciate clearly the direction in which the Government intends to take the country. It is also the case, Mr. Speaker, that perhaps too much emphasis tends to be placed on the annual budget. The annual budget is the operational means of implementing specific policy measures, but its focus is necessarily on the very short term, that is the fiscal year. The medium-term policy framework allows us to lift our vision to a horizon somewhat further than the fiscal year and to develop programmes to make that vision a reality. At the same time, the medium-term policy framework is not a development plan. It is therefore not so much strategic as it is tactical, and as such the medium-term policy framework will itself have to be revised on an annual basis as the underlying assumptions are modified in the light of actual developments, and as external conditions evolve.

4.04 Mr. Speaker, I do not intend to discuss the content of the Policy Framework in detail today. This occasion is not appropriate for such an undertaking. However, I would like to take this opportunity to highlight certain aspects of the Policy Framework which might in some ways help to guide our deliberation on it. These include the broad outlines of the (i) macroeconomic framework; (ii) the public sector investment programme; (iii) cost recovery; and (iv) private sector development in the context of a balance of payments viability; and (v) public administration reforms. **Within this background, the availability of debt relief and concessionary financing will be critical to the implementation of the programmes that are developed.**

**4.05 MAINTAINING A VIABLE MACROECONOMIC POLICY FRAMEWORK** Mr. Speaker, to maintain sound macroeconomic stability, our fiscal and monetary accounts will require careful management over the medium-term. The Government will pursue market-oriented economic reform policies consistent with the 1992-94 Policy Framework Paper (PFP). The elements of the macroeconomic policies that will be pursued by the Government in the medium term will include:

- (a) movement towards integration of the foreign exchange market to fully reflect economic and market conditions;
- (b) continuing trade liberalization policies, including adoption of the revised CET on a fast-track, and elimination of the remaining import prohibitions and restrictions;
- (c) strengthening tax and customs administration and revising the tax structure. In particular, the tax base will be broadened through elimination of remissions under the consumption tax, reductions of remissions under import duties, and the re-design of concessions under income taxes;
- (d) a three-year forward looking budget revising and reorienting present budget away from line items towards activities and programs. As a complementary measure, expenditure controls and management will be strengthened through the implementation of adequate financial management systems and procedures;
- (e) increases in public sector wages within the confines of fiscal realities, accompanied by measures to reduce labour redundancies, especially at lower levels. The salary structure will be decompressed to provide incentives to technical and professional personnel. The implementation of the World Bank Public Administration Project will be an important contribution to this objective;
- (f) discontinuation of Government transfers in line with the 1992-94 PFP. Membership to international and local organizations would be reviewed based on an assessment of associated costs and benefits. Furthermore, contribution payments to these organizations will be channelled through the Ministry of Finance;
- (g) strengthening monetary policy by shifting to more flexible monetary instruments, and broadening range of treasury bill maturities.
- (h) review of fiscal incentives with the emphasis on attracting new investments into priority sectors and/or areas of high unemployment.

**4.06 Caricom Relations** Guyana's support of CARICOM and the principle of Regional Economic Relations will continue. As His Excellency the President has reiterated consistently, the Manning Initiative will be supported. In the initial stages, apart from the adoption of CET and exploring areas of shared costs with respect to overseas representation, Guyana would continue to strengthen trade and economic ties with all of its CARICOM partners.

4.07 **THE PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)** Mr. Speaker, growth and the expansion of employment opportunities will derive essentially from increasing the level and efficiency of investment. Our projections indicate that between 1993 and 1996, the economy will grow at an average annual rate of 7.0% with the growth areas coming from the agriculture sector, mining, forestry, manufacturing and construction. To facilitate the process, impediments to efficient implementation will be removed, and the climate for foreign and local investment will be improved. In this regard, Mr. Speaker, we would expect the PSIP to play a pivotal role in complementing private sector investment. **This Government will continue to have the private sector play a significant role in investment and employment creation.**

4.08 Mr. Speaker, our country is not in a position to do all it wishes in its investment programme and must, in the near term, concentrate on selected areas of high priority rehabilitation and maintenance while beginning to lay the basis for longer term investments. Particular attention is, thus, given to improving the efficiency of public spending by emphasizing the maintenance and rehabilitation of social and economic infrastructure. Because of the severe resource constraints mentioned above and the institutional and other constraints that would be reviewed later, the public investment programme will be sharply focused on the country's development priorities. **In addition, the Government will work closely, and coordinate its investment activities with the non-governmental organizations (NGO) to avoid duplication and waste.**

4.09 **Composition of the 1993-96 Programme** The Government plans in the next four years to concentrate on rehabilitation of the country's economic and social infrastructure and improve social conditions. The main elements of the investment programme will be as follows: agriculture, 22.2%; infrastructure, 24%; social sector, 35.2%; and others, 18.6%. Compared with actual trends during the last three years, our PSIP programme proposes a reallocation of development expenditure away from the directly productive areas of agriculture, mining, manufacturing and services, towards economic infrastructure (water resources, power, transportation and communication) and more importantly to social services (education and health). **This illustrates the great importance that the Government attaches to the private sector as a key partner in the development process and also that under severe economic constraints the well-being of the people should not be unduly compromised.**

4.10 **Sectoral Priorities** In agriculture, investments will be directed towards promoting sugar and rice production through improved research and extension services, rehabilitation and maintenance of drainage and irrigation schemes; increased agricultural credit for smallholders, and more efficient marketing services; and facilitating transfer of state and privately owned lands by the provision of adequate land titling services. **A clear Government policy with respect to land sale and/or leasing which will have the full confidence of farmers and credit institutions will be announced later this year.**

4.11 The main focus of the transport sector investments will be to rehabilitate and maintain feeder and farm roads, the Essequibo Coastal Road, Timehri-Georgetown-Rosignol Road and Soesdyke-Linden Roads, and the Demerara Harbour Bridge. Government will continue to seek assistance to complete the Guyana/Brazil road, and the Guyana/Surinam Ferry Project. In the medium-term, priority will be

given to rehabilitating and maintaining the ferry fleet, in addition to the acquisition of three passenger and one cargo vessels. The Government will also establish an operations and maintenance programme for the road network. Consequently, new construction will be deferred during the programme period until the maintenance and rehabilitation works have been completed. Another important priority in the transportation sector will be the rehabilitation of hinterland airstrips.

4.12 In the energy sector, priority is given to consolidating investments already made in the sector and eliminating Government transfers to Guyana Electricity Corporation (GEC). In this connection, emphasis is placed on rehabilitating the distribution and transmission network to minimize leakages, meter survey of areas served by GEC and the subsequent repair and replacement of faulty meters, and improvement of tariff collection through management information systems. **The Government is also seriously considering various options of increasing generation and a policy statement on this important area will be announced shortly.**

4.13 The Government recognizes the acute water problems facing every Guyanese and have negotiated with World Bank and Overseas Development Agency (ODA) for US\$12 million and US\$2.7 million respectively for rural water supply. IDB is also providing US\$8 million for the Georgetown Water and Sewerage Commission (GWSC). These investment programmes are designed to rehabilitate and maintain the distribution network and the treatment plants, and to upgrade pumping stations. To sustain these efforts, the programme also calls for recentralization of Guyana Water Authority (GUYWA) as the administrator of rural water supply and the institutional strengthening of GUYWA and GWSC in the areas of management and finance.

4.14 Mr. Speaker, in the social sector, the Social Amelioration Programme (SIMAP) will continue to play an important role in poverty alleviation by improving rural incomes through self help projects and improving social conditions for Guyanese most affected by the structural adjustment programme. **Priority at SIMAP will therefore include investments in health, nutrition, education, women in development, water supply and sanitation.** The programme also contains a public works component to provide employment opportunities, especially for the unemployed youth, and a small scale enterprise component to encourage private entrepreneurship activity. This programme shall be given highest priority in order to lessen the negative effects of the adjustment programme. An institutional framework has been established to coordinate the activities. Every assistance will be offered to ensure that these objectives are attained in the programmed period.

4.15 The highest priority areas in the health sector include the rehabilitation and maintenance of health infrastructure, where the focus will be on regional and community health facilities, vehicle maintenance and retention of qualified staff; improvement of preventive care through expanded immunization programmes, provision of drugs, materials and medical equipment. Indeed, Mr. Speaker, the Government has recently concluded discussions with the IDB on the rehabilitation of regional and district health facilities. Among the facilities under discussion for major rehabilitation are Fort Canje, New Amsterdam Public, Mahaicony, and Mabaruma Hospitals.

4.16 In education, Mr. Speaker, the highest priority areas include:

- (a) the provision of learning materials, schools desks and equipment.
- (b) increasing the numbers of trained teachers and developing learning materials for adult continuing education; and
- (c) rehabilitation and maintenance of primary schools.

4.17 "Our progress as a nation can be no swifter than our progress in education". In the short term, Mr. Speaker, substantial amounts of textbooks, science equipment and computers will be acquired; the local capacity for printing and book distribution will be strengthened; our outreach work in adult and continuing education will contribute towards reducing the high level of illiteracy in the general population. Between 1993 and 1995, this Government will build 15 new schools and rehabilitate others.

4.18 Mr. Speaker, although we must continue to confront from the bottom up the numerous problems we face in lower-level, intermediate and primary school education, if the solutions we propose are to be comprehensive, and genuinely contribute towards assured medium and long-term development, then we cannot afford to neglect our University of Guyana.

4.19 Through several government initiatives, we intend to focus on the plight of the University, an institution founded on noble and lasting ideals, but tragically today, in perilous financial straits. In 1993, the Government will implement a program of student loans to offset the price-tag of a quality education, and concomitantly to increase the earnings of lecturers. We intend to seek the assistance of similar institutions in the United Kingdom, Canada, the United States and within our region, in the formal launching of exchange programs. Such programs will be geared to benefit lecturers and students through the mutual exchange of distinctive features, and also through sharing of intellectual ideals and standards. These two initiatives, plus our continued support to the University's civic fund-raising committee, will greatly assist in re-imbuing vibrancy into our national University.

4.20 Mr. Speaker, the coastal belt of Guyana is under siege by sea and river incursions due mainly to the neglect of the maintenance of our sea defences. In 1992 alone, there were 5 river and sea breaches; the inundation of salt water inflicted devastating damage, losses and inconvenience to many coastal farmers and residents. In the medium-term, this Government will undertake to rehabilitate our sea defences and ensure that our infrastructural, productive and social investments, and the lives of our citizens are not jeopardized. The Government has secured about US\$36 million from the ECUADOR World Bank, CDB and IDB for financing sea defence maintenance over the medium-term. The project execution unit of this project will be in place by mid-year, and the Government will continue to search for more financing to ensure that all work critical to the maintenance of our sea defences are completed.

**4.21 Issues of Project Design, Evaluation, and Implementation** Mr. Speaker, the success of our programme will depend on how quickly we overcome bottlenecks associated with project implementation. Between 1991 and 1992, project implementation ratio averaged about 50.5%. To deal with the most acute problems of project design, evaluation and implementation, the Ministry of Finance will be taking the following measures:

- (a) issuing, on a regular basis, guidelines on parameters to be used in project evaluation, including the assumptions on foreign exchange rates, discount rates, wages and inflation rates, applicable to all central government projects;
- (b) supplying and updating formats for feasibility studies. For larger projects these will include financial and economic rate of return calculations, sensitivity analysis, and explicit statements on the nature and phasing of investments or of policy actions that may be required within this or other sectors for project benefits to be fully realized;
- (c) developing in cooperation with sector ministries, criteria for core project identification and using them for developing core programmes in all sectors that lack them. In addition to specific sector criteria, core programmes will take explicit account of intra- and inter-sectoral linkage and phasing requirements;
- (d) identify, in all projects the future expenditures required for adequate operation and maintenance, particularly where the projects' recurrent expenses have to be financed from the budget, and specify the norms on which such estimates will be based. These will lead to specific sector and sub-sector norms for recurrent expenditure budgeting;
- (e) include projects in the programme only when their priority is confirmed. This decision will be subject to adequate resource availability for the estimated disbursement profile of the project and its subsequent operation.
- (f) ensure that all conditionalities are not only realistic but that the time scales for completion are carefully planned and executed on a timely basis;
- (g) establish a mechanism for ranking projects to ensure maximization of use of the limited resources available; and
- (h) underline the need for addressing implementation issues at the time of project preparation;

To ensure coordination of the PSIP and to facilitate the monitoring process, we have taken steps to integrate the functions now performed by the Department of International Economic Cooperation (DIEC), State Planning Secretariat (SPS) and the monitoring and coordinating agency for the ERP.

**4.22 Operations and Maintenance Expenditures and the Need for User Charges** Mr. Speaker another critical problem that would have to be resolved in the medium-term is the maintenance of existing and new capital stock. The gap between financial requirements and budgetary allocations widened in the past and in the medium term liquidity constraints will retard the process of narrowing that gap. The vicious cycle of inadequate maintenance, which led to curtailment of rehabilitation reconstruction programmes can only be corrected by seeking alternative financing to restore maintenance and replacement activity to adequate levels.

4.23 User charges could provide a source for mobilizing finance for certain services provided by Government, as well as a mechanism for increasing efficiencies in their use. Mr. Speaker, Government will launch a User Charge Study this year to determine the extent to which it could be implemented in addressing the acute maintenance needs of our capital stock.

4.24 **BALANCE OF PAYMENTS** Mr. Speaker, implementation of Government's economic and social programme will require large inflows of concessional assistance and debt relief in the period 1993-1996. Estimates of the financing requirements of our programme have been derived on the assumption that the growth of merchandise exports will average 17.7 percent a year in volume terms and 16.2 percent a year in value terms over the next four years. **The growth is expected to come from gold, bauxite, rice, and non-traditional exports.** Based on a projected 7.0% annual average increase in the volume of imports, the current account deficit is expected to average about US\$1 billion in the period 1993-96. **Gross financing requirements will average US\$147 million a year during 1993-1996, after provision for a further buildup of international reserves consistent with maintaining a level of gross reserves equivalent to about four months of imports cover and debt service ratio.**

4.25 Mr. Speaker, disbursements of grants and project loans for the Central Government are expected to average about US\$50 million a year in the period 1993-1996, while balance of payments support from the multilateral financial institutions would amount to at least US\$10 million a year. Disbursements under the existing Economic and Structural Adjustment Facility (ESAF) arrangement with the IMF would provide external financing of about US\$12 million in 1993 for the current programme.

4.26 Under current assumptions, and taking account of amortization payments, IMF repurchase obligations, net flows of private capital, debt relief already obtained, balance of payments support, and the targeted buildup of gross official reserves, Mr. Speaker, there remains a total financing gap of US\$180 million for the period 1993-1996. This financing gap is expected to be closed by debt relief. This, Mr. Speaker, will be one of the major tasks that the Government will confront in 1993. We are hopeful that, as in the past, our bilateral supporters will assist us again in meeting our external obligations.

**4.27 Promotion of Private Investment in the Economy** Mr. Speaker, the picture of the medium-term outlook for the balance of payments is not a pretty one. This is particularly so, viewed from the country's creditworthiness and debt burden ratios. In the medium-term, production would have to increase and our export base expanded and diversified to ensure long-term sustainability. **The Government considers private sector (both local and foreign) as the leading edge of growth and the best tool of increasing production and expanding our export base.** The Government will, therefore, take steps to provide a more stable macro-economic framework and an enabling environment for the private sector to operate. In line with this emerging economic development strategy, **an improved Investment Code will be put before the House this year to promote and encourage investments in the Guyanese economy. This proposed legal document will confer on investors attractive incentives within clearly defined eligibility criteria.**

4.28 Mr. Speaker the broad outlines of the Government private sector development initiatives will be centered on:

- (a) the development of local raw materials to replace imported inputs;
- (b) the establishment of more agro-based industries to process local agriculture produce;
- (c) the promotion of more key industries that facilitate economic self-reliance and the establishment of effective linkages within the industrial sector;
- (d) greater involvement of the private sector as part of a strategy to improve efficiency and effectiveness.

4.29 In line with these policy objectives, measures will be taken to:

- (a) remove administrative and other bottlenecks;
- (b) review of the tax structure as it relates to private investment;
- (c) review of custom procedures at air and sea terminals to streamline imports of machinery and raw materials, and exports of products;
- (d) reduce the rate of inflation through prudent fiscal and monetary policies;
- (f) improve the regulatory framework where applicable; and
- (g) initiate financial sector reforms.



4.30 Mr. Speaker, in keeping with the pre-requisites of creating the required stable and ena environment for investors, the Investment Code will also set out clear procedures for dispute settler Besides, since the country is a signatory to Multilateral Investment Guaranty Agency (M convention, initiated at the 1985 annual meeting of the World Bank, the extra insurance cove investors, participating in eligible investments in the productive sectors of the economy, provides fu guarantees for investments against the following;

- . delays in currency transfers if such delays are attributable to the host government;
- . expropriation and similar measures;
- . breach of contract; and
- . war and civil disturbances.

7 4.31 Housing We began to quantify the need in Guyana and have made a start in the are housing:

- (a) Housing has been allocated a ministerial level concern at the Ministry of Labour when expanded Central Planning and Housing Authority [CPHA] has been identified as nucleus;
- (b) We have established a mechanism for identifying available land for housing to satisfy needs of the lower income levels;
- (c) The President's thrust for the development of low cost housing, making use of the ne method of producing building blocks which is being piloted at the Institute of Appl Science and Technology;
- (d) Availability of low-cost timber through the use of and the acquisition of portable saw and chain saws;
- (e) We have been in touch with habitat for housing in Atlanta, through the Carter Cent boost our programme for the satisfaction of housing needs for the poor; and
- (f) The President has secured a commitment from the Venezuelan Investment Fund for ab US\$6 million to finance low income housing.

4.32 **PUBLIC ADMINISTRATION REFORMS** Mr. Speaker, as the tasks of adjustment and economic management become increasingly complex, the weaknesses in Guyana's public administration have emerged as a major constraint to the implementation of our development strategy. The symptoms of the problem, which is well understood, are evident throughout the civil service: (i) shortage of skilled professional and technical personnel; (ii) under-utilization of existing senior personnel; (iii) low levels of output in basic functions (data collection, analysis and management; accounting and cost control; sector planning; essential service delivery); (iv) shortage of essential supplies (paper, office machinery, tools, etc.); (v) overstaffing at junior levels; and (vi) increasing reliance on expatriates for essential professional and management functions, at an extraordinarily high cost.

4.33 Public administration reforms will as a matter of urgency occupy the attention of the Government in the medium-term. Mr. Speaker, the main elements of these reforms will include:

- (a) **Upgrading the Salary Structure of the Public Service** The improvement of remuneration in the public service will be critical for attracting and retaining qualified administrative and technical personnel. Government will concentrate on the staffing of key positions and other critical vacancies, particularly in posts requiring valuable technical skills such as engineers, accountants and economists. The modifications in the public service salary scale would benefit all levels of staff within the public service.
- (b) **Public Sector Management Strengthening** This will center on four components:
  - (i) the General Administration component which is equipment-oriented will finance computer, transportation and administrative equipment, essential for managing operations in selected ministries and Regional Administrations;
  - (ii) the Integrated Financial Management component would finance the design and implementation of the norms, procedures and systems required for effective and efficient budgeting, accounting, cash management, debt management, internal and external control. The core of the new system would be an integrated, institutionally decentralized budgeting and accounting system, coordinated by the Ministry of Finance;
  - (iii) the Regional Administrations System component would focus on the diagnosis of existing practices and activities and would support the establishment of new systems as well as the required institutional reforms;
  - (iv) the Personnel Management would design and establish a basic personnel records system and consolidate a modern personnel management system including employment and salary administration.
- (c) **Recruitment Programme** This provides for invitations to non-resident Guyanese to apply for vacancies in the public service in those instances where the relevant skills, knowledge and experience cannot be found locally. In such instances, the programme permits incentives to attract those people.

### KEY TASKS AND MEASURES IN 1993

5.01 Mr. Speaker, having outlined the basis and objectives of this Government's programme for the next four years, I now wish to proceed with a presentation of various policy measures which the Government intends to pursue this year.

5.02 **Debt Relief** Mr. Speaker, today, Guyana's debt is US\$2.1 billion of which long-term debt accounts for US\$1.6 billion or 72%. Of long-term debt, multilateral debt represents US\$605 million and bilateral debt is US\$973.8 million. Of our bilateral debt, we owe Trinidad & Tobago US\$414 million or 52.5% of the total. In addition, more than 53% of our bilateral debt is on non-concessional terms. Mr Speaker, as you know, Guyana cannot receive debt rescheduling from the multilateral institutions, implying that efforts will have to be directed to seeking debt reduction, conversion, and forgiveness from our bilateral creditors.

5.03 Mr. Speaker, as I said earlier, Guyana will need about US\$181 million of debt relief to sustain our external balances. This implies that not only would we need interest reductions and extended grace periods to convert our non-concessional terms to concessional terms, but we will also need more generous terms even in our concessional debt obligations. **The Government will intensify its appeals to bilateral creditors to provide us with Trinidad terms arrangements which will provide greater relief to our debt burden problem.** In addition, Mr Speaker, this Government would like to make a special plea to our bilateral creditors not to link granting Trinidad terms to us on an overall framework where all creditors will have to agree to the same terms. The Government has already requested a Paris Club meeting to address this problem.

5.04 **The Public Sector Investment Programme** Mr. Speaker, our commitment to rehabilitating the economic and social infrastructure of this country is reflected in our medium-term PSIP. The Government's proposed net PSIP for 1993 will total G\$7.3 billion of which external financing will account for G\$5.2 billion or 71% and local financing about G\$2.1 billion. The 1993 programme allocation is 22% to agriculture; 24% to infrastructure; 35% to social sector development; and 19% to others.

5.05 Mr. Speaker, **emphasis on the social sector development as evidenced in the PSIP attests to the importance that this Government attaches to improving the standards of living of our people.** Allocations to SIMAP in 1993 is about 300% greater than the 1992 allocation. Housing allocation is 500% greater in 1993 than 1992, and in health, Government capital expenditure target is two and half times that programmed in 1992.

5.06 I will now begin to discuss some of the specifics in this year's investment programme. Mr. Speaker, in the social sector, SIMAP will continue to play an important role in poverty alleviation by increasing rural incomes through self help projects and improving social conditions for Guyanese most affected by the structural adjustment programme. As part of this strategy, the 1993 SIMAP programme is designed to rehabilitate 31 schools, 30 miles of feeder roads, 4 markets, drainage systems, about 14 primary health care facilities and community centers. In addition, SIMAP will provide skills training for about 4000 out-of-school youths, rehabilitate 12 day care centers and increase nutritional

supplements to the elderly and young children. Some 8 potable water supply systems will be rehabilitated, in addition to construction of 8 basic sanitation facilities for public institutions and 5 residential drainage systems. The programme for 1993, Mr. Speaker, benefit over 20,000 Guyanese from all walks of life.

5.07 In addition to Simap, the Government will implement a Basic Needs project in 1993. Projects already identified in this CDB grant-financed programme include the rehabilitation of dental facilities at the Georgetown Hospital and rehabilitation of the New Amsterdam Hospital. The Bladen Hall Multilateral School, St. Ignatius Students Hostel and dormitory facilities in the North West District, the Ruby Backdam farm to market road, drainage and irrigation structures in numbers 54-74 villages on the Corentyne, pipelines for Black Bush Polder and ten shallow wells and hand pumps in Region 7 will also benefit from this project. In addition, over G\$200 million from EEC balance of payment support have been earmarked for the private sector to upgrade education facilities and community health services. In education, priority will be given to the IDB funded Primary Education Programme to increase enrollment ratios and improve sanitation and learning conditions of our children; the civil works of this project should commence shortly. In the health sector, the highest priority areas will include the rehabilitation and maintenance of health infrastructure, where the focus will be on vehicle maintenance; improvement of preventive care through expanded immunization programmes, provision of drugs, materials and medical equipment. The 1993 budget provides for the purchase of fully equipped vehicles for community and rural health services as well as increased resources to combat cholera, malaria and other contagious diseases.

5.08 **Efforts will also be made to improve the maintenance of irrigation and drainage schemes.** Of the total budget for the agriculture sector, 23.2% has been allocated to irrigation and drainage. Schemes that will benefit include the Black Bush Polder, Mahaica-Mahaicony-Abary (MMA), and East Bank Essequibo.

5.09 Mr. Speaker, another area which needs to be underlined is the country's infrastructure network. In the road sub-sector, allocations have been made to reseal the Soesdyke-Linden Road and to rehabilitate the East Essequibo Coastal and Timehri-Berbice-Rosignol Roads. A Road Design and Maintenance Study will also begin this year. Substantial allocations have also been assigned to improve water and sanitation. About G\$68 million has been earmarked to improve rural water supply in addition to G\$70 million for institutional strengthening for GUYWA; G\$40 million will meet critical needs in the New Amsterdam area, and the GWSC has been allocated G\$95 million for improvements in 1993. Government is also mindful of the acute housing conditions of our people. Hence, over G\$170 million has been allocated to deal with development of sites and services and basic infrastructure essential for private sector housing development. SIMAP activities will complement our efforts in this important area. In addition, Government will further explore possibilities of acquiring more land for distribution to needy families. We expect that Government financial sector reforms together with its planned fiscal incentives will encourage private sector development in the housing sector.

5.10 **The rehabilitation of the Harbour Bridge and ferries will continue to demand urgent attention from the Government.** Although, the EEC has approved its funding under Lome IV to assist in our rehabilitation efforts, current projections are such that these allocations may not be available for

Analysis of Central Government Non-Interest Current Expenditures  
by Grouped Expenditure Head 1992-93

	1993		Revised 1992		Increase/ Decrease	% Increase/ Decrease
	Budget	% of 1993 Budget	Budget	% of 1992 Budget		
	G\$Mn.		G\$Mn.		G\$Mn.	
President	1320.4	10.90	1427.1	13.07	-106.726	-7.48
Prime Minister	8.633	0.07	0.000	0.00	8.633	-
Parliament	57.7	0.48	42.4	0.39	15.280	36.05
Constitutional Agencies	103.9	0.86	78.0	0.71	25.923	33.23
Legal Affairs	80.2	0.66	56.4	0.52	23.873	42.35
Foreign Affairs	751.4	6.20	1033.0	9.46	-281.587	-27.26
Home Affairs	996.8	8.23	829.1	7.60	167.629	20.22
Agriculture *	734.1	6.06	627.3	5.75	106.788	17.02
Health *	1284.2	10.60	931.3	8.53	352.880	37.89
Education & Culture *	1695.6	13.99	1152.9	10.56	542.773	47.08
Labour, Human Services & Social Security	229.0	1.89	165.3	1.51	63.755	38.58
Finance **	3932.0	32.45	3714.8	34.03	217.205	5.85
Trade, Tourism & Industry	144.3	1.19	163.1	1.49	-18.806	-11.53
Physical & Regional Development *	778.5	6.43	695.5	6.37	83.063	11.94
<b>TOTAL NON-INTEREST CURRENT EXPENDITURE</b>	<b>12116.9</b>	<b>100.00%</b>	<b>10916.2</b>	<b>100.00%</b>	<b>1200.683</b>	<b>11.00</b>

\* includes Regional spending.

\*\* excludes payments to GREB arising as a result of the reimbursable rice levy (A)  
(G\$757.626m in 1992, G\$400m in 1993).

\*\* included under Finance is a provision of G\$596.251m to pay the salary increases to all public servants.

Source: Ministry of Finance

# FISCAL PROFILE

G\$Mn

ITEM	BUDGET	LATEST ESTIMATES	BUDGET	ACTUAL
	1993	1992	1992	1991
<b>Current Revenue</b>	21257.3	17721.9	16292.4	11823.6
Inland Revenue	8266.2	6531.3	4357.8	3986.5
Customs & Excise	7786.6	6446.9	6400.1	4730.1
Sugar Levy	3650.0	3150.0	3400.0	962.1
Other	1554.5	1593.7	2134.5	2144.9
<b>Current Expenditure</b>	12515.9	10292.7	11022.0	8465.4
Employment Costs	3963.7	3030.0	3000.7	2248.3
Other Charges	8552.2	7262.7	8021.3	6217.1
<b>Interest Expenditure</b>	9210.6	8839.2	13723.0	9917.5
Domestic	3683.4	5262.1	5035.1	4152.8
External (Scheduled) <sup>1/</sup>	5527.2	3577.1	8687.9	5764.7
<b>Current Balance</b>	-469.2	-1410.0	-8452.6	-6559.3
<b>Capital Revenue</b>	828.6	505.5	573.7	1568.8
<b>Capital Expenditure</b>	8376.6	4850.4	6257.8	4327.6
<b>Debt Repayment</b>	10299.8	9378.5	6911.6	8092.3
Domestic	304.9	783.6	222.7	191.7
External (Scheduled) <sup>1/</sup>	9994.9	8594.9	6688.9	7900.6
<b>OVERALL BALANCE</b>	-18317.0	-15133.4	-21048.3	-17410.4
<b>TOTAL FINANCING</b>	18317.0	15133.6	21048.3	17410.4
Local	-215.8	3574.5	5123.7	1406.6
External	18532.8	11559.1	15924.6	16003.8
Total Financing as a Percentage of GDP	40.1	40.9	58.2	51.8
Scheduled Debt Service as a % of Total Revenue	88.3	99.9	122.3	134.4

<sup>1/</sup> ➔ Budget 1992 is for non-financial public sector.

**SOURCE:** Ministry of Finance

1993. Nevertheless, the Government is proposing G\$140 million and G\$175 million, respectively, to maintain the bridge and ferries until EEC funding becomes available.

5.11 **Fiscal Management** Mr. Speaker, in the past, budgets have tended to be largely on an incremental basis. For example, Ministerial and Regional expenditure allocations for the new year would be largely based on an across-the-board percentage increase over the previous year's expenditure. Such an approach has given rise to an inappropriate pattern of expenditure.

5.12 In this new Budget we have started to break the mould. No longer does the level of **proposed expenditure** in a certain sector depend solely on the previous year's allocation. Rather, **it depends on the importance of the service offered, the needs of the community and the ability of a sector to use any new resources in an effective and efficient manner.** Furthermore, it is likely that the relative strength of these factors will be constantly changing: therefore we shall be monitoring the performance of each sector closely and, if necessary, adjust our priorities. The table on page 28 compares the priorities reflected in this budget with those of 1992.

5.13 The heads which have been de-emphasized include the President's Office, the Ministry of Foreign Affairs, the Ministry of Trade, and the Ministry of Finance.

5.14 Most other areas have benefited from the change in priorities. In particular, **current expenditure on education will increase by 54%, health by 44%, agriculture by 18%, and Home Affairs or to be precise, the Police Department by 25%.** Mr Speaker, these increases were made possible by savings from inefficiencies, reductions in waste, and diversion of resources from low priority to high priority programmes. The fiscal profile appears on page 29.

5.15 **Monetary Management** Mr. Speaker, our fiscal programme will be supported by complementary monetary policy and the deepening of financial intermediation. More generally, **it is Government's intention to remove bottlenecks to efficiency while ensuring orderly development of the financial system.** In the context of this broad objective, Government policies with respect to monetary management will cover the following facets:

5.16 **Treasury Bill Auctioning:** The management of liquidity in the financial system will continue to rely on the Treasury Bill auctioning. In order for the rates to reflect a broad spectrum of market sentiment, the Bank of Guyana now publicizes the results of the auctions more regularly. I am also aware of the existing market imperfections in the Treasury Bill tender mechanism which are being addressed by the Bank of Guyana. **Further, it is Government's policy to develop long-term financial instruments with a view to offering investors a wider range of choices for the placement of funds.** The Government will also examine the possibility of introducing open market operations as an additional instrument of monetary management.

5.17 Interest Rates: As you are aware, Mr. Speaker, interest rates are market determined through their linkage to the Treasury Bill rate. **It is Government's intention, however, to examine more fully those aspects of commercial bank operations which reduce the responsiveness of the freely determined interest rates to changing circumstances.** For example, one of the factors to which interest rates should respond is the rate of inflation. To the extent that the inflation rate is falling, one expects interest rates to follow suit. In other words, interest rates should not be too positive in real terms. There is need for a happy medium between the attraction of financial savings on the one hand, and the need to channel those savings for productive use on the other. It should also be pointed out that one of the imperfections in the market is reflected in wide spreads between lending and deposit rates. This is a problem which will be addressed by increasing competition in the industry.

5.18 Liberalizing the Commercial Banking Sector A number of changes in the Banking Act, the Bank of Guyana Act and legislation pertaining to other financial institutions are under consideration. Regrettably, all the needed amendments will take time. **Recognizing this, action has been taken to expedite progress in those areas which affect the entry of new banks into the industry.**

5.19 Establishment of a Stock Exchange: Mr. Speaker, I referred earlier to the problems of the banking system including the accumulation of liquidity. An examination of the liquidity of the banking system indicates very clearly that the industry may well have reached a point at which it cannot effectively intermediate the financial resources for medium to long-term investment. In some cases, the asset portfolio comprises as much as 75-80 per cent of risk-free Government paper and deposits at the Central Bank. At the same time, lending to the private sector has tended to stabilize as a proportion of the total assets at a level of between 25 and 30 per cent.

5.20 It goes without saying that a stock exchange will intensify direct competition for financial resources between the banking industry, on the one hand and the corporate sector on the other. However, a cautious approach will be adopted in establishing the stock exchange. **Step-by-step, the rudiments of the stock exchange will be put in place.** In this regard, Honourable Members may wish to be informed that the steps already taken include a request for technical assistance from donor agencies to develop initially a call exchange and a secondary market for financial instruments. These activities are expected to be ingredients of the larger effort of establishing a stock exchange.

5.21 Foreign Exchange Market Mr. Speaker, regarding the exchange rate market, although the free foreign exchange market has grown, it has not functioned as well as it should under the provisions of the law. Government is aware that the spirit and intent of the law has not been observed by some of the licensed dealers. This is particularly the case in respect of the requirements that the rates at which all transactions take place must be publicized; that a receipt for each transaction is issued; and that accurate returns for the transactions are submitted to the Central Bank. Efforts are already underway to monitor the implementation of these requirements.

5.22 Mr. Speaker, I would like to reiterate Government's policy in respect of the free foreign exchange market by making it clear **that there will be no direct interference with the interplay of the forces of supply of and demand for foreign exchange and that the flows of funds as well as the exchange rate will be freely determined by the dynamics of the market.**



5.23 **Policy of Privatization** Mr. Speaker, our concept of privatization is premised on a broad interpretation of the widely accepted theory that the private sector is the engine of economic growth. The Government recognizes its responsibility to create an environment conducive to private enterprise development. Thus, it is with this concept in mind that privatization is adopted as a policy to develop the capacity of the Government and private sector to work as a team in facing the challenges of our country's economic transformation.

5.24 Mr. Speaker, there is no formula for successful privatization. The only available course is that of organizing the process on a stable basis in accordance with principles clearly understood, generally accepted and consistently applied. The principles are those articulated in our policy framework paper to be released shortly.

5.25 The paper outlines the proposed privatization policy and an institutional framework to support it. The policy calls for an initial one month period of aggressive public relations activity to make the public fully aware of the process and benefits of the policy. High emphasis is placed on transparency, preservation of national assets, equal opportunities for all Guyanese and partnership with, not preference, for foreign investors.

5.26 There are many pressures on implementation of privatization in all countries. There are pressures to rush the process because assets are deteriorating, because macro financial targets need to be met, quantitative conditionalities require results, lobbyists convince politicians that they are being obstructed from furthering the national interest and because the general supporters of the policy will accuse Government of a lack of real commitment. Experience has shown, however, that it is better to ensure that transactions are above reproach - even if it takes time - than to allow the programme to become discredited through perceptions that corruption, cronyism or short-term expediency are driving the process, as has been the case in Guyana recently.

5.27 Mr. Speaker, the policy and institutional framework are being structured on the assumption that Guyana wishes to have a first-class privatization programme which will be permitted to proceed at a pace that will allow the preservation of integrity and the survival of public scrutiny.

5.28 Finally, we strongly believe that our privatization policy which places high importance on the improvement of the present state of social and human conditions would help place Guyanese individuals at the centre of the country's development agenda.

**PROJECTIONS: 1993**

5.29 Mr. Speaker, the macroeconomic targets set by the Government include:

- GDP growth of 7.8%;
- rate of inflation of 9%;
- increase in gross international reserves by US\$13 million;
- primary current account balance as percent of GDP of 19.1%
- overall fiscal deficit as percent of GDP of 40.1%
- money and quasi-money expansion of 15%;
- increase in bank lending in favour of the private sector;

5.30 **GDP** The successful implementation of prudent fiscal and monetary policies in 1993 will contribute to a significant improvement in the economy. On balance, the economy is projected to grow by 7.8% led mainly by the mining and agriculture sectors. The mining sector is projected to grow by 68.5% influenced by the gold sub-sector, where Omai operations alone is targeted to produce over 167,000 ounces of gold. The resolution of the GUYMINE debt issue, resumption of the disbursement of the Sysmin loan and a possible external financing package amounting to about US\$17 million from the World Bank for restructuring at LINMINE is expected to stabilize bauxite production at 1992 levels.

5.31 Agricultural sectoral growth is targeted at 3% -led mainly by the rice sub-sector which is expected to grow by 12.5%. This is predicated on increased extension services programmed in the PSIP, 20% increase in drainage and irrigation allocation for rehabilitation and maintenance works; and reforms to increase access to credit by rice farmers. Sugar is expected to show a marginal increase of 0.3%, attributable to productivity gains and, continuation of the ongoing factory and field rehabilitation. Continuing over-fishing within the three mile radius of the shoreline is projected to account for a decline in prawns in 1993. Following recent trends, and given investment in artisanal fishing, fish output is projected to grow by 1.7% in 1993. Investments in forestry related activities is expected to pay off with a 10.2% growth.

5.32 In manufacturing, growth is projected at 6.1%, due in part, to increased capacity utilization, increased private sector investment (access to 936 Funds from Puerto Rico) and expected improvements in GEC's operations in 1993.

5.33 **Inflation** There are indications that the decline which commenced in 1992 will continue with the rate falling to 9% in 1993. This slow down in the inflation rate will result from a number of policy measures which are to be implemented in the course of this year. You may recall that I have already alluded to fiscal restraints, a continuing restriction on public sector borrowing, and stability in the exchange rates.

5.34 **Balance of Payments** Another important element of the 1993 economic outlook is the viability of our balance of payments. Based on World Bank's current long-term price projections and a reduction in EC sugar prices, the country's terms of trade will reflect a slight decline. Real exports of goods and non-factor services are projected to grow by 35.5% -led mainly by gold exports from Omai, and real imports are projected to decline by 1.9%. The current account deficit as a ratio of exports of goods and non-factor services, is projected to decline from 76.4% in 1992 to 33.1% in 1993.

5.35 Mr. Speaker, our country's past growth strategy has led to increased foreign indebtedness and high debt service ratios. As a result, Guyana's vulnerability to debt servicing problems could deteriorate further if access to generous bilateral assistance were to become unduly restricted. However, it is expected that with viable macroeconomic policies, access will be enhanced. The projected disbursement for 1993, consisting of multilateral and bilateral assistance, will amount to US\$70 million. Debt servicing, even with debt relief of US\$36 million will still be problematic in 1993. The debt service is projected at 28.4% of exports this year. Gross international reserves are targeted to increase by US\$13 million, leaving the country with a financing gap of US\$23 million. We will appeal to our friends in the international community to assist us to secure critical assistance to close this gap.

5.36 **Fiscal Projections** Turning now to current revenues, I have budgeted for total receipts to increase to G\$21.3 billion, an increase of almost 20%. Of this, Customs and Excise Department is projected to collect G\$7.8 billion, and Inland Revenue Department, G\$8.3 billion. These improvements will stem from the measures and initiatives which I shall announce shortly.

5.37 The primary surplus, that is, excluding interest charges, is projected at G\$8,741 million or 19% of GDP in 1993 compared to only 18.4% in 1992. This directly impacts on the financing available for the rehabilitation of social and economic infrastructure and for meeting our substantial debt service obligations.

5.38 Capital revenues, largely derived from divestment proceeds are anticipated to total G\$828.6 million. This revenue represents scheduled payments due from existing divestment contracts in respect to Guyana Fisheries Limited, the Guyana National Trading Corporation, Quality Foods Limited, Demerara Woods Limited and the Guyana National Paint Company.

5.39 Capital expenditure is budgeted to expand by 73% to G\$8,377 million, of which G\$557m is to be transferred to GEC from IDB resources and G\$7.3 billion represents the level of Central Government capital formation. The overall deficit for 1993 is projected at 40.1% of GDP.

**5.40 Monetary and Credit Aggregates** Mr. Speaker, in line with the lower expected inflation and the corresponding decline in interest rates, the growth rate in monetary aggregates is expected to subside in 1993 compared with 1992. Following a growth rate of 60.4 per cent in 1992, money and quasi-money is expected to expand by 15 per cent in 1993. Within this overall growth, currency in circulation and demand deposits are projected to increase by 10.8%, more closely in line with the inflation rate of 9% than the interest earning time and savings deposits (17.0%). However, the growth rates of these aggregates could exceed present projections if the balance of payments strengthens by more than is currently anticipated.

**5.41 Domestic Credit and Interest Rates** Domestic credit expansion will continue to be closely monitored to avoid pressure on the foreign exchange market and on prices. It should be stressed, however, that substantial allowance has been made for bank accommodation to the private sector, because of the constraints which will continue to restrict credit to the public sector.

**5.42** Credit to the private sector is projected to increase by 15%, expanding its share of total domestic credit from 66.7% in 1992 to 73.2% in 1993. Public sector borrowing is expected to decline by 16.3% in 1993, reflecting improved performance in the finances of the Central Government as well as the public enterprises.

**BUDGET PROPOSALS AND MEASURES****A. CONSUMPTION TAXES, DUTIES AND OTHER CONCESSIONS**

6.01 The Administration of the Consumption Tax Legislation will be reviewed to ensure that the following basic objectives are satisfied, namely:

- (i) Assisting the small farmers in resuscitating the poultry and meat industry;
- (ii) Allowing for higher acreage of food crops to be put into meaningful production;
- (iii) Stimulating the local manufacturer to produce for local consumption and exports on a competitive basis; and
- (iv) Ensuring an abundant and cheap supply of food to the populace.

The measures outlined below are expected to produce immediate results.

6.02 Mr. Speaker, in this regard, Consumption Tax on all inputs required for the local production of consumer goods will be waived. Such inputs include inter alia, hatching eggs, incubators, concentrates for the manufacturing and processing industries. In addition, Duty and Consumption Taxes on tractors, ploughs, harrows, and combine harvesters, required for agricultural production by small farmers, will be waived.

6.03 **Waiver of Taxes and Duties on Large Buses**

The cost and availability of reliable transport around the country are major problems facing commuters. In order to improve transportation facilities, the Government has decided to waive duties and taxes on imported buses with seating capacity for 30 or more.

6.04 In the near future, the Government will review the current regime of Investment and Export Incentives and announce a comprehensive package of fiscal incentives designed to reflect its priorities. This measure is intended to direct the flow of investment not only to priority sectors and sub-sectors, but also to areas of high unemployment. In addition, steps will soon be taken to ensure that the base for the levy of Consumption Taxes on locally manufactured goods is consistent with that used for the same levy on imported goods.

## 6.05 PERSONAL INCOME TAX AND SALARY AND WAGE INCREASES

- (a) Effective from the Year of Assessment 1994, that is to say, year of income commencing on the January 1, 1993, the Income Tax threshold will increase from \$72,000 per annum to \$120,000 per annum. Every taxpayer will be allowed a deduction of \$120,000 per annum. In consequence, the 1/3 allowance on Taxable Incomes will be withdrawn.
- (b) In addition, Mr. Speaker, the three tier tax rate structure will give way to a single rate of 33 1/3 percent on all taxable income in excess of the allowance of \$120,000 per annum.
- (c) These personal income tax changes will benefit all those whose monthly taxable incomes are below \$31,250.

Further, an additional 30,500 low income earners will be exempt from income tax. At the same time, the proposed upgrading of the salary structure of the public service will ameliorate the increased tax burden on Public Servants earning above \$31,250 per month, numbering just over 500. Indeed, an increased tax burden has been placed on some 9,000 middle and higher income earners with the ability to contribute more to the fisc. However, with the reduction of the rate from 40 percent to 33 1/3 percent, the maximum effective rate of tax has increased by a palatable 6 percent from 26.7 percent to 32.7 percent for the very high income earners.

6.06 The topic of salary increases for workers peaks the ears and attention of all. Mr. Speaker, I wish to preface my remarks on this subject with the simple, insightful wisdom of Joseph Addison who said:

"the man who will live above his  
present circumstances, is in great  
danger of soon living beneath them."

6.07 The Government recognizes that the present pauperized plight of the working class in our nation is a direct result of 28 years of PNC mismanagement and corruption. It was the PPP/CIVIC's commitment to correct this deplorable state of ruin and neglect that helped us capture the imagination of the majority of Guyanese - victoriously sweeping us to office last October.

6.08 But the ills and wrongs of 28 years cannot be righted in the fleeting breath of 12 months. Given the state of widespread social poverty and infrastructural deterioration, as much as the Government wishes to do otherwise, the limited resources at the nation's disposal cannot deliver miraculous wonders overnight. We cannot burn the candle at both ends; and if we do not economize now, we will surely agonize further later.

6.09 Mr. Speaker, we are confident that the majority of Guyanese, like their Government, are cognizant of global economic trends. Guyana is part of the league of democratic nations playing in a dynamic global marketplace. As citizens of the global village, we cannot insulate ourselves from the macro-realities of international economic developments - the trends of which are constrictive at present.

6.10 It is against the present international backdrop of contraction and our near disastrous domestic condition of ruination that we must exercise prudent fiscal policies for real medium and long-term growth and development. To do otherwise is to be penny wise and pound foolish. With all Guyanese workers strenuously striving for greater productivity in every area of human endeavour, we will continue to develop and maintain the fierce international competitiveness - which is vital in our pursuit of sustained national well-being and economic vibrancy.

6.11 Mr. Speaker, in 1993, Government will ensure that real income does not erode or deteriorate further. The Real Income on average will increase by 11% this year for public servants. This amounts to a wage and salary increase 150% more than what the former regime had programmed for 1993. Of the total amount budgeted, 50% will be funded from recurrent revenue, and the remainder will come from the World Bank Public Administration Project, referred to previously in section 4.32. The wage and salary increase program will be effective from July 1, 1993.

6.12 Under the SIMAP programme, during 1993, mothers and children, NIS pensioners, social assistance recipients and widows will all receive income supplements of G\$500 per month. In addition, low paid public servants will receive G\$550 per month.

6.13 In order to alleviate the hardships on the elderly, it is proposed that the means test be abolished effective July 1, 1993. Part of the revenue that will be realized from increased taxation will be used to finance this extra cost necessary to allow every Guyanese, 65 years and over, to obtain a pension.

6.14 Mr Speaker, Guyana's greatest resource is its people. You will note also that in terms of our capital and recurrent expenditures, the focus is on the development of social and physical infrastructure, with specific importance attached to health, agriculture and education, to ensure that as development accelerates, the necessary infrastructure is in place to facilitate the process.

#### 6.15 INCREASING REAL INCOMES

We embarked on a mission implementing a mechanism for continuously improving real incomes and ameliorating poverty. The new approach to personal taxation, salary and wage increase, coupled with the proposals for consumption tax and duty remissions in specific cases, and the measures introduced in late 1992 to reduce the cost of basic foodstuffs, will go a far way towards providing relief for the low-income group.

## 6.16 Corporation Taxes and Income Taxes

Two important tax measures are proposed. These are:

### I. Additional Corporation Tax [Development Levy]

Mr. Speaker, the combined corporate tax rate on commercial companies was reduced by 20 percent from 55 percent to 35 percent, effective from the year of income 1992. At the same time, the combined rate on non-commercial companies was reduced by 10 percent from 45 percent to 35 percent. My Government will ensure that manufacturing and productive enterprises are given fiscal support consistent with our developmental objectives. However, we cannot be unmindful of the need for revenue to meet the various claims on the economy. It is therefore proposed that from the year of assessment commencing on 1st January 1994, all commercial companies carrying on business in Guyana shall be charged an additional corporation tax of 10 percent on their chargeable profits, effectively increasing the corporation tax rate for these companies to 45 percent.

The assesseees will be required to make advance payments of corporation tax at the rate of 45 percent on 15th March, 15th June, 15th September and 15th December 1993 to the Commissioner of Inland Revenue. For the purpose of this measure "Commercial Company" means a company at least seventy-five percent of the gross income of which is derived from trading in goods not manufactured by it, and includes any commission agency, any telecommunication company, any body corporate, licensed or otherwise, authorized by law to carry on banking business in Guyana, and any company carrying on insurance business in Guyana other than long-term insurance business as defined in Section 2 of the Insurance Act 1970.

### II Hotel Accommodation Tax

A 10 percent Room Tax would be charged, levied and collected on the proceeds of the letting of all hotel accommodation. For the purpose of this measure "Hotel" means a building or group of buildings in Guyana together comprising not less than sixteen [16] bedrooms, occupied for the purpose of providing hotel accommodation for reward. The tax will be administered by the Commissioner of Inland Revenue, and would be effective from 15th March, 1993.



6.17 In addition to the above measures, Mr. Speaker, it is proposed to facilitate effective tax administration by introducing the following measures:

I. **Registration of Landlords**

Every landlord will be required to register with a Central Authority [to be designated] giving certain information including:

- (a) Names and addresses of landlords.
- (b) Location of rented properties.
- (c) Names of tenants; and
- (d) Names and addresses of agents.

Such information would be accessed by the Commissioner of Inland Revenue for taxation purposes. When implemented, registration should be completed within a specified time period, and penalties will be imposed for non-compliance.

II. **Persons Leaving Guyana**

The Commissioner of Inland Revenue will be empowered to issue a directive to the Commissioner of Police or Chief Immigration Officer, or both, to prevent a delinquent taxpayer from leaving Guyana without paying outstanding taxes or furnishing security to the satisfaction of the Commissioner for the payment of those taxes.

## 6.18 TAXES, LICENCES AND OTHER FEES ADMINISTERED BY THE INCOME TAX LICENCE REVENUE DEPARTMENT

Certain taxes, licenses and other fees which are currently set at unrealistic levels will be increased accordingly. These include: (see annexes for details of principal changes)

- . License Fees for Vehicles;
- . Trading and Betting Shop Licenses;
- . Road Traffic Vehicles Fees;
- . Airport Departure Tax;
- . Tax on Airline Tickets;
- . Professional Fees; and
- . Revenue stamp on passports.

Let me add briefly, Mr. Speaker, that the Government has printed 50,000 passports to expedite the processing of passport applications and to undercut the petty corruption and bribery associated with issue of passports. The additional revenue collected from this source will supplement the administrative cost of processing and issuing of passports.

With immediate effect, the radio licence fee shall be abolished.

## 6.19 MISCELLANEOUS REGULATIONS

The following Acts will be amended to bring to a realistic level the fees and penalties payable by operators of the relevant businesses or persons engaged in activities requiring payment of such fees:

90:14	Weights and Measures Act
80:04	Miscellaneous Licenses Act
69:05	Coconut Products Control Act
95:05	Rice Factories Act
80:01	Tax Act
82:02	Consumption Tax Act
82:01	Customs Act
82:04	Spirits Act
82:03	Beer Regulations
71:08	Fisheries Act
91:06	Hucksters Licenses and Control Act
85:01	Banking Act
82:01	Petroleum Act

6.20 **CONCLUSION** Since accepting office, I am pleased to announce, Mr Speaker, that we have already established credibility with the Multilateral Agencies and friendly Governments, all of whom are prepared to work with us to slowly lessen the impact of the massive debt burden our Honourable friends, opposite, who guided the ship before, have bestowed on us.

6.21 Fortunately for us, Mr Speaker, we have an abundant reservoir of natural resources, a Bank of skills, now scattered all over the world, and a Government which is representative of all our peoples. Recognizing that we need to combine those resources with technology, capital and management, **it shall be the prime objective of this Government to explore all possibilities with National and International Corporations for the injection of the high levels of financial resources and the relevant technological and managerial inputs to develop resource based industries and to increase value added where possible within Guyana.**

6.22 Conscious of the fact that the pace at which our development proceeds is dependent on our ability to alleviate our debt service burden, **we shall continue to seek assistance in the form of grants, debt write-off and rescheduling from bilateral agencies and friendly Governments, and concessionary financing from IFIs.** It is our view, that our appreciation of the serious problems we face, the prudent measures we have taken so far, and the responsible approach we have adopted in seeking solutions, have already convinced all these agencies that we are capable of resuscitating the Guyana economy.

6.23 It is expected that the actions taken to increase the concessions for re-migrants and to improve the incentives package for local and foreign investors, will induce skilled and professional Guyanese to return home to rebuild the shattered economy we inherited from a bankrupt administration.

6.24 Mr. Speaker, we went backwards instead of forwards during the last 28 years. We have now begun to move forward. We must ensure that we continue on the road leading to rapid development. We must capitalize not only on the abundant resources, the flamboyant natural flora and rich fauna, but more importantly, on our array of diversified human culture and heritage, derived from Africa, America, Asia, and Europe. As our President remarked, "we are like a garden where several flowers bloom, each enhancing the other in a harmonious blend of rainbow colours, beautiful to behold". A scholar has pointed to the fact that once before in history, from such a mixture of peoples bloomed the ancient Greek civilization. Africans, Amerindians, Asians, and Europeans, in short, a similar blend of peoples and cultures have once again been given that opportunity to rebuild a nation. Let us capitalize on it, for "it may not pass our way again".

6.25 Mr. Speaker, this is the season of hope and renewal; faith and rebirth. This is the season of victory that follows austere self-sacrifice. The Guyanese people have patiently endured nearly three decades of sustained economic contraction during which we witnessed the reversal of every positive economic and social indicator.

6.26 But rich indeed is the confluence of time we stand on now. The glorious month of Ramadan commingled with the Lenten presage of resurrection and Phagwah's colourful celebration of good over evil. All of these reflect a richness that is filled with much more significance than mere coincidence. Like never before, the words of Martin Carter, Guyana's celebrated poet echoes in the hearts of our people and now in this august chamber

"everywhere the songs of life are floating  
like new ships on a new river sailing, sailing.

Tomorrow and the world  
and the songs of life and all my friends -  
Ah yes, tomorrow and the whole world  
awake and full of good life."

6.27 Mr. Speaker, after decades of wandering with the PNC in the dreary wilderness of despair, the PPP/CIVIC government presents the Guyanese people with a budget which will engender and rekindle hope in not only the private and public sectors, but also in the hearts and minds of the young and old, the rich and the poor, the downtrodden and forgotten, our children and their children's children.

The long dark night is over. The dawn belongs to us to make of it what we can and must. Through resolute determination, the sun of success and achievement will shine bright again on the hallowed shores of our beloved Guyana. With a government that is committed to harnessing its vast natural resources - but not to the exclusion or detriment of developing and investing in the greatest of all resources, its people - we can demonstrate once again to the world "what Guyana's sons and daughters can be."

6.28 Mr. Speaker, Honourable Members, I beg to commend this budget to the House, and move the motion for the approval of the Estimates of Revenue and Expenditure for the year 1993

**STATISTICAL ANNEXE**

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# ANNEXE 1

## REVENUES AND EXPENDITURES OF THE CENTRAL GOVERNMENT

G\$Mn

ITEM	BUDGET 1993	LATEST ESTIMATES 1992	BUDGET 1992	ACTUAL 1991
Current Revenue	21257.3	17721.9	16292.4	11823.6
Inland Revenue	8266.2	6531.3	4357.8	3986.5
Customs & Excise	7786.6	6446.9	6400.1	4730.1
Sugar Levy	3650.0	3150.0	3400.0	962.1
Other	1554.5	1593.7	2134.5	2144.9
Current Expenditure	12515.9	10292.7	11022.0	8465.4
Employment Costs	3963.7	3030.0	3000.7	2248.3
Other Charges	8552.2	7262.7	8021.3	6217.1
Interest Expenditure	9210.6	8839.2	13723.0	9917.5
Domestic	3683.4	5262.1	5035.1	4152.8
External (Scheduled) <sup>1/</sup>	5527.2	3577.1	8687.9	5764.7
Current Balance	-469.2	-1410.0	-8452.6	-6559.3
Capital Revenue	828.6	505.5	573.7	1568.8
Capital Expenditure	8376.6	4850.4	6257.8	4327.6
Debt Repayment	10299.8	9378.5	6911.6	8092.3
Domestic	304.9	783.6	222.7	191.7
External (Scheduled) <sup>1/</sup>	9994.9	8594.9	6688.9	7900.6
<b>OVERALL BALANCE</b>	<b>-18317.0</b>	<b>-15133.4</b>	<b>-21048.3</b>	<b>-17410.4</b>
<b>TOTAL FINANCING</b>	<b>18317.0</b>	<b>15133.6</b>	<b>21048.3</b>	<b>17410.4</b>
Local	-215.8	3574.5	5123.7	1406.6
External	18532.8	11559.1	15924.6	16003.8
Total Financing as a Percentage of GDP	40.1	40.9	58.2	51.8
Scheduled Debt Service as a % of Total Revenue	88.3	99.9	122.3	134.4

<sup>1/</sup> ➔ Budget 1992 is for non-financial public sector.

**SOURCE:** Ministry of Finance

## ANNEXE 2

## MAIN CHANGES IN LICENCES, TAXES AND FEES

HEAD OF REVENUE	INCREASE	
	FROM	TO
	G\$	G\$
Airport Tax	1,000	2,000
Professional Fees	2,500	10,000
Banking Licence Fees (city)	10,000	500,000
(non-city)	5,000	250,000
Betting Shop Licence	1,500,000	2,000,000
Passport Stamps (regular)	500	1,000
(business)	1,000	2,000
	%INCREASE	
Vehicle Licence	100%	
Certificate of Fitness	100%	
Trade Licence	100%	
Huckster's Licence	100%	
Tax on Airline Tickets	50%	

## ANNEXE 3

## SUBSET OF MAJOR SECTOR INVESTMENT PROJECTS

1988-1992

PROJECT/PROGRAMME	EXECUTING AGENCY	EXPENDITURE G\$MN	OBJECTIVES
<b>A. AGRI. FORESTRY &amp; FISHING</b>			
1. Sea and River Defences	Ministry of Agriculture	1,149.63	Rehabilitation of Sea and River Defences
2. MMA Irrigation Project	Ministry of Agriculture	1,096.31	Provision of water control, drainage and irrigation for 37,000 acres.
3. Agri. Sector Programme	Ministry of Agriculture	22.00	Rehabilitation of existing D & I facilities at Leguan, Cane Grove Canal Polder & Pomeroun.
4. Upper Demerara Forestry Project	Ministry of Agriculture	13.00	Development of forestry resources.
5. Black Bush Irrigation Project	Ministry of Agriculture	336.72	Rehabilitation of D & I, Torani Canals, Mibicuri Pump Station.
6. Tapakuma Irrigation Project	Ministry of Agriculture	175.00	Water Control for 75,000 acres.
7. D & I Rehabilitation Project	Ministry of Agriculture	196.83	Rehabilitation of D & I at Buxton/Friendship, Vreed-en-Hoop/La Jalousie.
8. Food Crop Marketing	GHC & Ministry of Agriculture	4.00	Provision and Improvement of refrigerated storage and transport facilities for small farm produce.
9. Industrial Reactivation	GAIBANK	1,277.86	Rehabilitation of productive facilities in the rice and manufacturing sectors.
10. Artisanal Fisheries Project	Ministry of Agriculture	246.06	Construction of wharves, boats, ramps, fish storage and ice making facilities, provision of equipment



PROJECT/PROGRAMME	EXECUTING AGENCY	EXPENDITURE G\$MN	OBJECTIVES
11. Rice Modernisation	Guyana Rice Board	69.00	Improvement of rice milling facilities.
12. NARI	Ministry of Agriculture	305.37	Training, research and establishment of tissue culture facilities.
13. Factory and Field Rehabilitation	GUYSUCO	6,045.36	Upgrading productive capacity.
14. Agriculture Rehab. Project	Ministry of Agriculture	220.30	Procurement of inputs for rice and sugar industries.
(B) MINING & QUARRYING			
1. Guymine - Capital Works	Guymine	3,879.45	Rehabilitation and purchase of equipment.
2. Rehab. of Quarries	Ministry of Finance	81.26	Rehabilitation of quarries, GNS, Toolsie Persaud & Baracara.
(C) POWER			
1. Power Stations and Management Systems Improvement	Guyana Electricity Corporation	863.25	Rehabilitation of power stations and implementation of management contract.
(D) TRANSPORT & COMMUNICATIONS			
1. Demerara Harbour Bridge	Ministry of Public Works, Comms. & Reg. Development	250.10	Construction and Maintenance of bridge across Demerara River.
2. Feeder Road Project	Ministry of Public Works, Comms. & Reg. Development	130.00	Construction and Rehabilitation of feeder roads.
3. Upper Demerara Forestry Project	Ministry of Public Works Comms. & Reg. Dev.	12.00	Rehabilitation of road.
4. Mabura/Lethem Road	Ministry of Public Works, Comms. & Reg. Dev.	833.80	Construction of road link - Lethem/Kurupukari.
5. Timehri Airport	Ministry of Public Works,	233.00	Improved facilities at Timehri

PROJECT/PROGRAMME	EXECUTING AGENCY	EXPENDITURE G\$M	OBJECTIVES
6. Black Bush/East Berbice	Ministry of Public Works, Comms. & Reg. Dev.	38.30	Rehabilitation of Roads.
7. Ferry and Cargo Vessels and Ship	Ministry of Public Works, Comms. & Reg. Dev.	73.11	Rehabilitation of ferry, cargo vessels and ships.
8. Stellings and Wharves	Ministry of Public Works, Comms. & Reg. Dev.	7.76	Rehabilitation of stellingen at Parika, Leguan, Rosignol & West R/Veldt.
9. Urban Roads and Drains	Ministry of Public Works, Comms. & Reg. Dev.	45.50	Rehabilitation of roads and drains in urban areas.
(E) MANUFACTURING			
1. Textile Mill	Sanata Textiles Ltd.	86.84	Expansion of facilities.
2. Plant and Equipment	GPC	84.72	Installation of plant and purchase of equipment.
(F) SOCIAL SERVICES			
1. Referral Hospitals	Ministry of Health	34.38	Construction of referral hospital.
2. Medex Programme	Ministry of Health	12.00	Programme to train para-medical personnel.
3. Rural Health Centres	Ministry of Health	20.90	Construction and rehabilitation of rural health facilities.
4. Georgetown Hospital Health Care II	Ministry of Health	821.49	Improved Health Care Services at Georgetown Hospital.
5. Secondary Education Project	Ministry of Education	47.00	Rehabilitation and construction of schools and other facilities.
5. Nursery, Primary and Secondary	Ministry of Education	55.56	Major rehabilitation works on school buildings.
6. President's College	Ministry of Education	62.50	Construction of college.
7. Human Resources Development Project	Ministry of Education	786.10	Construction of new facilities at UG; rehabilitation of GTI, NATI, GTC and Student Revolving Loan Fund.
8. Primary Education Improvement Project	Ministry of Education	221.98	Construction and rehabilitation of Primary Schools.

PROJECT/PROGRAMME	EXECUTING AGENCY	EXPENDITURE G\$M	OBJECTIVES
10. Urban and Rural Water Supply	GUYWA	354.60	Rehabilitation and expansion of rural water supply systems.
11. Georgetown Sewerage & Water Commission	GUYWA	131.64	Rehabilitation of Georgetown Water and Sewerage Systems.
12. Urban Rehabilitation	Ministry of Public Works, Comms. & Reg. Dev.	14.75	Establishment of Urban Renewal Project.
13. Development of Text Books	Ministry of Education	28.12	Preparation of Text books.
(G) ADMINISTRATION			
1. IAST	Ministry of Planning and Development	124.70	Research and Development of agro- industrial products and alterna- tive energy systems.
2. Police Stations and Buildings	Ministry of Home Affairs	62.70	Rehabilitation of Police Stations and buildings.

ANNEXE 4  
SELECTED SOCIO-ECONOMIC INDICATORS  
OF GUYANA

SIZE AND POPULATION

Area 83,000 sq. miles (215,000 sq. Kilometers)

Population (1992) 737,945

POPULATION CHARACTERISTICS

	1985	1986	1987	1988	1989	1990	1991	1992
Urban population (percent of total)	30.9	28.3	30.4	32.5	32.0	32.1	32.1	32.2
Population density per square mile of agricultural land	119.8	121.3	123.2	121.2	121.0	120.0	120.1	120.2
Population Age Structure (percent)								
0 - 14 years	37.1	36.9	37.5	36.9	37.1	37.0	36.9	36.8
15 - 64 years	52.8	59.3	58.7	59.3	59.1	59.0	59.1	59.3
65 and above	4.7	3.9	3.8	3.8	3.8	4.0	4.0	3.9
Crude Birth Rate (per thousand)	25.5	24.0	24.0	26.1	26.5	26.0	24.2	24.1
Crude Death Rate (per thousand)	6.6	8.0	8.0	8.0	7.9	8.0	6.9	7.0
Total Fertility Rate	3.0	2.6	2.6	2.8	2.6	3.1	2.8	2.8
Life Expectancy at Birth (yrs)	70.0	63.0	63.0	63.3	65.2	65.0	65.0	64.7
Infant Mortality Rate (per thousand)	43.9	45.3	49.0	47.0	45.0	45.0	43.0	42.9

FOOD, HEALTH AND NUTRITION

Index of food Production per capita (1974 = 76 = 100)	90.3	97.0	95.4	93.8	89.7	89.0	89.0	90.1
Per capita supply of:								
Calories (percent of requirements)	101.1	96.0	88.5	87.0	77.0	70.0	83.0	83.2
Proteins (grams per day)	65.0	59.2	61.9	58.0	50.1	49.0	52.0	52.2
Population per Physician (thousand)	6.2	3.2	5.0	5.5	5.4	5.0	5.1	5.0
Population per Nurse (thousand)	0.3	0.3	0.3	0.3	1.8	1.8	1.7	1.7
Population per Hospital Bed (thousand)	3.7	4.0	4.0	4.5	4.5	5.0	5.0	4.8
Access to safe water (percent of population)								
TOTAL	83.4	82.5	81.5	83.0	83.0	85.0	85.0	84.2
URBAN	100.0	99.0	98.0	99.0	99.0	100.0	99.0	98.0
RURAL	76.0	76.0	74.9	76.1	76.0	77.0	78.0	78.2

## SELECTED SOCIO-ECONOMIC INDICATORS(cont'd)

	1985	1986	1987	1988	1989	1990	1991	1992
<b>EMPLOYMENT AND LABOUR</b>								
Total Public Sector	75,947	74,048	74,578	70,394	66,928	65,167	65,090	63,689
(i) Central Government	28,686	28,650	27,411	24,493	22,034	19,280	18,123	17,062
(ii) Rest of Public Sector	47,261	45,398	47,167	45,901	44,894	45,887	46,967	46,627
<b>WORK STOPPAGES</b>								
(a) Total Strikes	717	453	497	349	138	329	307	258
(i) Sugar Industry	712	447	489	345	134	315	257	237
(ii) Bauxite Industry	3	1	2	1	2	1	0	1
(iii) Others	2	5	6	3	2	13	50	20
(b) Total Man - days Lost	209,083	138,364	131,449	232,595	686,356	N.A.	N.A.	N.A.
(i) Sugar Industry	208,443	135,109	128,986	231,089	594,339	229,291	110,871	126,059
(ii) Bauxite Industry	75	212	88	36	90,001	62	0	N.A.
(iii) Others	565	3,043	2,375	1,470	2,016	N.A.	N.A.	688
(c) Total Man - days Lost per strike	506	1,123	704	1,196	50,444	N.A.	N.A.	N.A.
(i) Sugar Industry	293	302	264	670	4,435	728	431	532
(ii) Bauxite Industry	25	212	44	36	45,001	62	0	N.A.
(iii) Others	188	609	396	490	1,008	N.A.	N.A.	34
(d) Amount of Wages / Salaries Lost (\$'000)	4,364	2,944	3,824	8,104	44,009	N.A.	N.A.	N.A.
(i) Sugar Industry	4,354	2,886	3,753	8,066	37,369	16,856	21,510	114,432
(ii) Bauxite Industry	3	10	5	1	6,568	N.A.	0	N.A.
(iii) Others	7	48	66	37	72	N.A.	N.A.	165
<b>EDUCATION AND TRAINING</b>								
Students reaching Grade 6 or Standard IV (percent)	81.0	81.0	84.1	80.2	80.0	82.0	80.0	82.2
<b>CONSUMPTION</b>								
Energy Consumption per capita (KG. of oil equivalent)	361.6	379.4	347.7	382.2	385.4	386.0	386.7	387.2
Passenger car (per thousand population)	33.2	31.4	35.6	34.7	31.3	31.9	33.5	42.7
Newspaper Circulation (per thousand population)	96.2	105.4	85.9	78.3	38.2	39.3	42.4	46.4

SOURCE: STATE PLANNING SECRETARIAT

## GUYANA - KEY ECONOMIC INDICATORS, 1990-96

	Actual	Prelim.	Projections				
	1990	1991	1992	1993	1994	1995	1996
GDP Growth Rate f.c	-3.0	6.0	7.7	7.8	7.2	6.6	6.3
GDP/Capita Growth Rate	..	6.0	7.7	7.7	7.1	6.5	6.2
Consumption/Capita Growth Rate	..	4.5	25.4	-27.0	0.9	2.9	-1.3
Total DOD a/ (in US\$)	2172.9	2071.2	2067.7	2127.5	2149.3	2161.6	2183.2
DOD/XGS b/	871.0	721.1	590.7	441.3	389.2	339.8	303.2
Debt Service (in US\$)	261.1	170.0	138.4	137.2	159.7	154.2	153.1
Debt Service/XGS c/	104.7	59.2	39.5	35.8	37.1	31.7	28.5
Interest/XGS (paid)	35.0	41.2	24.6	17.9	17.5	14.7	12.6
Gross Investment/GDP	36.3	31.0	33.0	34.0	35.0	35.0	35.0
Domestic Savings/GDP	25.9	28.6	16.4	46.9	51.6	55.0	60.6
National Savings/GDP	-5.0	-73.0	-73.4	-44.0	-47.4	-42.2	-40.5
Export Growth Rate	-5.3	17.6	17.1	35.5	9.7	9.8	9.9
Exports/GDP (Current Prices)	59.7	128.2	110.0	124.0	125.4	127.3	130.2
Import Growth Rate	-2.7	5.7	38.0	-1.9	6.4	6.9	5.3
Imports/GDP (Current Prices)	70.1	145.5	147.6	123.7	123.0	123.1	123.0
Current Account (in US\$)	-161.8	-157.6	-230.7	-121.8	-139.8	-137.7	-141.5
Current Account/GDP	-41.3	-74.7	-76.4	-33.3	-33.7	-29.4	-26.9
Current Account/XGNFS	-69.2	-58.3	-69.5	-26.9	-26.9	-23.1	-20.7
Terms of Trade Index	100.0	91.6	91.5	89.6	88.3	87.1	85.3

a/ Debt outstanding and disbursed.

b/ Exports of goods and services. A meaningful analysis of time trends in relation to nominal GDP is precluded by (i) the underestimation of GDP, and (ii) the wide disparities in the impact of a of major devaluations upon the magnitudes of external debt and nominal GDP.

c/ Exports of Goods and Non-Factor services excludes 95% of OMAI's exports which flow out as factor payments.

Source: Ministry of Finance projections.

## GUYANA - EXTERNAL TRADE

A. Volume, Value and Prices	Actual	Prelim.	Projections				
	1990	1991	1992	1993	1994	1995	1996
<b>Merchandise Exports</b>							
	-----Volume Index 1990=10100-----						
Calcined Bauxite	100.0	104.5	70.5	70.5	88.2	105.8	127.0
Dried Bauxite	100.0	102.0	73.4	80.8	98.6	118.3	136.0
Sugar	100.0	113.5	182.4	182.4	184.2	187.0	189.8
Rice	100.0	108.0	210.6	252.7	278.0	305.8	336.4
Gold	100.0	161.0	182.4	950.3	1092.9	1256.8	1445.3
Spirits	100.0	164.0	205.0	194.8	214.2	230.3	246.4
Timber	100.0	150.0	187.5	225.0	253.1	278.4	303.5
Other Goods	100.0	110.0	121.0	127.1	133.4	140.1	147.1
Total Merch. Exports FOB	100.0	310.0	341.0	354.3	389.7	428.7	471.6
	100.0	120.1	143.0	199.2	219.9	242.9	268.2
<b>Merchandise Exports</b>							
	-----Value (US\$ million)-----						
Calcined Bauxite	47	48	33	33	42	50	61
Dried Bauxite	33	31	23	26	33	40	48
Sugar	75	82	134	122	128	135	143
Rice	14	17	35	39	45	52	60
Gold a/	13	18	24	143	173	210	252
Spirits	5	9	12	12	14	16	18
Timber	3	4	6	7	8	10	11
Shrimp	8	9	11	11	13	14	15
Other Goods	6	20	23	25	28	32	37
Total Merch. Exports FOB	203	239	299	419	483	559	644
<b>Merchandise Imports</b>							
	-----Volume Index 1990=10100-----						
Petroleum and Other Energy	100.0	85.1	95.3	105.9	118.4	132.4	141.3
Other Goods	..	..	..	..	..	..	..
Total Merch. Imports CIF	100.0	93.5	140.1	150.6	161.1	173.1	182.9
<b>Merchandise Imports</b>							
	-----Value (US\$ million)-----						
Petroleum and Other Energy	87	78	84	87	105	126	146
Other Goods	151	159	290	327	364	409	457
Total Merch. Imports CIF	238	237	375	414	469	535	602
<b>Country Indices</b>							
	-----Price Indices 1990=1=100-----						
Merchandise Exports	100.0	98.0	103.1	103.6	108.3	113.4	118.3
Merchandise Imports	100.0	107.0	112.6	115.7	122.6	130.2	138.7
Merch. Terms of Trade	100.0	91.6	91.5	89.6	88.3	87.1	85.3

a/ Includes increased operations of OMAI

GUYANA - ACTUAL AND PROJECTED BALANCE OF PAYMENTS, 1990-1996  
(US\$ million)

	Actual	Prelim.	Projections				
	1990	1991	1992	1993	1994	1995	1996
A. Exports of Goods & NFS	234	271	332	454	520	597	684
1. Merchandise (FOB) a/	203	239	299	419	483	559	644
2. Non-Factor Services	31	32	33	35	36	38	40
B. Imports of Goods & NFS	275	307	446	452	509	577	646
1. Merchandise (CIF)	238	237	375	414	469	535	602
2. Non-Factor Services	37	70	71	38	40	42	44
C. Resource Balance	(41)	(37)	(114)	1	10	20	38
D. Net Factor Income	(134)	(135)	(131)	(138)	(165)	(178)	(195)
1. Factor Receipts	3	3	4	14	18	19	20
2. Factor Payments	137	138	135	152	183	197	215
Interest on LT	73	45	63	65	76	75	73
Total Interest	87	118	86	86	97	94	91
E. Net Current Transfers	13	14	14	15	15	20	15
F. Current Account Balance	(162)	(158)	(231)	(122)	(140)	(138)	(141)
G. Long-Term Capital Inflow	113	160	203	75	95	87	90
1. Direct Investment	16	73	160	21	21	21	25
2. Official Capital Grants	15	56	25	27	37	37	29
3. Net LT Loans (DRS data)	78	2	8	23	35	28	37
a. Disbursements	150	54	60	70	77	67	76
b. Repayments	72	52	52	48	42	39	40
c. Debt Relief	0	0	0	0	0	0	0
5. Other Inflows	4	29	10	5	2	0	0
H. Total Other Items (net)	15	81	95	0	0	0	0
1. Net Short Term Capital	0	0	0	0	0	0	0
2. Capital Flows N.E.I.	0	83	0	0	0	0	0
3. Errors and Omissions	15	(2)	95	0	0	0	0
I. Changes in Net Reserves	33	(83)	(67)	(13)	(3)	(2)	(5)
1. Net Credit from the IMF	2	38	25	9	(21)	(21)	(22)
3. Other Reserve Changes	31	(121)	(92)	(22)	18	19	17
J. Financing Gap	-0.00	-0.00	0.00	58.97	48.02	53.02	57.19
o/w Debt Relief				36.00			
I. Exceptional Financing	-0.00	-0.00	0.00	22.97	48.02	53.02	57.19
Memorandum Item:							
GDP (Mins. of Current US\$)	391.6	211.1	301.9	365.8	414.3	469.0	525.7
Gross Reserves	38.3	123.3	193.0	205.6	208.9	210.9	216.4
Gross Reser. (Mon. of Imp. and D/S)	0.9	3.1	4.0	4.2	3.7	3.5	3.2

a/ Includes increased operations of OMAI.



GUYANA - ACTUAL AND PROJECTED EXTERNAL DEBT, 1990-96  
(US\$ million)

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	Actual	Prelim.	Projections				
	1990	1991	1992	1993	1994	1995	1996
<b>A. Disbursements</b>							
1. Public & Publicly Guar. LT	150	54	60	70	77	67	76
Official Creditors	150	54	60	70	77	67	76
Multilateral	122	48	52	65	74	66	75
of which IBRD	0	0	0	0	0	0	0
of which IDA	54	17	16	39	31	32	7
Bilateral	28	6	9	5	3	2	1
Private Creditors	0	0	0	0	0	0	0
Suppliers	0	0	0	0	0	0	0
Financial Markets	0	0	0	0	0	0	0
2. Private Non-Guar. LT	0	0	0	0	0	0	0
3. Total LT Disbursements	150	54	60	70	77	67	76
4. IMF Purchases	104	38	25	12	0	0	0
5. Net Short-Term Capital	0	0	0	0	0	0	0
6. Total incl. IMF & Net ST	254	92	85	82	77	67	76
<b>B. Repayments</b>							
1. Public & Publicly Guar. LT	72	52	52	48	42	39	40
Official Creditors	45	37	39	36	33	32	32
Multilateral	43	20	22	21	20	21	21
of which IBRD	31	6	7	6	5	5	5
of which IDA	0	1	1	1	1	1	1
Bilateral	1	17	17	15	13	11	12
Private Creditors	27	15	14	12	9	8	8
Suppliers	20	14	13	11	9	7	7
Financial Markets/Bonds	8	0	1	1	1	1	1
2. Private Non-Guar. LT	0	0	0	0	0	0	0
3. Total LT Repayments	72	52	52	48	42	39	40
4. IMF Repurchases	102	0	0	3	21	21	22
5. Total LT Repay.+IMF Repur.	174	52	52	51	63	60	62

GUYANA - ACTUAL AND PROJECTED EXTERNAL DEBT, 1990-96  
(US\$ million)

Page 2 of 2

	Actual	Prelim.	Projections				
	1990	1991	1992	1993	1994	1995	1996
<b>C. Interest</b>							
1. Public & Publicly Guar. LT	73	45	63	65	76	75	73
Official Creditors	64	40	60	63	75	74	73
Multilateral	61	20	19	19	18	17	16
of which IBRD	31	5	4	4	3	3	2
of which IDA	0	1	1	1	1	1	2
Bilateral a/	3	21	40	44	57	57	56
Private Creditors	9	4	3	2	2	1	1
Suppliers	4	4	3	2	1	1	0
Financial Markets/Bond	5	1	1	1	1	0	0
2. Private Non-Guar. LT	0	0	0	0	0	0	0
3. Total LT Interest	73	45	63	65	76	75	73
4. IMF Service Charges	0	50	4	7	6	4	3
5. Interest on ST Debt	15	24	18	14	14	14	14
6. Total incl. IMF & Net ST	87	118	86	86	97	94	91
<b>D. External Debt (DOD)</b>							
1. Public & Publicly Guar. LT	1601	1461	1536	1586	1629	1663	1706
Official Creditors	1513	1454	1529	1581	1624	1659	1703
Multilateral	471	481	550	594	647	693	747
of which IBRD	59	53	46	41	36	31	26
of which IDA	93	109	145	183	213	244	251
Bilateral	1042	973	979	987	977	966	958
Private Creditors	88	8	7	6	5	4	3
Suppliers	8	0	0	0	0	0	0
Financial Markets/Bonds	80	8	7	6	5	4	3
2. Private Non-Guar. LT	0	0	0	0	0	0	0
3. Total Long-Term DOD	1601	1461	1536	1586	1629	1663	1706
4. IMF Credit	108	146	171	180	159	138	116
5. Short-Term Debt b/	464	464	361	361	361	361	361
6. Total incl. IMF & Net ST	2173	2071	2068	2128	2149	2162	2183

a/ Increase in interest in 1997 reflects resumption of scheduled interest payments after rescheduling.  
Source: Ministry of Finance projections.