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## **Guyana: Recent Economic Developments**

This Recent Economic Developments report on Guyana was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the Government of Guyana or the Executive Board of the IMF.

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INTERNATIONAL MONETARY FUND

GUYANA

**Recent Economic Developments**

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Approved by the Western Hemisphere Department

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	Contents	Page
Basic Data .....		3
I. Background .....		5
II. Recent Economic Developments .....		6
A. Developments During 1993–97 .....		6
B. Developments in 1998 .....		10
III. Public Sector Reform .....		13
A. Fiscal Reform .....		13
B. Civil Service Reform .....		14
IV. Financial Sector and Business Environment Reforms .....		16
A. Financial Reform .....		16
B. Reform of Business Environment .....		19
V. External Sector Reform .....		20
Boxes		
1. Selected Financial Reform Measures .....		17
2. Selected Structural Reforms in the Trade System .....		21
3. Selected Structural Reforms in the Exchange System .....		22

## Tables

1.	Value Added by Sector .....	33
2.	Value Added by Sector at Current Prices .....	34
3.	Value Added by Sector at Constant 1988 Prices .....	35
4.	GDP by Expenditure at Current Prices .....	36
5.	Savings and Investment .....	37
6.	Consumer Prices .....	38
7.	Population Estimates .....	39
8.	Employment in the Public Sector .....	40
9.	Summary of the Operations of the Public Sector .....	41
10.	Operations of the Central Government .....	42
11.	Central Government Revenues .....	43
12.	Central Government Expenditures .....	44
13.	Summary of the Operations of the Public Enterprises .....	45
14.	Operations of the Public Corporations .....	46
15.	Monetary Survey .....	49
16.	Accounts of the Bank of Guyana .....	50
17.	Accounts of the Commercial Banks .....	51
18.	Net Foreign Assets of the Banking System .....	52
19.	Commercial Bank Credit by Sector .....	53
20.	Liabilities of the Banking System to the Private Sector .....	54
21.	Commercial Banks Liquid Asset Requirements .....	55
22.	Reserve Requirements of the Commercial Banks .....	56
23.	Private Sector Holdings of Domestic Financial Assets .....	57
24.	Private Nonbank Financial Institutions .....	58
25.	Selected Interest Rates .....	59
26.	Summary Balance of Payments .....	60
27.	Value, Price, and Volume Indices for Exports and Imports .....	61
28.	Commodity Composition of Exports .....	62
29.	Composition of Imports .....	63
30.	Services Account .....	64
31.	External Public Debt and Debt Service .....	65
32.	External Public Sector Debt .....	66
33.	Effective Exchange Rates and Related Series .....	67

## Figure

1.	Selected Economic Indicators .....	7
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## Appendices

I.	Strengthening and Reorganization of the Bank of Guyana .....	23
II.	Reform of the Insurance and Securities Trading Industries .....	26
III.	Summary of the Tax System as of December 31, 1998 .....	30

**Guyana: Basic Data**

**I. Social and Demographic Indicators**

Area (thousand sq. km)	215	Nutrition (1989)	
Population (1998)		Calorie intake (percent of requirement)	86.6
Total	773,439	Protein intake (per capita grams a day)	59
Rate of increase (percent a year)	-0.2	Health (1998)	
Density (per sq. mile of agricultural land, 1990)	113.5	Population per physician	2,326
GDP per capita (1997, U.S. dollars)	932	Population per hospital bed	236
Population characteristics (1998)		Access to safe water (percent of population, 1995)	83
Life expectancy at birth (years, 1995)	65	Urban	100
Crude birth rate (per thousand)	27	Rural	75
Crude death rate (per thousand)	6.8	Education (percent, 1993)	
Infant mortality (per thousand live births, 1996)	24.2	Secondary education enrollment rate	98
Income distribution (1995)			
By highest 20 percent of households	52		
By lowest 20 percent of households	6		

**II. Economic Indicators, 1993-98**

	1993	1994	1995	1996	1997	1998
(In annual percent changes)						
<b>National accounts and prices</b>						
GDP at constant 1988 market prices	8.2	8.5	5.0	7.9	6.2	-1.5
Agriculture, forestry and fishing	5.9	12.2	8.5	7.4	4.0	-5.1
Mining and quarrying	49	6.6	-11.4	15.2	15.0	2.7
Manufacturing	3.3	5.8	9.4	5.7	2.5	-8.9
Construction	3.5	20.0	9.7	14.0	13.1	4.8
Services	3.4	5.6	5.3	6.1	5.3	0.7
Consumer price index (end of period)	...	16.1	8.1	4.5	4.2	4.7
(In percent of GDP)						
Gross investment	41.5	27.2	31.8	30.1	30.3	28.7
Private investment	22.1	15.6	15.5	11.0	12.3	14.3
Public investment	19.4	11.6	16.3	19.1	18.1	14.4
Private consumption	62.7	70.8	64.3	61.4	62.3	65.3
Public consumption	15.6	14.9	14.9	16.0	17.1	17.6
Gross national saving	12.8	8.7	13.9	20.9	16.2	15.1
(In millions of Guyana dollars)						
<b>Public sector finances</b>						
Revenue 1/	17,248	23,582	32,996	39,298	38,787	38,329
Noninterest expenditure 2/	12,009	11,588	13,246	16,058	18,709	19,500
Current primary balance (deficit -)	5,239	11,994	19,750	23,240	20,078	18,829
Overall balance before grants (deficit -)	-12,146	-4,276	-3,511	-3,147	-9,293	-5,514
Overall balance after grants (deficit -)	-9,438	-799	-1,831	1,203	-3,196	-3,756
(In percent of GDP)						
<b>Memorandum items:</b>						
Current primary balance	9.2	16.0	22.5	23.6	19.0	17.4
Overall balance before grants	-21.1	-5.7	-4.0	-3.2	-8.7	-5.1
Overall balance after grants	-16.4	-1.1	-2.1	1.2	-3.0	-3.5

**Guyana: Basic Data (Concluded)**

	1993	1994	1995	1996	1997	1998
(In millions of Guyana dollars)						
<b>Money</b>	9,379	12,266	14,007	16,037	17,389	17,821
Quasi-money	23,992	26,849	35,333	41,543	46,931	50,875
Net domestic assets	104,862	115,118	124,306	83,754	70,657	68,757
Credit to the public sector	-4,707	-11,328	-10,967	-19,247	-17,277	-12,715
Credit to the private sector	10,230	13,799	21,107	36,309	44,863	51,838
Net foreign assets	-71,490	-76,003	-74,996	-26,174	-6,338	-62
(In millions of U.S. dollars)						
<b>Balance of payments</b>						
Trade balance	-80	-59	-41	-20	-49	-54
Exports, f.o.b.	404	447	496	575	592	547
Imports, c.i.f.	-484	-506	-537	-595	-642	-601
Services and transfers (net)	-50	-43	-70	-45	-57	-44
Current account	-130	-102	-111	-65	-106	-98
Capital and financial account	137	72	78	125	126	82
Public 3/	54	-9	2	66	61	27
Private	83	81	76	59	65	55
Overall balance	-2	-35	-44	60	4	-17
Central bank net foreign assets	-555	-538	-540	-187	-34	7
Central bank gross international reserves	246	269	269	332	315	276
<b>Memorandum items:</b>						
Actual debt service ratio 4/	19	17	17	15	17	19
Current account (as percent of GDP)	-29.4	-18.9	-17.9	-9.3	-14.2	-13.5
External debt outstanding (as percent of GDP)	461.1	392.0	318.3	223.1	182.8	191.8
<b>IMF data (as of March 31, 1999)</b>						
Article VIII status						
Intervention currency and rate					U.S. dollar at G\$179.00 per U.S. dollar	
Quota					SDR 90.90 million	
Fund holdings of local currency					SDR 90.90 million	
As percent of quota					100.0 percent	
Total Fund credit					SDR 105.77 million	
From Fund resources					SDR 0.00 million	
Credit tranche purchases					SDR 0.00 million	
Stand-by purchases					SDR 0.00 million	
From supplementary and enlarged access resources					SDR 105.77million	
ESAF					SDR 105.77million	
Special Drawing Rights Department						
Net Cumulative SDR allocation					SDR 14.53 million	
Net acquisition or utilization (-) of SDRs					SDR- 14.31 million	
Holdings of SDRs					SDR 0.22 million	
Share of profits from gold sales					US\$3.16 million	

Sources: Guyanese authorities; World Bank; and Fund staff estimates.

1/ Excluding grants.

2/ For central government.

3/ Includes the effect of the 1996 Paris Club stock-of-debt operation on future principal maturities.

4/ External debt service as percent of exports of goods and nonfactor services.

## I. BACKGROUND

1. Guyana, an open and predominantly agricultural economy with considerable natural resources, had virtually a **state-run economic system for over two decades following its independence in 1966**. Under this system, major productive sectors (sugar, rice, bauxite, and gold) and financial institutions were brought under government control, prices were extensively controlled, foreign exchange was rationed, and government-owned consumer and marketing agencies were established. As a result, private sector growth languished, a parallel economy emerged, government administration became overburdened, and the public finances deteriorated.
2. Following sluggish growth during the 1960s and 1970s, **the economy suffered from a steady decline in output and large macroeconomic imbalances during the 1980s**. Real GDP fell at an average rate of 3 percent per annum during the 1980s. Inadequate policy responses to a sharp deterioration in Guyana's terms of trade and weak external demand for its major exports (bauxite, rice, and sugar) led to lower production, large fiscal deficits, high inflation, depletion of external reserves, and rise in external indebtedness. By 1988 external payments arrears (mainly on debt service) had accumulated to about US\$500 million or 315 percent of GDP.
3. **In mid-1988 the government adopted a medium-term Economic Recovery Program (ERP)**, with the assistance of the Fund and other donors, which aimed at **fundamentally shifting the economy toward a market-oriented system**. In mid-1990, Guyana cleared its overdue obligations to the Fund and negotiated a one-year Stand-By Arrangement and the first three-year arrangement under the Enhanced Structural Adjustment Facility (ESAF). During 1989-91 the government eliminated virtually all price controls (except for sugar and utilities); adjusted public sector tariffs closer to cost recovery levels; abolished import prohibitions and simplified the tariff structure in line with the CARICOM common external tariff (CET); unified the exchange rates; and introduced treasury bill auctions which formed the basis for market-determined interest rates. The government sold some 14 public enterprises, placed the state-owned sugar and bauxite companies under private management contracts and transferred the rice sector to private ownership. In addition, the efficiency of the public sector was substantially enhanced through broadening the tax base, curbing current expenditure, reducing current transfers to public enterprises, and rationalizing public administration with a reduction in the number of ministries from 18 to 11.
4. **By 1991 economic performance had turned around in response to the shift in economic policies and the improved incentive framework**. Following sizable reductions in 1989-90, real GDP grew by about 7 percent a year in 1991 and 1992, mainly due to a recovery of export-related production (particularly sugar and rice) and new foreign investments in the bauxite, gold, and forestry sectors. By 1992 inflation had declined markedly (to 28 percent from about 90 percent in 1989); the fiscal and external deficits were reduced substantially; and private and official capital inflows had risen significantly. Section II below

reviews economic developments since 1993. Structural reforms relating to the public sector, financial system, and external sector, are detailed in Sections III–V. Appendices I–III cover the reorganization of the central bank, the new legislations for the insurance and securities sectors and the current tax system.

## II. RECENT ECONOMIC DEVELOPMENTS

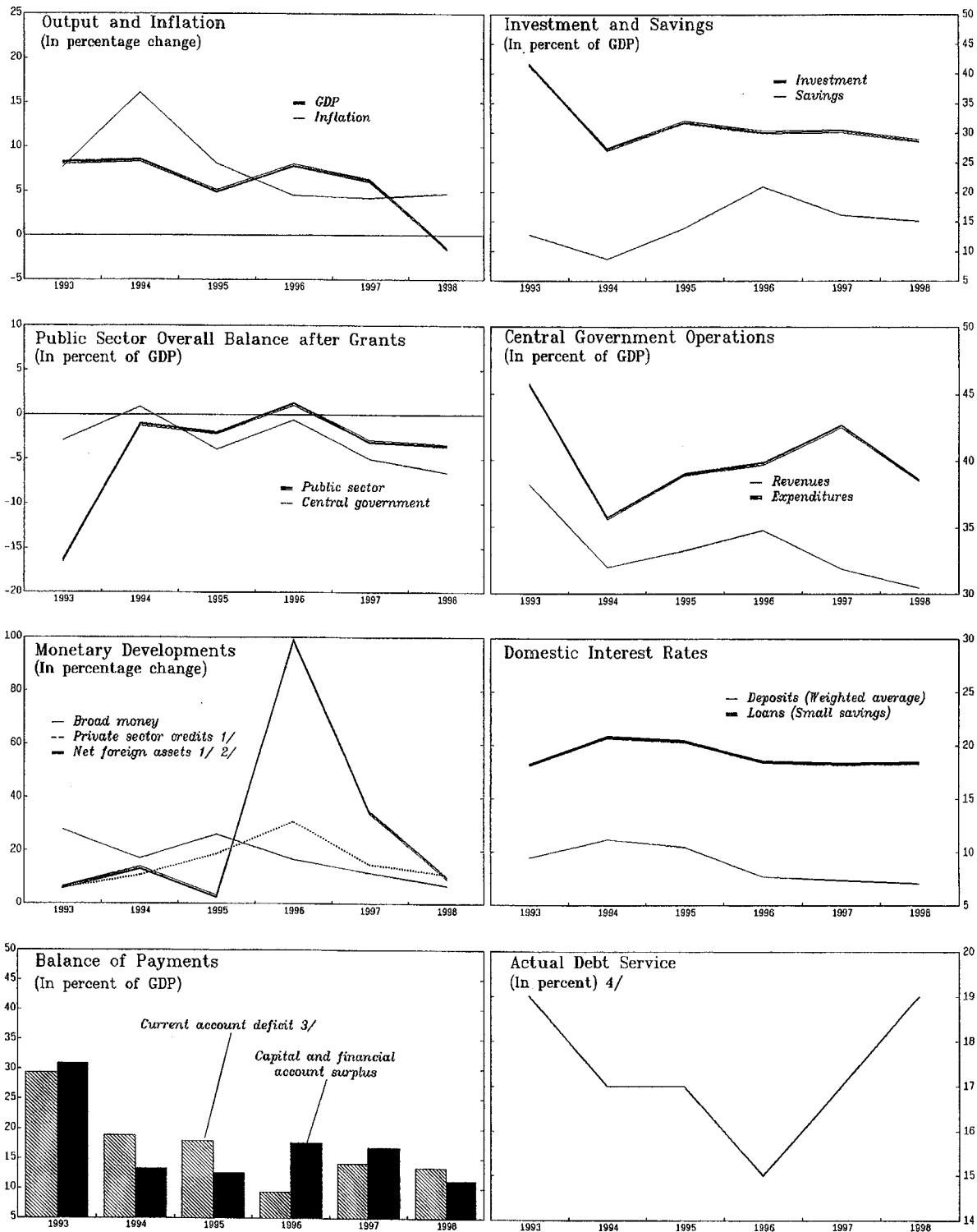
### A. Developments During 1993–97

5. **Assisted by adjustment programs supported by the Fund and World Bank, Guyana's economy continued to grow strongly in the period 1993–97** (Figure 1). Real GDP grew by an average of 7 percent a year during the period with a strong growth in agriculture (particularly rice and forestry), mining (bauxite and gold), construction, transport, and telecommunications (Tables 1–4). Structural reforms, with emphasis on private sector ownership and management, helped increase the production of rice and sugar (despite the negative or low growth of both sugar crops in 1997 due to the *El Niño*-related adverse weather). Increased confidence in the economy boosted investment (particularly foreign investment) in the bauxite, gold and forestry industries. Light manufacturing (e.g., clothing and processed food and seafood) also registered growth. Inflation declined from 100 percent in 1991 to an average of 10 percent a year in 1993–97 (4 percent in 1997), supported by generally restrained monetary and fiscal policies, structural reforms, and a relatively stable exchange rate (Table 6).

6. **National savings increased to 16 percent of GDP in 1997** (Table 5). Public sector dissavings of 1.7 percent of GDP in 1993 turned to a saving of 9.4 percent of GDP by 1997, as tax collections improved, and current public expenditure was restrained. Private savings relative to GDP also increased in the period 1994–97 as inflation declined, the exchange rate stabilized and real interest rates turned positive.

7. **Public finances improved substantially during the period 1993–96**. The overall deficit of the public sector fell from 21 percent of GDP in 1993 to 3 percent of GDP in 1996, reflecting substantial improvements in the finances of both central government and public enterprises (Tables 9–14). Given the relatively high ratio of tax revenues to GDP, improvements in the central government finances originated more from curbing expenditures than from increasing revenues. Tax revenue declined from 35½ percent of GDP in 1993 to 32 percent in 1996 despite the measures taken to strengthen tax administration and reform the tax system (mainly through the simplification of the tax system, increasing indirect taxes, and alleviating the tax burden on individuals and corporations). However, the decline in revenue was more than offset by cuts in central government current expenditure (from 31½ percent of GDP in 1993 to 24 percent of GDP in 1996)—mainly reductions in transfers to the public and private sectors, decline in interest payments due to debt relief, and the containment of wages. However, central government capital expenditure increased (by 2 percent of GDP between

Figure 1. Guyana  
Selected Economic Indicators, 1993-98



Sources: Data provided by the Guyanese authorities; and Fund staff estimates and projections.

1/ Contribution to liquidity growth.  
 2/ 1996 projection includes the effect of the debt relief provided in May.  
 3/ Excluding official transfers.  
 4/ In percent of exports of goods and nonfactor services.



1993 and 1996) and focused on infrastructure (urban and rural roads, drainage, and irrigation) and social sectors (especially education and health facilities). The overall balance of the public enterprises improved from a deficit of 5.2 percent of GDP in 1993 to a surplus of 2.7 percent of GDP in 1996, mainly due to divestment, liquidation of unviable entities, and engagement of private management.

8. **However, the fiscal performance faltered in 1997**, reflecting the elections-related economic disruption in the last two months of the year, expenditure overruns by two large public enterprises, and the adverse effects of the *El Niño*-generated drought. The overall public sector deficit before grants rose by 5½ percentage points of GDP to 8½ percent of GDP in 1997, mainly due to a weakening of the finances of the central government. The overall surplus of the public enterprises also fell by more than 1 percentage point of GDP, reflecting unanticipated outlays by GUYSUCO and Guyana Airways.

9. **The growth of broad money decelerated from 28 percent in 1993 to 11½ percent in 1997, and the income velocity of money declined due to remonetization** (Tables 15–18). During this period, the net domestic assets of the banking system fell at an average annual rate of 8 percent while the net foreign assets of the banking system increased sharply (mainly as a result of the Paris Club stock-of-debt reduction operation in 1996, and the transfer of foreign debt liability from the Bank of Guyana to the central government in 1997). The public sector increased its deposits at the Bank of Guyana, notwithstanding a reduction in 1997 reflecting the deterioration in the public finances. Growth in credit to private sector, while decelerating, was strong (averaging 37 percent per annum). The relative shares of bank credit to agriculture and service sectors increased in 1997 relative to 1993 (Table 19). In the banking system's liabilities to the private sector, there was a shift in favor of the interest-earning assets such as time and savings deposits compared to currency in circulation and demand deposits (Table 20). The ratio of actual to required liquid assets of commercial banks declined from 2.9 in 1993 to 1.7 in 1997 indicating increased preference for longer term placements, while the ratio of actual to required reserves increased somewhat (from 1.1 to 1.3) over the same period, indicating banks' continued comfortable liquidity position (Tables 21 and 22).

10. **At end-1997, 75 percent of the private sector domestic financial assets were held in claims on the banking system and 23 percent with nonbank financial institutions** (the Building Society, insurance and trust companies, and pension schemes). Nonbank financial institutions' claims on the private sector and other financial institutions increased substantially over 1993–97, partly at the expense of claims on the central government (Table 23–24).

11. **The treasury bill rate decreased from 15.4 percent in 1993 to 8.2 percent in 1997 as a result of the decline in inflation and the reduction in government borrowing** (Table 25). Reflecting partly the high administrative costs and nonperforming loans, the spread between the lending and deposit rates widened from 8 percentage points at end-1993 to about 10½ percentage points at end-1997. During this period the banking system reform progressed with the expansion of the supervisory role of the Bank of Guyana and the transfer of foreign

liabilities from its books to the central government, the merger of two government-owned financial institutions (the Guyana National Commercial Bank and the Guyana Agricultural and Industrial Bank), the sale of the government's share in another bank (the National Bank of Industry and Commerce), and the restructuring of the only remaining government bank (the Guyana National Co-operative Bank).

12. **The external position strengthened substantially during 1993–96.** The current account deficit narrowed from 29½ percent of GDP in 1993 to 9½ percent of GDP in 1996 while gross official international reserves were at about five months of imports of goods and nonfactor services (Tables 26–32). The reduction in the current account deficit reflected increased exports (particularly sugar, rice, and nontraditional exports) and an improvement in the services account due to lower interest payments resulting from the debt relief. In the capital and financial account, the surplus fell slightly between 1993 and 1996 largely because of a slowdown of direct investment following the completion of major private projects in the timber and gold sectors. The large capital account surplus in 1996 reflected the effect of the 1996 Paris Club debt-stock operation under which Guyana received a debt forgiveness equivalent to around US\$524 million.

13. **In 1997 the balance of payments weakened and the Guyana dollar depreciated.** The external current account deficit rose to 14 percent of GDP from 9½ percent of GDP in 1996 due to the adverse effects of *El Niño* and a sharp decline in export prices. Value of imports rose by 8 percent partly on account of an acceleration in retooling (mainly in the manufacturing sector). Net capital inflows remained unchanged, with the increase in private capital inflows being offset by a smaller net official inflows (including transfers). Reflecting these developments, the overall balance of payments surplus fell from US\$60 million in 1996 to US\$4 million in 1997, and gross international reserves also declined although remaining at about 4½ months of imports of goods and nonfactor services. The weakening of the external position led to a depreciation of the Guyana dollar in terms of the U.S. dollar but in real terms the Guyana dollar appreciated by 8½ percent.

14. **Guyana's external public debt (including to the Fund) declined from about 461 percent of GDP (about US\$2 billion) at end-1993 to 183 percent of GDP (US\$1.4 billion) at end-1997** (Table 32). The decline reflected mainly the effect of the stock-of-debt reduction (on Naples terms) in May 1996 from the Paris Club creditors (including Trinidad and Tobago). Debt to multilateral institutions increased steadily, constituting about 70 percent of the total debt at end-1997, while obligations to bilateral creditors continued to decline. Both the scheduled and actual debt service relative to exports of goods and nonfactor services declined during the period, with the latter falling from 19 percent in 1993 to 17 percent in 1997 (including the carryover of some interest payments from 1996 upon conclusion of bilateral agreements under the Paris Club stock-of-debt operations into 1997).

## B. Developments in 1998

15. **In 1998 real GDP declined by 1½ percent reflecting the lingering effect of the *El Niño*-induced drought and forest fires, weaker demand and prices of Guyana's major exports, and continued civil disturbances through mid 1998.** Output of sugar, rice, timber, gold, and many manufactured products declined compared with 1997. Retail sales also declined significantly, as many businesses were shut down during the periods of civil unrest. Consumer prices rose by 4½ percent, with increases in telephone charges and food prices being offset partly by lower oil prices.

16. **The overall public sector deficit before grants was reduced from 8½ percent of GDP in 1997 to 5 percent of GDP in 1998 (Table 9).** However, the overall public sector deficit after grants increased by ½ percentage point of GDP to 3½ percent of GDP. The deficit was financed by net external loans and borrowing from the domestic banking system in amounts that more than covered the deficit, thereby allowing the public sector to reduce its other domestic debt and to recapitalize the Bank of Guyana.

17. **The overall deficit of the central government (before grants) fell by 2½ percentage points of GDP to 8 percent of GDP in 1998 (Table 10).** The improvement resulted from a reduction in interest obligations and a decline in capital spending, which overcompensated for the decline in revenue and a rise in the wage bill. The increase of ½ percentage point of GDP in the wage bill resulted mainly from salary increases (averaging 19 percent), which were partly offset by reduction in employment.<sup>1</sup> No new taxes were imposed in 1998. However, the customs valuation exchange rate was adjusted (from G\$134 per US dollar to G\$144 per U.S. dollar), and certain fees and charges were increased (licenses fees for vehicles, airport departure fees, inter alia) to cost recovery levels.

18. **The operating surplus of the rest of the public sector increased by ½ percentage point of GDP in 1998, reflecting mainly a strengthening of the financial position of the National Insurance Scheme (NIS).** The operating balance of the NIS improved by ½ percentage point of GDP as a result of the sale of its shares of the NBIC, which was only partially offset by higher benefits payments and lower interest income.<sup>2</sup> The operating surplus of the state enterprises remained constant at around 2 percent of GDP. The operating surplus of the sugar company (which accounts for almost half of public enterprises' total operating revenue) stabilized (at 2½ percent of GDP) as the impact of a 7½ percent reduction in sugar production was offset by the depreciation of the Guyana dollar. One bauxite company

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<sup>1</sup>Civil service wage negotiations for 1998 were concluded in July 1998, which included 9½ percent increase from January 1, 1998 and additional increases ranging from 4½ percent (for higher grades) to 20½ percent (for lower grades) effective July 1, 1998.

<sup>2</sup>In 1998 the NIS decided to begin to hold government papers of longer-term maturities, which shifted the receipt of interest on their papers from 1998 to 1999.

(BERMINE) improved its operating balance due to reduced freight costs and the depreciation of the Guyana dollar. The other bauxite company (LINMINE) incurred a deficit similar to that registered in 1997 as its production capacity was curtailed, reflecting technical and marketing problems. The state airline's operating balance continued to deteriorate in 1998 (with a deficit of 0.5 percent of GDP) due to technical difficulties (including the grounding of a leased aircraft several times during the year). The other small enterprises realized an operating surplus before taxes similar to that registered in 1997.

**19. Broad money and private sector credit slowed down markedly in 1998, but net credit to the public sector accelerated.** Growth of broad money slowed from 11½ percent in 1997 to 7 percent in 1998, while the growth of currency also slowed from 12½ percent to 1½ percent. Credit to the private sector increased by 15½ percent compared to 23½ percent in 1997. Net credit to the public sector increased by 26½ percent (compared to 10 percent in 1997) as the central government drew down its deposits while the rest of the public sector improved its net asset position at the banking system. The gross international reserves of the Bank of Guayana fell from US\$315 million at end-1997 to US\$276 million at end-1998, but the net foreign assets of the banking system improved reflecting the transfer of certain external debt of the Bank of Guyana to the central government. Deposit rates declined from 8½ percent at end-1997 to 8.2 percent at end-1998 while the weighted average lending rate remained virtually unchanged at 18.4 percent. The 91-day treasury bill rate rose by 60 basis points to 8.8 percent at end-1998.

**20. The external current account deficit (excluding official transfers) narrowed slightly** from 14 percent of GDP in 1997 to 13½ percent of GDP in 1998 as a decline in export proceeds was virtually offset by lower import payments and the services account improved due to lower interest payments (Table 26). The external terms of trade worsened by 1 percent, as a decline in export prices was only partially offset by lower oil import prices (Table 27).

**21. Export receipts fell by 7½ percent in 1998, as both prices and volume declined** (Table 28). Sugar export suffered from lower production, with export volume declining by 7½ percent due to the effect of *El Niño*. The volume of rice exports contracted by over 12 percent as production of the first crop was adversely affected by the drought and export of the second crop was delayed. The gold price continued its slide, with export earnings declining by over 9 percent. Timber export was substantially lower due to the Asian Crisis which depressed demand and price. The volume of plywood exports recovered by 18 percent as labor relations normalized and technical difficulties were resolved. However, this was offset by a 30 percent decline in the export price of plywood. Nontraditional exports of garments, fish, and shrimp registered strong growth, though from a low base.

**22. Imports were lower by about 6 percent compared to 1997, as a result of depressed economic activities and lower oil prices** (Table 29). Imports of consumption goods increased by 6½ percent, as large increases in the first quarter reflected carryover from last year due to political unrest, which delayed the imports for the holiday season at end-1997.

Imports of intermediate goods experienced a slight decline, with sharp contractions in capital goods imports resulting from lower investment. In the services account, interest payments were lower mainly due to debt relief and the appreciation of the U.S. dollar against major currencies, which was partly offset by the lower tourist earnings due to political uncertainty.

**23. There was a sharp decline in net official capital inflows, as project loans and grants declined** due to shortage of locally produced construction materials (bricks, stones, etc.), difficulties in meeting conditionalities associated with projects, and the limited project implementation capacity of local contractors. Net private capital inflows (including errors and omissions) increased marginally as the decline in direct investment (resulting from uncertainties in the domestic and external financial markets) was more than offset by lower other private capital outflows. Reflecting these developments, the gross international reserves declined from US\$315 million at end-1997 to US\$276 million at end-1998.

**24. The Guyana dollar depreciated from G\$144 per U.S. dollar at end-1997 to G\$165 per U.S. dollar at end-1998** despite central bank interventions. In real effective terms, the Guyana dollar depreciated by around 9 percent during 1998, thereby offsetting a large part of the appreciation of the preceding three years (Table 33).

**25. The authorities continued to make efforts to normalize relations with the creditors and continued to pursue a prudent external debt management policy** to maintain a high degree of concessionality in new external borrowing. In 1998 rescheduling agreement with the OPEC Fund to clear arrears was implemented and negotiation with bondholders continued. The stock of external debt remained at about US\$1.4 billion, or about 192 percent of GDP. Actual debt service ratio rose to about 19 percent of exports of goods and services, reflecting the payments of arrears. The fiscal burden of debt remained heavy, with actual government debt service payments in 1998 amounting to almost 40 percent of the central government revenue.

**26. The authorities have been improving the debt management capacity, with technical and financial support from the Debt Relief International** (a donor funded nongovernmental organization) and the UK Department for International Development (DFID). Since February 1999, a reorganization plan is being implemented for the Debt Management division in the ministry of finance that distinguish clearly between recording and analytical functions.<sup>3</sup> A comprehensive training program covering both recording and analytical aspects of the debt management and computerization for the staff has been agreed with the Debt Relief International and consultants have been recruited.

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<sup>3</sup>Three additional technical persons were hired in early 1999 and additional computers and office equipment were put in place by March 1999. The training started in February and will last for about a year.

### III. PUBLIC SECTOR REFORM

#### A. Fiscal Reform

27. **Until 1989 the tax system had suffered from several deficiencies, including a narrow income tax base with six tax brackets and high marginal rates** (with a maximum of 55 percent). State corporations were exempted from the payment of consumption taxes and import duties, and their payments of dividends and income tax to the government were not seriously enforced. In addition, there were many specific taxes and corporations paid taxes annually on the basis of the previous years' profits. Also, the overall tax administration was weak.

28. **Efforts to correct these deficiencies started in 1989 with the conversion of all specific consumption taxes to ad valorem bases, the ending of exemptions of state corporations from consumption taxes and import duties, and a reduction in the number of consumption tax rates from fourteen to three.** In addition to these measures, the government entered into an agreement with the UNDP to provide training and resources to improve tax administration.

29. **In 1991 a comprehensive tax reform program was introduced.** An important action was the increase in the personal income tax threshold from G\$10,000 to G\$48,000. The concept of taxable income was expanded to include income (cash and in kind) from all sources, and all previous allowances and deductions were withdrawn. The six income tax brackets were replaced with three, and the highest marginal rate was reduced to 40 percent. Other important measures included a withholding tax on gross interest earned by individuals and companies, the introduction of the rice levy,<sup>4</sup> and an amnesty for taxpayers in arrears for the period 1984–90. The corporate tax rate was reduced from 55 percent in 1992 to 35 percent in 1995 and the income tax threshold rose continuously from G\$48,000 in 1991 to G\$216,000 by 1998.

30. **Also, since 1991 efforts have been made to improve tax administration and enforcement.** These efforts included more frequent tax audits of individuals and corporations, and revisions to the registry of manufacturers in 1991 and the registry of landlords in 1993. In addition, the tax base was widened by targeting self-employed with the introduction of a minimum tax on gross sales and some increases in licenses and fees. In 1994 the authorities abolished the system of tax holidays while allowing those in existence to remain in place until their expiration dates. Equally important were efforts to remove corrupt officials including the introduction of several regional anti-smuggling squads.

31. **In 1995 a comprehensive approach was taken with respect to reforms in the Customs and Inland Revenue departments.** The new initiative sought to remove these

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<sup>4</sup>Set at the level of cost recovery to the Rice Board.

divisions from the civil service and create a new autonomous Revenue Authority to be run by its own board. In July 1996 the National Assembly approved the Revenue Authority Act, which combined the mandates of the two departments and placed them under a commissioner general who would report to a governing board. The main objectives of establishing the Revenue Authority are to: (a) improve the efficiency of both departments by eliminating the duplication of common services and functions, such as management and legal services, human resource management, and internal audit; (b) improve collection, compliance and enforcement activities by strengthening existing units; and (c) attract and retain expertise in the tax and customs departments and operate more closely in line with the needs of the business community by relieving the administration from the government's constraints on hiring, salary, and operations.

32. **Consultants have been recruited to develop organizational and legal structure, job descriptions, and computer systems in the new Revenue Authority.** However, a court decision enjoined government from establishing the Authority as some staff of Customs and Excise departments had instituted a court action against the government for elimination of their positions in the Revenue Authority. On June 4, 1998, the government filed a motion to have the injunction lifted, and it is expected that the Revenue Authority would become operational as soon as the court injunction is lifted.

#### **B. Civil Service Reform**

33. In order to improve the efficiency of the civil service and the ability of the government to attract and retain skilled personnel, **the government has been working since 1993 to reform the civil service with the assistance of the World Bank, IDB, and bilateral donors** (particularly the United Kingdom). However, progress has been slow partly due to the fact that new organizational structures and staff responsibilities have not been matched by simultaneous improvements in compensation and conditions of service due to the budgetary constraints. Employment in the public sector has been declining, resulting in a significant understaffing of professional, managerial, and technical positions.

34. **The government currently pursues a broader civil service reform strategy, which has two essential components: vertical reforms** in individual public institutions to strengthen organization, management, and human resources; and **horizontal reforms** across institutional boundaries to improve the environment in which public sector entities function. Under vertical reforms, the reorganization of the ministry of finance was completed in 1998. The reorganization focused on the organizational weaknesses such as overcentralization, ineffective management and decision-making processes, unclear lines of authority, and inadequate staff development policies. To deal with these weaknesses, several actions have been taken, including preparation of a staff handbook to define the human resources policy framework and guidelines; and assessment of leadership requirements, training and development needs, scope of work rules and responsibilities, staffing needs and job descriptions for all positions within the new organizational structure. In addition, major

renovation and rehabilitation took place to prepare the physical facilities for upgrading the management information system as well as to prepare departmental offices for hiring qualified personnel. Vertical reforms are also proposed for the ministries of education and health under the HIPC Initiative in the social sector. The restructuring of the ministry of finance is being used as a prototype to restructure these ministries.

35. While these vertical restructuring efforts are being implemented, **crucial and complementary horizontal reforms have been carried out simultaneously**. In this context, the government is committed to reviewing and streamlining the public service rules. To this end, a committee of private sector, government, and public sector union officials began to review the public service rules in May 1998, and the review was completed in December 1998.

36. Recognizing that one of the main problems in attracting skilled workers was that real public sector wages had deteriorated significantly in the 1980s and early 1990s, the government first introduced a new 14-band salary structure in 1993. Since 1994, the **government has granted a series of wage increases intended to achieve the medium-term goal of bringing public sector wages gradually to within 10 percent of the median for comparable jobs in the private sector**. In addition to these across-the-board increases, the government provided supplements over base pay to key and critical positions, where the salary gaps are much larger. At the same time, to maintain a sound fiscal position, the government has been reducing the size of the civil service.<sup>5</sup>

37. Despite these efforts, **the government continues to experience difficulties in attracting and retaining skilled personnel**. Under the current ESAF arrangement, the government has renewed its efforts to overcome this problem. In 1998 the government commissioned two surveys to compare the pay scales in the public and private sectors. The surveys concluded that public sector pay remained lower than private sector pay for comparable positions. To address this, the government is working on a new remuneration structure for professional, technical, and managerial positions.

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<sup>5</sup>Between 1991 and 1998 central government employment declined from 17,800 to 9,400 and total public sector employment (including state enterprises) decline from 65,700 to 36,300 (Table 8). However, this data does not include security forces, teachers, public health care workers, regional administrators, and staff in autonomous agencies.



#### IV. FINANCIAL SECTOR AND BUSINESS ENVIRONMENT REFORMS

##### A. Financial Reforms

38. **The financial system consists of the Bank of Guyana**, the country's central bank established in 1965; **seven commercial banks** (four domestic and three foreign-owned banks) with a network of 30 branches;<sup>6</sup> **a large number of credit unions** including the New Building Society;<sup>7</sup> six insurance companies; and five trust companies. All commercial banks and trust companies are governed by legislation under the Financial Institutions Act of 1995 and are supervised by the central bank.<sup>8</sup> At end-1998 about 74 percent of private domestic financial assets were held with the banking system, while the remainder was held with nonbanks (25½ percent) and in government securities (see Table 23). Commercial banks invest about 28 percent of their net domestic assets in treasury bills, which are the central bank's principal monetary management instrument. Markets for long-term debt securities (e.g., debentures), interbank money and securities are still very shallow.

39. **Prior to reforms which started in 1988, monetary policy was conducted mainly through direct controls on credit and interest rates** (the latter, through the rediscount rate fixed by the central bank and used by commercial banks to set their deposit and lending rates) and adjustment of the minimum liquid and reserve requirements. Open-market operations were precluded by the lack of an established financial market and by the substantial losses of the central bank (due mainly to its high foreign debt-service payments).

40. **Financial reforms in Guyana were started in 1988** and aimed at enhancing efficiency by increasing reliance on market forces, reducing controls on the financial system, strengthening the capacity to conduct monetary policy, and improving the effectiveness of policy responses to external shocks (Box 1). In 1988 interest rates and credit controls were removed, launching the move to a market-oriented economic system. By end-1989 interest rates had increased to about three-fold their pre-reform levels.

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<sup>6</sup>Of these, only the Guyana National Co-operative Bank (formed by the merger of two state-owned banks in May 1995) is still state-owned. In October 1997, a 51 percent share of the National Bank of Industry and Commerce (NBIC), formerly owned by the government, was sold to the Republic Bank of Trinidad and Tobago.

<sup>7</sup>Because of weak performance, the Guyana Co-operative Mortgage Finance Bank (a specialized financial institution established in 1973 to provide home mortgage for low-income families) was closed at end-1998 and its loan portfolio was transferred to the Guyana Co-operative Financial Services.

<sup>8</sup>The New Building Society, the main mortgage-finance institution is governed by the Co-operative Financial Institutions Act (COFA), while the insurance companies are under the supervision of the Commissioner of Insurance.

**Box 1. Guyana: Selected Financial Reform Measures**

April 1989	Bank rate increased from 14 percent to 35 percent, and the treasury bill rate increased from 11.3 percent to 33.7 percent.
July 1989	Liquid asset holdings of the commercial banks were frozen for a period of six months.
June 1990	The rediscount rate for treasury bills was set at 1 percentage point above the treasury bill rate.
July 1990	To strengthen the institutional framework for the conduct of monetary policy, a monetary policy unit was established in the central bank.
April 1991	Two thirds of the conversion of excess liquidity of commercial banks into medium-term liabilities was completed with the remaining amount scheduled to be completed by end-October 1991.
June 1991	Competitive bidding for treasury bills was introduced.
March 1992	Central bank implemented new mechanism for the determination of the bank rate, special deposit rates, and the rediscount rate where these rates were a function of the market-determined treasury bill yields.
June 1994	The frequency of 91-day treasury bill auctions increased from monthly to a biweekly.
December 1994	Special reserve deposits of banks were remunerated/eliminated.
March 1995	The Financial Institutions Act (FIA) was passed and became operational in May 1995.
May 1995	To ensure conformity with the FIA, amendments were made to the Cooperative Financial Institutions Act, the dealers in foreign currency (Licensing) Act, the Companies Act, and the Capital Issues (Control) Act.
February 5, 1996	Weekly auctions for 91-day treasury bills commenced.
January 1, 1997	As part of the currency reform program, the public was asked to stop using the \$1, \$5, and \$10 notes.
January 2, 1997	In accordance with the FIA, the Bank of Guyana issued a provisional license to GNCCB Trust Corporation to carry on depository financial business with authority to engage in trust business in Guyana.
October 1997	Republic Bank of Trinidad and Tobago purchased the government-owned 51 percent share in NBIC.
July / September 1998	Bank of Guyana revised the 1966 circulars on reserve and liquid assets requirements of all licensed financial institutions in line with international standards.
September 1998	Bank of Guyana introduced the National Clearing House, which significantly reduced the time for processing interbank checks by commercial banks.
November 1998	Parliament passed the revised Bank of Guyana Act for the reorganization and recapitalization of the Bank (Bank's capital raised from G\$6 million to G\$1 billion).
January 1999	The Bank of Guyana reduced the reserve requirement ratios of licensed financial institutions from 16 to 14 percent on demand and time liabilities, respectively, to 12 percent on all liabilities.

41. **Monetary management was strengthened by improving the conduct of its treasury bill auctions, and interest rates policies.** In mid-1991 the central bank introduced competitive bidding in its monthly 91-day treasury bill auctions (operated on behalf of the government); and since March 1992, administered rates such as the bank rate, special deposit rates, and the rediscount rate have been set in relation to the market-determined 91-day treasury bill rate.<sup>9</sup> Also, to enhance competition in the treasury bill market, the central bank decreased the rate on special deposits (from 2½ to 3½ percentage points below the Bank rate) and increased the penalty for using the rediscount facility (from 2 to 3 percent). In April 1993 the central bank started to auction longer maturity treasury bills (182-day and 364-day), while the frequency of the 91-day treasury bill auctions was increased to a biweekly basis in January 1994, and to a weekly basis in February 1996. In January 1999 the central bank removed the collar on the treasury bill bids in the weekly auctions to allow interest rates to reflect market forces more quickly.<sup>10</sup>

42. **Reserve and liquid asset requirements were also used to increase the effectiveness of monetary policy.** In keeping with an increasingly restrained monetary stance and given banks' generally comfortable liquidity position, reserve requirements on demand, and saving and time deposits respectively were raised by 4–5 percentage points in April 1994. In July 1998 the scope of reserve requirements was enlarged to include all licensed nonbank depository institutions and the coverage was extended to include foreign currency deposits. However, reserve requirements were reduced from an average of 15 percent to 12 percent on all liabilities (demand, savings, and time deposits) in February 1999 mainly to reduce the cost of funds and, thereby, lending rates. Treasury bills were issued in higher volumes and with longer maturities to mop up the initial increase in liquidity due to the freed reserves. The liquid assets requirement has remained at 25 percent for demand deposits and 20 percent for time deposits since May 1991.

43. To enhance the efficiency and competitiveness of banks, **financial reform also included the reduction of the government's share in the financial sector.** Toward this end, the government agreed with IDA to bring down its share in financial entities to no more than 25 percent of the asset value of those entities at end-1993. The government achieved this goal with the sale of all its shares in the largest two commercial banks: the Guyana Bank for Trade and Industry in August 1994, and the National Bank for Industry and Commerce in October 1997.

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<sup>9</sup> Special deposit rates applied to banks' excess reserves at the central bank and remained in effect until end-1994, after which excess reserves became nonremunerated.

<sup>10</sup> This replaced the previous system which required that the deviation in yield in bids in a current tender be no more than two percentage points of the average yield in the previous tender.

44. **Strengthening and updating the regulatory and supervisory framework for financial institutions reinforced the monetary policy reforms and was effected through the enactment of the Financial Institutions Act (FIA) in May 1995.** To ensure the safety and soundness of the financial system FIA required that all financial institutions be licensed by the central bank, and extended the central bank's surveillance responsibility to all deposit taking financial institutions;<sup>11</sup> upgraded the capital adequacy requirement and asset risk classification to internationally accepted standards; and introduced other regulations to limit risk and concentration of ownership of financial institutions (e.g., limits on loans to single borrower and on investment in nonbank companies; and rules regarding insider trading, loan classification and provisioning, and minimum capital for setting up a bank).

45. **Institutional strengthening of the Bank of Guyana with a view to enhancing its autonomy and capacity to conduct monetary policy formed another key element of financial sector reform** (see Appendix I). Efforts to strengthen the Bank have culminated in the passage by parliament in November 1998 of the revised Bank of Guyana Act (1998). The revised act recapitalized the central bank by raising its authorized and paid-up capital to G\$1 billion from G\$6 million; allowed the transfer of further foreign debt liabilities from its books to the central government; prohibited the central bank from extending credit to the central government or public enterprises; authorized the central bank to issue and trade its own securities for the purposes of open market operations; and introduced organizational changes in the bank's board of directors.

## **B. Reform of Business Environment**

46. In order to improve the business climate for private sector, **legislation was passed in late 1998 to establish the regulatory frameworks for the insurance and securities trading and to reform the Deeds Registry.** The Insurance and Securities Acts seek to strengthen the regulatory aspects of the two industries and improve the rules regarding medium- and long-term credit to local businesses and small investors (Appendix II). Reform of the Deeds Registry (including making it a semi-autonomous entity) will expedite the processing of land titles, allow for the use of a more diverse range of collaterals and thus enhance private sector access to capital. Reform of the land tenure policy will step up the conversion of lease-holds to free-holds, allow the extension of long-term leases beyond 25 years, and increase the sale of state lands. The government also has prepared legislation (to be tabled in parliament in 1999) on bankable property rights with a view to improving private sector access to bank credit.

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<sup>11</sup> These included all commercial banks and trust companies and other deposit-taking institutions; insurance companies remained under the supervision of the Commissioner of Insurance.

## V. EXTERNAL SECTOR REFORM

47. During the transformation from a public sector dominated economic system to a market based, private sector led economy, **major progress has been made in external sector reforms, including the liberalization of foreign trade, the elimination of foreign exchange controls, and the opening up to foreign direct investment.** Currently, Guyana does not maintain any restrictions on making payments and transfers for current international transactions. Its external trade system is virtually free of quantitative controls, except for restrictions on import of few items relating to health and security.

48. **In the 1980s Guyana's trade system was overly restrictive, complex and riddled with prohibitions, licenses, and limited access to foreign exchange.** Imports were subject to high tariffs, individual licensing by the ministry of trade, and allocation of available foreign exchange from the central bank. Exporters had to surrender most of their foreign exchange earnings to the central bank and some of the major exports (rice and gold) had to go through marketing boards.

49. **From the late 1980s the trade system was gradually liberalized (Box 2).** Licensing requirements for imports have been abolished, except for petroleum products<sup>12</sup> and some 20 items affecting national security, health, public safety, and the environment. Foreign exchange surrender requirements were abolished in December 1996, and restrictions and marketing board arrangements on exports were removed except for licenses for exports of gold<sup>13</sup> and wildlife, and quotas for the supply of some commodities to preferential markets.

50. **The import tariff has been reduced substantially since the government passed legislation in February 1991 to apply the Common External Tariff (CET) to all imports from outside the CARICOM market.** Current tariffs range from 5 percent to 25 percent, with a few exceptions: notably, passenger and private vehicles (with a 45 percent tariff), and alcoholic products, cigarettes, and other tobacco products (with a 100 percent tariff). In principle, intra-CARICOM trade is free of import duties. However, there exists a few exceptions to duty free trade from CARICOM, including alcohol, pharmaceuticals with high content of alcohol, perfumes, matches, and curry.

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<sup>12</sup> The Government of Guyana does all importation of fuel to the country through GNEA, which does documentation and importation and sells to private distributors, GUYOIL (government owned) and government departments, all at the same price.

<sup>13</sup> Exports of gold required permits from the Guyana Gold Board. Licenses were granted to eight local dealers in May 1997 for one year experiment and has been extended by another year from April 30, 1998.

**Box 2. Guyana: Selected Structural Reforms in the Trade System, 1988-99**

June 1988	The import licensing requirements were abolished for goods intended for personal use that would not involve official foreign exchange.
August 1988	Import prohibitions on a number of manufactured products were eliminated. Prohibitions were limited to certain food products and permissible imports were subject to individual licensing by the ministry of trade except for personal effects, gifts, and primary agricultural products from CARICOM countries.
September 1988	Import licenses for no-foreign currency imports were granted automatically.
October 1988	Import licensing requirements for goods originating and consigned from CARICOM countries were removed.
February 1991	Legislation to bring Guyana in line with the Common External Tariff (CET) of the Caribbean Common Market (CCM) was approved. A Common External Tariff (CET) was applied to imports from outside CARICOM.
October 1992	CARICOM member states agreed to a phased reduction in the CET rate structure from the existing rates of 0-45 percent to 5-20 percent by January 1, 1997 (which was later extended). For basic competing primary inputs and capital goods, the average rate was to fall from 30 percent to 10 percent.
January 1994, September 1995	Guyana implemented the first and second steps in the phased CET reduction, lowering its maximum tariff rate from 45 to 30 percent.
November 1997	Guyana implemented the third step in the phased CET reduction, lowering its maximum tariff rate from 30 to 25 percent.
April 1999	Guyana is expected to implement the fourth and final phase of the reduction by lowering its maximum tariff rate from 25 percent to 20 percent.

51. **The exchange rate is determined freely in the market, with the central bank intervention limited to smoothing sharp movements in the exchange rate.** The Bank of Guyana conducts certain transactions on the basis of the cambio exchange rate by averaging quotations of the three largest dealers. The present exchange rate arrangement developed from the successive efforts to reform the market: the unification of the official and cambio markets in February 1991, the abolishment of Exchange Control Act in December 1995, the reduction and eventual abolishment of foreign exchange surrender requirements in December 1996 (Box 3).

**Box 3. Guyana: Selected Structural Reforms in the Exchange System, 1987–96**

February 1987	A secondary foreign exchange window at commercial banks was established with the intention of operating at a market-related rate.
April 1989	The Bank window rate and special rates for gold and diamonds were abolished and the official rate was devalued by about 70 percent, to G\$33.00 per US\$1.
March 1990	The cambio market was established as a first step toward unification of the exchange rate system. The new system introduced two markets—the official and the cambio markets.
June 1990	The Guyana dollar was further devalued from G\$33 per US\$1 to G\$45 per US\$1. This was effected to correct the wide and growing disparity between the parallel market rate (G\$55 to G\$60 per US\$1) and the official exchange rate (G\$33 per US\$1).
February 1991	The Guyana dollar in the official market was again devalued from G\$45 to G\$101.75 per US\$1, the level prevailing in the cambio market on that date. The official rate was determined weekly based on the average free-market rates for the preceding week.
August 1993	With a view of achieving closer integration of the official and cambio markets, the Bank of Guyana initiated a policy of foreign exchange transactions with the cambio market. Consistent with its target for gross international reserves, the bank was able to supply US\$21.9 million to that market.
December 1995	The Exchange Control Act was abolished.
December 1996	The foreign exchange surrender requirements for exporters were abolished.

### **Guyana: The Strengthening and Reorganization of the Bank of Guyana (BOG)**

1. Efforts to strengthen the functioning of the central bank (the Bank of Guyana) have proceeded in earnest over the last few years and have culminated in the **passage by parliament at end-November 1998 of the revised Bank of Guyana Act (1998)**. These efforts have aimed at the modernization of the bank's structure and operations, enhancing its autonomy, and increasing its capacity to conduct monetary policy.
2. **Key reforms prior to the passage of the revised BOG Act** included the following:
  - (i) **Strengthening the income and balance sheet positions of the bank by reducing foreign debt liabilities on its portfolio** either through debt relief or by the transfer of foreign debt from its books to central government. Under the Paris Club debt-stock reduction operation for Guyana in May 1996, BOG's foreign liabilities were reduced by about US\$287 million. Also, in 1997 foreign liabilities of US\$145 million owed to Paris Club creditors were transferred from the BOG to central government. Largely because of these operations, BOG's net foreign asset position was substantially strengthened (from -US\$540 million at end-1995 to US\$14 million at end 1998), and the bank started to make profits since 1997 (amounting to G\$458 million in 1998).
  - (ii) **The introduction of a reserve money programming framework in early 1998** to improve liquidity management in line with the foreign reserve and inflation objectives, and to enhance the coordination with debt management. This framework guided the bank in open market operations (through the treasury bill auctions) and in interventions in the foreign exchange market.
  - (iii) **The implementation since May 1995 of the Financial Institutions Act (FIA)** which aimed at ensuring the safety and soundness of the banking system by the strengthening and modernization of the regulatory and supervisory framework under which the central bank operates. The FIA expanded the central bank's supervision to all deposit-taking institutions; and raised to internationally accepted standards (Basle committee and BIS standards) the prudential requirements as to capital adequacy, loan classification and provisioning, and exposure limits on single-borrower and concentration of ownership of financial institutions.
  - (iv) **Enhancing the bank's monetary management and economic research capacities, and improving its organization, payments, budget and audit, and information management systems** with technical assistance from the Fund. Achievements in these areas included the operation and enhancement of a competitive weekly treasury bill auction system (further strengthened by the removal of limits on bid prices as of January 22, 1999); development of the statistical data base and reporting system including the compilation of the balance of payments statistics; automation of check clearing and the establishment of a National Clearing House; and introduction of a



Foreign Exchange Market Information System (FEMIS) for bank and nonbank cambios and guidelines for banks foreign exchange risk management.

- (v) **Restructuring of the bank and strengthening of its human resources functions through staff training** (including through participation in the courses and seminars at the IMF Institute), improving internal communication within the bank, and establishing and strengthening of the policy unit in the bank.

3. The revised Bank of Guyana Act (1998), which amended the previous Bank of Guyana Act of 1995, had originally been tabled in Parliament in 1997 but had lapsed because of the December 1997 elections. **The new act recapitalized the bank, allowed the transfer of further foreign debt liabilities from its portfolio to central government, barred the bank from extending credit to the public sector,** and introduced other changes to increase the efficiency and autonomy of the bank in performing its functions. Key features of the act are as follows:

- (i) **increased the bank's authorized and paid-up capital to G\$1 billion** (from G\$6 million which has remained unchanged since the bank's establishment in 1965). The recapitalization was effected through the issuance of marketable securities by the government to the bank; these securities will be used by the bank solely for open market operations and will be rolled over upon maturity.
- (ii) **increased the number of the bank's directors from five to six** (with the Governor and Deputy Governor appointed by the president and the rest by the minister of finance); **staggered the directors' terms to expire one year apart**; and empowered the Governor in consultation with the Board to appoint, reorganize, train and determine the conditions of employment of staff and consultants. Under the repealed Act, all directors were appointed simultaneously and their terms ended concurrently, and the finance minister set the terms of conditions of employees and consultants. The above-noted amendments would provide the bank with a larger measure of autonomy and continuity at the policy-making level.
- (iii) **allowed the transfer of foreign debt liabilities** (amounting to US\$64 million) owed to non-Paris Club creditors (Argentina, Kuwait, and Libya) from the bank's books to the central government.
- (iv) **prohibited the bank from extending any credit** (including by means of advances and negotiable securities) **or guarantees directly or indirectly to the government or the public sector entities**. This provision, beside helping to maintain the bank's net worth, would enhance its capacity to promote a non-inflationary macroeconomic environment. In the past, large fiscal deficits have been partly financed by credit and guarantees by the central bank. Also, the bank's quasi-fiscal activities including borrowing externally in support of the budget deficit, and making loan guarantees and

interest payments on behalf of the Government have been largely responsible for the bank's losses and negative net worth.

- (v) **authorized the bank to issue and trade its own securities for the purposes of open market operations** (beside trading in government securities for open market operations purposes already allowed under the previous act). This provision, together with the recapitalization of the bank, will substantially increase the bank's ability to conduct a more active monetary and exchange rate policies especially through more extensive open-market operations.
- (vi) **charged the bank with the sole responsibility of preparation of the balance of payments accounts** and the external assets and liabilities position of the country. This formalized the practice which had been in effect for the preceding year and half, before which the compilation of the balance of payments was shared between the bank and the Bureau of Statistics (due to the inadequate technical resources at the two institutions). The provision would increase the efficiency of the balance of payments compilation and reporting and ensure greater consistency between the balance of payments and monetary accounts.
- (vii) formally mandated the bank with the **responsibility of the custody and management of Guyana's external reserves** (denominated in foreign currency and gold).
- (viii) **removed the requirement that financial institutions incorporated outside Guyana should maintain a proportion (25 percent) of their statutory reserves in foreign exchange.** The abolished requirement, which originally was intended to garner foreign exchange, has been rendered inconsistent with the liberalized exchange rate regime and the FIA regulations of creating a level playing field in the financial system.
- (ix) **authorized the bank to examine all records, accounts and books of licensed financial institutions** and their holding companies or affiliated subsidiaries, stipulated the due notices and fines for failure to submit such information, and assured institutions of the confidentiality of the provided information. This provision seeks to ensure full disclosure and transparency of operations of financial institutions with a view to safeguarding the soundness of the individual institutions and the financial system.

### **Guyana: Reform of the Insurance and Securities Trading Industries**

1. Reform of the insurance and securities trading industries is an important element of the government's effort to enhance the business environment and increase the role of the private sector in the country's economic development. **In December 1998 the parliament passed two bills to establish the regulatory frameworks for the insurance and securities trading industries.** Two independent boards, the Insurance Commission and the Securities Council, would be formed and their respective heads appointed (by end-1999) to oversee the implementation of the two acts and monitor the activities of the insurance and securities sectors in accordance with the newly passed legislation.

2. **The Insurance Act (1998):** This act, drafted in collaboration with the associations of the insurers and insurance brokers in Guyana, replaced the previous insurance legislation developed in the 1970s. The act provided for the **regulation of the insurance industry, including promotion of competition and consumer protection.** The act opens new avenues for insurers to adequately cater for the needs of the insuring public, particularly through new products and better services.

3. Total assets of the insurance companies expanded rapidly from G\$398 million in 1985 to G\$10.8 billion at mid-1998. Guyana's **six insurance companies currently hold the largest share of the assets of nonbank financial institutions and can play a major role in mobilizing long-term financial resources and developing Guyana's capital market.** Insurance companies have pursued conservative policies in the investment of their substantial resources, opting mainly for the safety of the foreign sector. At mid-1998, about 45 percent of insurance companies' assets were placed in foreign securities, loans and bank deposits, with the rest invested locally in the banking system (10 percent), private sector businesses (11 percent), government securities (1 percent), and other assets. The new act provides incentives to insurance companies to invest more in loans to local businesses (see below).

4. **Key features of the new act** are the following:

- (i) **The Commissioner of Insurance is to be invested with the power to regulate the insurance industry,** a much stronger role than under the repealed act. The commissioner is appointed by, and reports directly to, the minister of finance and could be removed by him with the approval of the president. The commissioner is authorized to appoint actuaries, consultants, managers, and other staff. Under the new act, the commissioner is relieved from being the principal arbitrator in disputes between clients and insurer firms and agents, but he would be represented on an insurance arbitration board (see below).
- (ii) The commissioner's office may, if necessary, **supplement its budget (primarily funded by registration fees, fines and allocations by the National Assembly) through a levy assessed on the insurance industry (insurers, insurance brokers,**

underwriters association and pension fund managers under the commissioner's jurisdiction).

- (iii) **All insurers are required to make a deposit with the commissioner's office and maintain statutory funds.** Long-term insurers (life, health, and pensions) will deposit an amount equal to G\$5 million per class of insurance business, while general insurers (accident, sickness, motor vehicles, etc.) will deposit the greater of G\$5 million or 20 percent of net premium revenue in the preceding year. In addition, insurers are required to establish a statutory fund equal to their liabilities (to policyholders) and contingency reserves (less amounts deposited with the commissioner's office). Long-term insurers are required to invest 85 percent (as against 95 percent under the previous act) of this fund in Guyana. Also, the act increased the fines for offences on companies and individuals.

The provision that all insurers should maintain statutory funds allows for greater consumer protection and corporate stability than under the repealed act, which required only long-term insurers to maintain statutory funds. Also, the new act provided incentives for companies to invest in the common stocks of the Guyanese companies by reducing the domestic investment required (from 85 percent to a minimum of 75 percent) if the insurer invested in the common stock or long-term debt of companies in Guyana. The act provides a similar incentive for the investments of funds of pension plans. These provisions are intended to coordinate the Insurance Act with the new Securities Act to promote investment in public companies in Guyana.

- (iv) **Two new entities for dispute resolution are to be established:** (a) an Insurance Arbitration Board (composed of representatives of the commissioner, and the associations of insurance firms and brokers) to resolve disputes between policyholders and insurers, and (b) an Insurance Board of Review (IBR) to listen to appeals of the decisions of the commissioner. Appeals from the decisions of the IBR are resolved by the High Court (instead of the minister of finance under the repealed act).
- (v) **Insurance brokers and agents are to be directly regulated by the commissioner** who is empowered to issue a code of conduct for them. This improves on the repealed act which required the commissioner to have insurance companies registered but not regulated by his office. Also, the new act authorized the commissioner to register and regulate pension plans (which previously fell under the jurisdiction of the Inland Revenue Department). This was deemed more appropriate since many pension plans are managed by insurance companies.
- (vi) **Policyholders are enabled to name beneficiaries and beneficiaries to collect benefits without being affected by the policyholder's will** (unlike under the previous act in which benefits were paid to the estate of the insured). Also, the act introduced a provision which prevented insurers from voiding policies based on the

state of health of the insured (except if the insured failed to disclose something or lied about the state of his health). These provisions are considered to offer consumers greater protection than under the previous act.

5. **The Securities Industry Act (SIA), 1998:** The act regulates the securities issuance and trading in Guyana through provisions for the registration and efficient operation of securities' issuers, brokers and dealers, and their respective associations. **The act constitutes the first step in the development of a stock exchange in Guyana** and repeals comparable parts of the Companies Act (1991) and the Capital Issues (Control) Act (1995). It aims to encourage long-term financing and capital formation by fostering a deeper and more efficient capital market, protecting purchasers of securities, and promoting professional and ethical conduct in the securities industry. It is expected that the act will allow wider ownership of shares by Guyanese and encourage more companies to go public to make use of available capital. Also, the act will assist in implementing transparent disclosure mechanisms for share offerings.

6. **The act was modeled after the Trinidadian securities act, taking into account the local conditions,** especially the relative immaturity of the Guyanese securities market (compared for instance to that of Trinidad and Tobago or Jamaica). This will increase the likelihood that the securities laws and practices developed under the act will be in harmony with those in neighboring Caricom states and enhance **Guyana's interest in becoming a significant participant in the regional capital market.** To enhance the effectiveness of the act, the government has mounted a campaign to inform the public of the benefits of having a securities exchange. This is particularly important in view of the fact that there is no well established securities market in Guyana and most companies are family-owned businesses. Since December 1993, a Call Exchange has been in operation, but the trading has remained thin and the exchange has been witnessing a declining turnover.

7. **Key features of the act** are as follows:

- (i) **A Securities Council will be established to administer the act and advise the minister of finance** on matters relating to securities. The council will have three-five members (including an officer from the Bank of Guyana), and a chairman—all appointed by the minister of finance. The council will appoint a manager to handle day-to-day operations and will be funded from appropriations approved by parliament and from fees paid by securities' issuers and dealers, and other securities intermediaries.
- (ii) **Self-regulatory organizations (SRO), such as securities exchanges, clearing agencies, and associations of securities companies and intermediaries, will be recognized** by the council (subject to approval by the Minister) and will be charged with the task of licensing of securities companies, dealers, and brokers. Relieving the council of the tasks of licensing and monitoring the conduct of market activities will

reduce its administrative and financial burden and better ensure the application of substantive standards of professional and financial competency.<sup>1</sup>

- (iii) **Companies based in Caricom states or companies registered as foreign businesses in Guyana are eligible for registration with the council.** This would promote economic regionalism within the Caricom and also encourage foreign investment and participation in the Guyanese securities market and business activity.
- (iv) **A self-regulatory clearing agency is to be formed for the purpose of enabling participants to trade in securities by book entry instead of physical delivery of certificates.** This is expected to facilitate trading, enhance confidence and promote an efficient securities market.
- (v) **Comprehensive standards are set forth regarding malpractice, the conduct of business by securities professionals, insider dealings, and takeover bids.** In particular, the act prohibits market rigging transactions (e.g. deceptive devices and schemes, “churning” or excessive trading in clients’ accounts etc.); mandates the disclosure of certain conflicts; requires the mailing of confirmations and the maintenance of records; regulates “insider trading” by requiring persons owning more than a stipulated percentage (to be established by the council) of a reporting issuer’s securities to publicly disclose the amount, nature and purpose of its ownership; and regulates certain aspects of takeover bids including requirements for public disclosure and treatment of all stockholders on equal footing (e.g. in case of excess tendering the purchase from all stockholders on a pro rata basis, or paying the best price to all tendering stockholders). The act stipulates that self-regulating organizations could not make rules (e.g. by virtue of the authority delegated to them by the council) that contravene these standards.

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<sup>1</sup>This approach of assigning licensing responsibilities to self-regulatory organizations rather than to the securities council or commission is similar to that used in Trinidad and Tobago and the United States (where in the latter the principal SRO is the National Association of Securities Dealers and its affiliate Nasdaq Stock Exchange), but not in Jamaica.

**Guyana: Summary of the Tax System as of December 31, 1998**

Taxpayer	Description/Tax Base	Rates	Deductions/Exemptions
<b>1. INCOME TAX</b>			
<b>Personal and corporate</b>	<b>Tax base:</b>	<b>Personal</b>	<b>Deductions:</b>
Individuals and corporations receiving income earned from carrying out productive activities (including the rendering of services) within the territory of the Republic of Guyana.	The total amount of net taxable income--whether in money or in kind--earned by the taxpayer (gross income less expenses and deductions).	Individuals pay rates of 20 percent on annual income exceeding G\$216,000 but below G\$350,000 (monthly income exceeding G\$18,000 but below G\$29,083; and 33 1/3 percent on annual income from G\$350,000 upwards (monthly income from G\$29,083 upwards).	Threshold: G\$18,000 per month and G\$216,000 per year.
		<b>Corporate</b>	<b>Exempted types of income:</b>
		1. Manufacturing-noncommercial corporations pay 35 percent on net profit 2. Nonmanufacturing-commercial corporations pay 45 percent on net profit Companies pay a minimum tax of 2 percent. This is credited when they return to profitability.	1. Donations to charitable organizations 2. Dividends 3. Annual leave passage allowances to traditional public servants (which equals one month salary).
			All others are taxed at the normal rate if income is not invested.
<b>Withholding</b>	Tax paid on interest earned on:		<b>Exempted persons or entities:</b>
Individuals and corporations	(i) Savings accounts (ii) Other interest payments to non-residents (iii) Other interest payments (iv) Payments other than interest to nonresidents (v) Loans secured by bonds and similar instruments	Fifteen percent Fifteen percent Fifteen percent Ten percent Fifteen percent	1. Disabled individuals and senior citizens whose total annual income does not exceed G\$216,000 2. Charitable organizations
	Deductions of tax from discount on Treasury Bills	Fifteen percent final tax.	<b>Exempted types of income:</b>
	Tax paid by gold miners (individuals only) on gross sales to the Gold Board	2 percent	1. Dividends
<b>2. ENTERTAINMENT TAX</b>	Income generated from entertainment, foreign artists and cinemas	Twenty five percent	<b>Exempted types of income:</b> Performances by Caribbean and nonresident Guyanese artists

**Guyana: Summary of the Tax System as of December 31, 1998**

Taxpayer	Description/Tax Base	Rates	Deductions/Exemptions
<b>3. PREMIUM</b>	Tax paid on insurance premiums to: (i) Nonresident companies carrying on business in Guyana (i) Nonresident companies not carrying on business in Guyana	6 percent  Ten percent	
<b>4. PROPERTY</b>	Tax base: Personal (i) On the first G\$5,000,000 of net property (ii) For every dollar of the next G\$5,000,000 of net property (iii) For every dollar of the remainder of the net property  Tax base: Corporate (i) On the first G\$5,000,000 of net property (ii) For every dollar of the next G\$5,000,000 of net property (iii) For every dollar of the remainder of the net property	Zero rate 1/2 percent 3/4 percent  Zero rate 1/2 percent 3/4 percent	
<b>Process Fee (previously Estate Duty)</b> Heirs or recipients of a particular items of property	Gifts with value exceeding G\$100,000	1/2 percent of gross value	
<b>Capital gains</b>	Income gained from the sale, disposal or transfer of capital items (e.g. vehicles, real estate)	Twenty percent of profit	Disposal of public corporation shares
<b>5. PURCHASE TAX</b>	Tax paid on the accumulated retail value of vehicles purchased, based on engine capacity:  (i) Under 1500 cc (ii) From 1500 cc to 2000 cc (iii) From 2000 cc to 3000 cc (iv) From 3000 cc and above	Ten percent Twenty percent Seventy percent One hundred percent	
<b>6. TRAVEL VOUCHER TAX</b>	Tax paid on the cost of any airline ticket for which the journey originates in Guyana	Ten percent	
<b>Travel Tax</b>	Tax exit required to be paid by passengers departing Guyana	G\$2,500 per passenger	United Nations staff, diplomats (?)



Guyana: Summary of the Tax System as of December 31, 1998

Taxpayer	Description/Tax Base	Rates	Deductions/Exemptions
<b>7. IMPORT DUTIES</b>			
Any individual or corporation importing goods liable to taxation	All goods liable for taxation that are imported into Guyana		<b>Exempted companies</b>
	<b>Tax base:</b> The c.i.f. value of the merchandise		All oil commodities imported by mining companies
	General rates	0 to 25 percent	Imports originated from Caricom countries
	Special rates (natural agricultural products)	Forty percent	
	Motor vehicles	Forty five percent	
Luxury items	One hundred percent		
<b>8. EXPORT DUTIES</b>			
	Charges for specific services provided by line departments:		
	<b>Product and tax base:</b>		
	Aquarium fish - value of export	5 percent	
	Bauxite - tonne	G\$0.45	
	Timber		
	Rough green hard logs - cubic meter	G\$0.29	
	Sawn green hard wood - cubic meter	G\$5.09	
	Live birds - value of export	1.5 percent	
	Sugar - tonne	G\$1 (deposited in Sugar Industry Stabilization Fund)	
<b>9. CONSUMPTION TAX</b>			
	<b>Tax base</b>		
	On imported commodities:		
	(i) Value of duty paid on oil imports	Fifty percent	
	(ii) Value of duty paid on nonoil imports	0-30 percent	
	On local goods:		
	(i) Selling price of alcoholic beverages	Fifty percent	
	(ii) Production cost of tobacco	128 percent	
	(iii) Other goods		
	Primary inputs and capital goods	0-10 percent	
	Intermediate inputs and final goods	15-30 percent	
	On local services:		
	(i) Value of overseas telephone calls	Ten percent	
	(ii) Betting shops - value of the bet	Ten percent	

Table 1. Guyana: Value Added by Sector

	1993	1994	1995	1996	1997	Est. 1998
(In percent of GDP at current prices)						
<b>GDP at current factor cost</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Agriculture	36.2	37.0	41.2	38.9	35.4	34.7
Sugar	16.1	15.0	13.7	12.7	10.7	10.4
Rice	5.2	7.0	11.6	10.4	8.1	7.9
Other crops	4.5	4.3	4.8	4.8	5.0	5.4
Livestock	1.5	1.5	1.7	1.9	2.0	2.0
Fishing	6.8	6.2	6.1	5.9	6.2	6.6
Forestry	2.1	3.1	3.3	3.2	3.5	2.4
Mining and quarrying	20.7	21.5	17.0	18.9	17.3	16.0
Bauxite	7.7	5.2	5.5	5.7	3.7	3.5
Other	13.1	16.3	11.6	13.2	13.7	12.6
Manufacturing	11.6	11.6	11.4	10.3	11.4	11.1
Sugar	6.4	6.0	6.0	5.0	5.5	5.4
Rice	1.2	2.0	1.5	1.6	2.2	2.3
Other	4.0	3.6	3.8	3.7	3.7	3.4
Construction	3.4	3.6	4.2	4.6	5.0	5.4
Services	28.1	26.3	26.1	27.3	30.8	32.8
Distribution	4.7	4.4	4.3	4.3	4.3	4.6
Transportation and communication	5.3	5.2	5.1	5.5	5.8	6.7
Rental of dwellings	4.4	3.9	3.8	3.7	3.9	3.9
Financial	3.6	3.3	3.1	3.4	3.3	3.4
Government	8.5	8.1	8.4	9.0	12.1	12.7
Other	1.5	1.4	1.4	1.5	1.5	1.5
(Percentage change)						
<b>GDP at constant 1988 prices</b>	<b>8.2</b>	<b>8.5</b>	<b>5.0</b>	<b>7.9</b>	<b>6.2</b>	<b>-1.5</b>
Agriculture	5.9	12.2	8.5	7.4	4.0	-5.1
Sugar	-0.2	4.0	-0.5	10.4	-1.2	-7.5
Rice	24.0	9.7	37.3	5.7	2.0	-0.3
Other crops	5.2	5.9	8.4	3.9	5.4	6.8
Livestock	11.1	15.0	21.7	25.0	5.7	-1.6
Fishing	2.8	7.1	10.0	2.3	8.1	11.1
Forestry	33.0	68.4	15.7	0.4	15.3	-21.8
Mining and quarrying	49.0	6.6	-11.4	15.2	15.0	2.7
Bauxite	100.0	-48.1	7.8	0.4	-0.4	3.5
Other	-34.4	278.6	-24.5	29.6	26.7	2.2
Manufacturing	3.3	5.8	9.4	5.7	2.4	-8.9
Sugar	-0.5	4.4	-1.1	10.1	-1.0	-7.5
Rice	20.0	13.9	31.7	7.4	1.7	-0.3
Other	4.0	5.6	12.9	2.9	4.6	-10.6
Construction	3.5	20.0	9.7	14.0	13.1	4.8
Services	3.4	5.6	5.3	6.1	5.3	0.7
Distribution	7.0	5.9	5.0	5.1	5.6	5.2
Transportation and communication	6.0	8.5	9.0	10.9	8.9	-3.1
Rental of dwellings	0.0	9.1	6.9	6.5	7.3	5.1
Financial	4.9	7.9	7.8	9.6	4.4	3.3
Government	0.0	2.0	2.0	1.9	2.8	-2.0
Other	3.7	8.6	6.0	7.5	5.2	3.7

Source: Bureau of Statistics.

Table 2. Guyana: Value Added by Sector at Current Prices

(In millions of Guyana dollars)

	1993	1994	1995	1996	1997	Est. 1998
<b>GDP at current factor costs</b>	<b>49,532</b>	<b>63,145</b>	<b>73,927</b>	<b>82,258</b>	<b>89,744</b>	<b>92,002</b>
Agriculture	17,907	23,357	30,481	31,993	31,813	31,949
Sugar	7,973	9,451	10,136	10,462	9,608	9,598
Rice	2,586	4,415	8,569	8,530	7,285	7,241
Other crops	2,227	2,715	3,518	3,974	4,478	4,962
Livestock	731	916	1,249	1,598	1,807	1,879
Fishing	3,344	3,924	4,536	4,832	5,532	6,035
Forestry	1,046	1,936	2,473	2,597	3,103	2,234
Mining and quarrying	10,275	13,570	12,604	15,567	15,565	14,752
Bauxite	3,801	3,295	4,064	4,680	3,284	3,202
Other	6,474	10,275	8,540	10,887	12,281	11,550
Manufacturing	5,756	7,327	8,431	8,491	10,265	10,220
Sugar	3,166	3,795	4,472	4,095	4,952	4,944
Rice	613	1,236	1,113	1,318	2,016	2,111
Other	1,977	2,296	2,846	3,078	3,297	3,165
Construction	1,673	2,253	3,098	3,747	4,446	4,926
Services	13,921	16,638	19,313	22,460	27,655	30,155
Distribution	2,323	2,750	3,205	3,534	3,855	4,202
Transportation and communication	2,645	3,300	3,742	4,486	5,183	6,168
Rental of dwellings	2,197	2,491	2,798	3,025	3,489	3,629
Financial	1,790	2,076	2,324	2,829	2,974	3,087
Government	4,220	5,115	6,187	7,393	10,839	11,662
Other	746	906	1,057	1,193	1,315	1,407

Source: Bureau of Statistics.

Table 3. Guyana: Value Added by Sector at Constant 1988 Prices

(In millions of 1988 Guyana dollars)

	1993	1994	1995	1996	1997	Est. 1998
<b>GDP at constant factor cost</b>	<b>4,102</b>	<b>4,452</b>	<b>4,676</b>	<b>5,047</b>	<b>5,360</b>	<b>5,277</b>
Agriculture	1,160	1,301	1,412	1,516	1,576	1,495
Sugar	575	598	595	657	649	596
Rice	93	102	140	148	151	149
Other crops	203	215	233	242	255	272
Livestock	60	69	84	105	111	109
Fishing	112	120	132	135	146	162
Forestry	117	197	228	229	264	206
Mining and quarrying	502	535	474	546	628	645
Bauxite	418	217	234	235	234	242
Other	84	318	240	311	394	403
Manufacturing	504	533	583	616	631	575
Sugar	182	190	188	207	205	188
Rice	36	41	54	58	59	58
Other	286	302	341	351	367	328
Construction	265	318	349	398	450	472
Services	1,671	1,765	1,858	1,971	2,075	2,091
Distribution	338	358	376	395	417	439
Transportation and communication	317	344	375	416	453	439
Rental of dwellings	66	72	77	82	88	93
Financial	214	231	249	273	285	295
Government	597	609	621	633	651	638
Other	139	151	160	172	181	188

Source: Bureau of Statistics.

Table 4. Guyana: GDP by Expenditure at Current Prices

	1993	1994	1995	1996	1997	Est. 1998
(In millions of Guyana dollars)						
GDP at current factor cost	49,532	63,145	73,927	82,258	89,744	92,002
Net indirect taxes 1/	8,052	11,658	14,176	16,296	16,933	16,464
GDP at market prices	57,584	74,803	88,103	98,554	106,677	108,465
Consumption expenditure	45,109	64,147	69,729	76,284	84,687	89,957
Private sector	36,125	52,966	56,639	60,516	66,441	70,843
Public sector	8,984	11,181	13,090	15,768	18,246	19,114
Gross domestic investment	23,903	20,364	28,001	29,710	32,372	31,144
Private sector	12,718	11,677	13,649	10,842	13,101	15,478
Public sector	11,185	8,687	14,352	18,868	19,271	15,666
Net exports of goods and nonfactor services	-11,428	-9,708	-9,627	-7,440	-10,382	-12,637
Exports of goods and nonfactor services	67,592	78,507	89,340	100,228	105,402	103,920
Imports of goods and nonfactor services	-79,020	-88,215	-98,966	-107,668	-115,784	-116,557
(As a percentage of GDP at market prices)						
GDP at current factor cost	86.0	84.4	83.9	83.5	84.1	84.8
Net indirect taxes 1/	14.0	15.6	16.1	16.5	15.9	15.2
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0
Consumption expenditure	78.3	85.8	79.1	77.4	79.4	82.9
Private sector	62.7	70.8	64.3	61.4	62.3	65.3
Public sector	15.6	14.9	14.9	16.0	17.1	17.6
Gross domestic investment	41.5	27.2	31.8	30.1	30.3	28.7
Private sector	22.1	15.6	15.5	11.0	12.3	14.3
Public sector	19.4	11.6	16.3	19.1	18.1	14.4
Net exports of goods and nonfactor services	-19.8	-13.0	-10.9	-7.5	-9.7	-11.7
Exports of goods and nonfactor services	117.4	105.0	101.4	101.7	98.8	95.8
Imports of goods and nonfactor services	-137.2	-117.9	-112.3	-109.2	-108.5	-107.5

Sources: Bureau of Statistics; Bank of Guyana; and Fund staff estimates.

1/ Including errors and omissions.

Table 5. Guyana: Savings and Investment

	1993	1994	1995	1996	1997	Est. 1998
(In millions of Guyana dollars)						
<b>Savings</b>	<b>23,903</b>	<b>20,364</b>	<b>28,001</b>	<b>29,710</b>	<b>32,372</b>	<b>31,144</b>
National savings	7,372	6,535	12,240	20,585	17,276	16,401
Private savings	8,333	2,124	1,400	4,922	7,298	6,578
Public savings	961	4,411	10,840	15,663	9,978	9,824
Foreign savings	16,530	13,829	15,761	9,124	15,096	14,743
<b>Investment</b>	<b>23,903</b>	<b>20,364</b>	<b>28,001</b>	<b>29,710</b>	<b>32,372</b>	<b>31,144</b>
Private investment	12,718	11,677	13,649	10,842	13,101	15,478
Public investment	11,185	8,687	14,352	18,868	19,271	15,666
(In percent of GDP at market prices)						
<b>Savings</b>	<b>41.5</b>	<b>27.2</b>	<b>31.8</b>	<b>30.1</b>	<b>30.3</b>	<b>28.7</b>
National savings	12.8	8.7	13.9	20.9	16.2	15.1
Private savings	14.5	2.8	1.6	5.0	6.8	6.1
Public savings	-1.7	5.9	12.3	15.9	9.4	9.1
Foreign savings	29.4	18.9	17.9	9.3	14.2	13.6
<b>Investment</b>	<b>41.5</b>	<b>27.2</b>	<b>31.8</b>	<b>30.1</b>	<b>30.3</b>	<b>28.7</b>
Private investment	22.1	15.6	15.5	11.0	12.3	14.3
Public investment	19.4	11.6	16.3	19.1	18.1	14.4

Sources: Bureau of Statistics; Bank of Guyana; and Fund staff estimates.

Table 6. Guyana: Consumer Prices

(Percentage change, period average)

	Weight in New Consump- tion Basket	1993 1/	1994	1995	1996	1997	1998
<b>Urban consumer prices (Georgetown)</b>	<b>100.0</b>	<b>12.0</b>	<b>13.6</b>	<b>12.2</b>	<b>7.1</b>	<b>3.6</b>	<b>4.6</b>
Food	44.1	...	...	...	7.6	0.8	3.6
Clothing	3.7	...	...	...	-1.1	-3.4	-8.5
Footwear	1.9	...	...	...	-3.2	-3.1	-10.4
Housing	22.8	...	...	...	12.2	8.8	-1.0
Furniture	6.0	...	...	...	1.5	4.8	-1.1
Transport and communications	10.8	...	...	...	2.5	5.6	28.5
Medical and personal care	2.4	...	...	...	11.9	3.5	10.7
Education, recreation, culture	3.5	...	...	...	4.8	6.0	4.7
Other	4.8	...	...	...	2.7	2.2	4.3

Sources: Bureau of Statistics; and Fund staff estimates.

1/ Staff estimates of the inflation rate are based on price data collected by the Bureau of Statistics representing about 60 percent of the old CPI basket for 1991-93. Publication of the consumer price index was resumed in 1994.

Table 7. Guyana: Population Estimates  
(In thousands)

	1993	1994	1995	1996	1997	1998
Midyear	734.9	746.0	760.4	770.1	775.1	773.4
Natural increase 1/	15.0	16.5	17.3	16.9	-20.2	...
Net migration	-7.0	0.3	-7.5	-12.6	-16.3	...

Source: Bureau of Statistics.

1/ Total births minus total deaths.



Table 8. Guyana: Employment in the Public Sector

	1993	1994	1995	1996	1997	Prel. 1998
(Number of employees)						
<b>Total public sector 1/</b>	<b>56,132</b>	<b>50,492</b>	<b>46,671</b>	<b>42,122</b>	<b>38,820</b>	<b>36,269</b>
<b>Central government</b>	<b>15,899</b>	<b>14,564</b>	<b>12,913</b>	<b>12,393</b>	<b>10,792</b>	<b>9,419</b>
<b>Rest of the public sector</b>	<b>40,233</b>	<b>35,928</b>	<b>33,758</b>	<b>29,729</b>	<b>28,028</b>	<b>26,850</b>
Guyana State Corporation (GUYSTAC Group)	6,945	6,394	5,116	4,901	4,666	4,295
Guyana Rice Group	249	215	352	386	318	349
Guyana National Engineering Corporation (GNEC)	870	649	29	32	31	20
Guyana Stores Limited (GSL)	1,101	1,031	867	776	601	590
Guyana Electricity Corporation	1,775	1,530	1,096	1,105	1,216	1,328
Guyana Pharmaceutical Corporation	336	318	247	225	225	195
Other corporations	2,614	2,651	2,525	2,377	2,275	1,813
Guyana Sugar Corporation (GUYSUCO) 2/	27,855	24,463	23,819	20,492	19,287	18,873
Bauxite companies	3,303	3,020	2,866	2,648	2,390	2,115
Linden Mining Enterprise (LINMINE)	2,389	2,133	2,000	1,861	1,746	1,568
Berbice Mining Enterprise (BERMINE)	914	887	866	787	644	547
Other independent corporations	243	236	243	232	230	240
Guyana Broadcasting Corporation	137	110	112	107	105	111
Guyana National Newspaper Limited	106	126	131	125	125	129
Financial institutions	1,887	1,815	1,714	1,456	1,455	1,327
(In percent of total)						
<b>Central government</b>	<b>28.3</b>	<b>28.8</b>	<b>27.7</b>	<b>29.4</b>	<b>27.8</b>	<b>26.0</b>
<b>Rest of the public sector</b>	<b>71.7</b>	<b>71.2</b>	<b>72.3</b>	<b>70.6</b>	<b>72.2</b>	<b>74.0</b>
Guyana State Corporation (GUYSTAC Group)	12.4	12.7	11.0	11.6	12.0	11.8
Guyana Sugar Corporation (GUYSUCO)	49.6	48.4	51.0	48.6	49.7	52.0
Bauxite companies 1/	5.9	6.0	6.1	6.3	6.2	5.8
Linden Mining Enterprise (LINMINE)	4.3	4.2	4.3	4.4	4.5	4.3
Berbice Mining Enterprise (BERMINE)	1.6	1.8	1.9	1.9	1.7	1.5
Other independent corporations	0.4	0.5	0.5	0.6	0.6	0.7
Financial institutions	3.4	3.6	3.7	3.5	3.7	3.7
(12-month percentage change)						
Central government	...	-8.4	-11.3	-4.0	-12.9	-12.7
Rest of public sector	...	-10.7	-6.0	-11.9	-5.7	-4.2

Sources: Bureau of Statistics; and State Planning Secretariat.

1/ Excludes staff of the Guyana Police Force, Guyana Defense Force, Guyana Fire Service, Guyana Prison Service, Guyana National Service, Teachers, Open Vote Workers, and staff of entities receiving subsidies and contributions.

2/ Employment figures represent permanent employees. Guysuco has also employed temporary workers totaling 1,537, 1,529, and 2,250 in 1996, 1997, and 1998, respectively.

Table 9. Guyana: Summary of the Operations of the Public Sector

	1993	1994	1995	1996	1997	Prel. 1998
(In millions of Guyana dollars)						
<b>Revenue</b>	<b>17,248</b>	<b>23,582</b>	<b>32,996</b>	<b>39,298</b>	<b>38,787</b>	<b>38,329</b>
Central government	21,973	23,918	29,317	34,307	33,999	33,028
Public enterprises 1/	94	3,081	5,249	5,963	4,390	4,843
Central bank 1/	-4,820	-3,417	-1,571	-972	398	458
<b>Total expenditure</b>	<b>29,394</b>	<b>27,858</b>	<b>36,507</b>	<b>42,445</b>	<b>48,080</b>	<b>43,843</b>
Current expenditure 2/	18,209	19,171	22,155	23,578	28,809	28,177
Noninterest current expenditure	12,009	11,588	13,246	16,058	18,709	19,500
Interest	6,200	7,583	8,909	7,520	10,100	8,677
External	2,688	2,803	3,234	2,813	6,485	5,649
Domestic	3,512	4,780	5,675	4,708	3,615	3,028
Capital expenditure	11,185	8,687	14,352	18,867	19,271	15,666
Central government	8,114	7,580	12,270	15,640	16,635	12,657
State corporations and NIS	3,071	1,107	2,082	3,227	2,637	3,009
<b>Current balance</b>	<b>-961</b>	<b>4,411</b>	<b>10,840</b>	<b>15,663</b>	<b>9,978</b>	<b>10,152</b>
<b>Overall balance</b>	<b>-12,146</b>	<b>-4,276</b>	<b>-3,511</b>	<b>-3,147</b>	<b>-9,293</b>	<b>-5,515</b>
Grants	2,708	3,477	1,680	4,351	6,097	1,758
<b>Overall balance after grants</b>	<b>-9,438</b>	<b>-799</b>	<b>-1,831</b>	<b>1,203</b>	<b>-3,196</b>	<b>-3,756</b>
<b>Total financing</b>	<b>9,438</b>	<b>799</b>	<b>1,831</b>	<b>-1,203</b>	<b>3,196</b>	<b>3,756</b>
Net foreign financing	5,742	-1,083	1,512	5,997	1,383	1,999
PSIP loans	7,325	3,135	4,620	5,584	5,237	5,079
Other loans	2,394	399	1,120	5,164	3,266	4,442
Net domestic financing	3,696	1,882	319	-7,200	1,812	1,757
<i>Of which</i>						
Banking system	-8,867	-6,622	361	-8,280	1,972	4,561
Divestment	1,090	2,948	2,034	401	2,128	360
Other domestic	11,473	5,556	-2,076	679	-2,288	-3,164
(In percent of GDP)						
Total revenue	30.0	31.5	37.5	39.9	36.4	35.3
Total expenditure	51.0	37.2	41.4	43.1	45.1	40.4
Current expenditure	31.6	25.6	25.1	23.9	27.0	26.0
Interest	10.8	10.1	10.1	7.6	9.5	8.0
External	4.7	3.7	3.7	2.8	6.1	5.2
Domestic	6.1	6.4	6.4	4.8	3.4	2.8
Current balance	-1.7	5.9	12.3	15.9	9.4	9.4
Capital expenditure	19.4	11.6	16.3	19.1	18.1	14.4
Overall balance	-21.1	-5.7	-4.0	-3.2	-8.7	-5.1
Grants	4.7	4.6	1.9	4.4	5.7	1.6
Overall balance after grants	-16.4	-1.1	-2.1	1.2	-3.0	-3.5
Net foreign financing	10.0	-1.4	1.7	6.1	1.3	1.8
Net domestic financing	6.4	2.5	0.4	-7.3	1.7	1.6

Sources: Ministry of Finance; and Fund staff estimates.

1/ Current account balance.

2/ Current expenditure of the central government.

Table 10. Guyana: Operations of the Central Government

	1993	1994	1995	1996	1997	Prel. 1998
(In millions of Guyana dollars)						
Tax revenue	20,545	22,294	27,650	31,879	31,538	31,075
Income 1/	6,854	7,994	10,749	12,615	12,193	11,854
Property	422	432	537	686	660	613
Consumption 1/	6,570	8,090	9,958	11,550	11,667	11,445
International transactions 1/	3,266	3,458	4,113	4,641	4,383	4,481
Other	3,432	2,320	2,293	2,387	2,635	2,682
Nontax revenue 1/	1,429	1,624	1,667	2,427	2,461	1,954
<b>Total expenditure</b>	<b>26,323</b>	<b>26,751</b>	<b>34,425</b>	<b>39,218</b>	<b>45,444</b>	<b>41,833</b>
Current expenditures	18,209	19,171	22,155	23,578	28,809	28,177
Personal emoluments	3,585	4,485	5,514	6,477	8,298	9,124
Other goods and services	3,486	4,901	5,476	6,397	6,140	6,253
Transfer payments	4,938	2,202	2,256	3,184	4,271	4,123
Interest 2/	6,200	7,583	8,909	7,520	10,100	8,677
Domestic	3,512	4,780	5,675	4,708	3,615	3,028
External	2,688	2,803	3,234	2,813	6,485	5,649
Current account surplus or deficit (-)	3,765	4,746	7,162	10,673	5,191	-28,177
Capital expenditure 3/	8,114	7,580	12,270	15,640	16,635	13,656
Overall surplus or deficit (-)	-4,349	-2,834	-5,108	-4,911	-11,444	-41,833
Grants	2,708	3,477	1,680	4,351	6,097	1,758
Overall surplus or deficit (-) after grants	-1,642	643	-3,428	-560	-5,347	-40,075
(In percent of GDP)						
Total revenue	38.2	32.0	33.3	34.8	31.9	30.5
Current revenue	38.2	32.0	33.3	34.7	31.9	30.5
<i>Of which</i>						
Tax revenue	35.7	29.8	31.4	32.3	29.6	28.6
Nontax revenue	2.5	2.2	1.9	2.4	2.3	1.8
Capital revenues	0.0	0.0	0.0	0.1	0.0	0.0
Current expenditure	31.6	25.6	25.1	23.9	27.0	26.0
<i>Of which</i>						
Interest	10.8	10.1	10.1	7.6	9.5	8.0
Noninterest current expenditures	20.9	15.5	15.0	16.3	17.5	18.0
Current balance	6.5	6.3	8.1	10.8	4.9	4.5
Capital expenditure	14.1	10.1	13.9	15.9	15.6	12.6
Overall surplus or deficit (-)	-7.6	-3.8	-5.8	-5.0	-10.7	-8.1
Grants	4.7	4.6	1.9	4.4	5.7	1.6
Overall surplus or deficit (-) after grants	-2.9	0.9	-3.9	-0.6	-5.0	-6.5

Sources: Ministry of Finance; and Fund staff estimates.

1/ Includes taxes paid by state enterprises.

2/ Cash payments.

3/ Includes on lending to public enterprises.

Table 11. Guyana: Central Government Revenues

	1993	1994	1995	1996	1997	Prel. 1998
(In millions of Guyana dollars)						
<b>Total revenue</b>	<b>21,973</b>	<b>23,918</b>	<b>29,317</b>	<b>34,307</b>	<b>33,999</b>	<b>33,028</b>
<b>Tax revenues</b>	<b>20,545</b>	<b>22,294</b>	<b>27,650</b>	<b>31,879</b>	<b>31,538</b>	<b>31,075</b>
Income tax	6,854	7,994	10,749	12,615	12,193	11,854
Companies 1/	3,772	4,071	5,453	6,966	6,532	6,096
Personal	2,184	3,194	4,230	4,546	4,558	4,759
Withholding tax	897	729	1,066	1,103	1,103	999
Property tax	422	432	537	686	660	613
Property	242	349	411	484	468	430
Estate duty	16	17	17	15	21	29
Capital gains tax	164	66	109	188	170	154
Consumption and purchase taxes 1/	6,570	8,090	9,958	11,550	11,667	11,445
Excise tax	168	49	0	0	0	0
Consumption tax	6,148	7,747	9,623	11,087	11,225	11,003
On imports 1/	4,885	5,702	6,830	7,751	7,902	8,098
On local goods 1/	1,263	2,045	2,794	3,336	3,323	2,905
Purchase tax on cars	254	294	335	463	442	442
Taxes on international trade 1/	3,266	3,458	4,113	4,641	4,383	4,481
Import duties 1/	2,689	2,848	3,408	3,747	3,701	3,724
Export duties	152	181	130	197	9	5
Travel tax	425	429	575	697	673	752
Other taxes	3,432	2,320	2,293	2,387	2,635	2,682
Sugar levy	3,152	2,000	1,900	1,850	2,000	2,000
Entertainment tax	37	32	40	46	34	29
Other taxes	128	148	217	206	294	309
Vehicle licences	76	87	94	168	160	215
Other licenses	38	53	43	118	147	129
<b>Nontax revenue</b>	<b>1,429</b>	<b>1,624</b>	<b>1,667</b>	<b>2,428</b>	<b>2,461</b>	<b>1,954</b>
Rents and royalties	441	662	508	692	1,033	699
Fees, fines, and charges	231	199	296	295	399	327
Rice levy	9	92	108	94	32	0
Other nontax revenue	748	671	755	1,347	996	928
Bank of Guyana profits	5	0	0	0	0	149
Dividends from NFPEs	165	128	64	103	77	145
Special transfers, corporations	18	20	150	438	184	34
Miscellaneous	560	523	541	806	735	600
(Annual percentage change)						
<b>Total revenue</b>	<b>26.1</b>	<b>8.8</b>	<b>22.6</b>	<b>17.0</b>	<b>-0.9</b>	<b>-2.9</b>
<b>Tax revenue</b>	<b>24.2</b>	<b>8.5</b>	<b>24.0</b>	<b>15.3</b>	<b>-1.1</b>	<b>-1.5</b>
Income	24.2	8.5	24.0	15.3	-1.1	-1.5
Property	152.8	2.4	24.1	27.9	-3.9	-7.1
Consumption	37.4	23.1	23.1	16.0	1.0	-1.9
International trade	58.8	5.9	19.0	12.8	-5.6	2.2
Other	-8.1	-32.4	-1.1	4.1	10.4	1.8
<b>Nontax revenues</b>	<b>61.5</b>	<b>13.7</b>	<b>2.6</b>	<b>42.2</b>	<b>3.8</b>	<b>-20.6</b>
(In percent of GDP)						
<b>Total revenue</b>	<b>38.2</b>	<b>32.0</b>	<b>33.3</b>	<b>34.8</b>	<b>31.9</b>	<b>30.5</b>
<b>Tax revenue</b>	<b>35.7</b>	<b>29.8</b>	<b>31.4</b>	<b>32.3</b>	<b>29.6</b>	<b>28.6</b>
Income	11.9	10.7	12.2	12.8	11.4	10.9
Property	0.7	0.6	0.6	0.7	0.6	0.6
Consumption	11.4	10.8	11.3	11.7	10.9	10.6
International trade	5.7	4.6	4.7	4.7	4.1	4.1
Other	6.0	3.1	2.6	2.4	2.5	2.5
<b>Nontax revenues</b>	<b>2.5</b>	<b>2.2</b>	<b>1.9</b>	<b>2.5</b>	<b>2.3</b>	<b>1.8</b>

Sources: Ministry of Finance; and Fund staff estimates.

1/ Includes revenue from nonfinancial public corporations.

Table 12. Guyana: Central Government Expenditures

	1993	1994	1995	1996	1997	Prel. 1998
(In millions of Guyana dollars)						
<b>Total expenditure and net lending</b>	<b>26,323</b>	<b>26,751</b>	<b>34,425</b>	<b>39,218</b>	<b>45,444</b>	<b>41,833</b>
Current expenditure	18,209	19,171	22,155	23,578	28,809	28,177
Goods and services	7,071	9,386	10,990	12,874	14,438	18,248
Personnel emoluments	3,585	4,485	5,514	6,477	8,298	9,124
Wages and salaries	2,586	3,390	4,193	5,019	6,280	7,085
Allowances and contributions	999	1,095	1,322	1,458	2,018	2,039
Other goods and services	3,486	4,901	5,476	6,397	6,140	6,253
Materials and supplies	607	805	941	1,010	1,128	1,354
Maintenance of infrastructure	442	476	470	453	477	398
Other 1/	2,436	3,620	4,065	4,934	4,535	4,501
Interest 2/	6,200	7,583	8,909	7,520	10,100	8,677
External	2,688	2,803	3,234	2,813	6,485	5,649
Domestic	3,512	4,780	5,675	4,708	3,615	3,028
Transfers	4,938	2,202	2,256	3,184	4,271	4,123
Public corporations	1,903	0	0	0	0	0
Pensions and gratuities	135	168	224	379	1,185	1,122
Other private	1,363	682	454	668	801	842
Local and international organizations	1,493	1,208	1,414	1,951	2,188	2,015
Local authorities	44	144	164	186	97	143
Refund of revenues	130	174	100	0	0	0
Capital expenditure	8,114	7,580	12,270	15,640	16,635	13,656
(Annual percentage change)						
<b>Total expenditure</b>	<b>18.3</b>	<b>1.6</b>	<b>28.7</b>	<b>13.9</b>	<b>15.9</b>	<b>-7.9</b>
Current expenditure	14.8	5.3	15.6	6.4	22.2	-2.2
Personnel emoluments	13.5	25.1	22.9	17.5	28.1	10.0
Other goods and services	5.0	40.6	11.7	16.8	-4.0	1.8
Interest	-4.7	22.3	17.5	-15.6	34.3	-14.1
Transfers	71.4	-55.4	2.5	41.1	34.1	-3.5
Capital expenditure	27.2	-6.6	61.9	27.5	6.4	-17.9
(In percent of GDP)						
<b>Total expenditure</b>	<b>45.7</b>	<b>35.8</b>	<b>39.1</b>	<b>39.8</b>	<b>42.6</b>	<b>38.6</b>
Current expenditures	31.6	25.6	25.1	23.9	27.0	26.0
Personnel emoluments	6.2	6.0	6.3	6.6	7.8	8.4
Wages and salaries	4.5	4.5	4.8	5.1	5.9	6.5
Allowances and contributions	1.7	1.5	1.5	1.5	1.9	1.9
Other goods and services	6.1	6.6	6.2	6.5	5.8	5.8
Interest	10.8	10.1	10.1	7.6	9.5	8.0
Current transfers	8.6	2.9	2.6	3.2	4.0	3.8
Capital expenditures	14.1	10.1	13.9	15.9	15.6	12.6

Sources: Ministry of Finance; and Fund staff estimates.

1/ Includes rent, electricity, fuel, travel, postage, telephones, and other miscellaneous expenses.

2/ Interest paid.

Table 13. Guyana: Summary of the Operations of the Public Enterprises

	1993	1994	1995	1996	1997	Prel. 1998
(In millions of Guyana dollars)						
<b>Revenue</b>	<b>39,115</b>	<b>42,753</b>	<b>48,447</b>	<b>52,398</b>	<b>52,366</b>	<b>50,279</b>
Enterprises	37,772	40,853	45,732	49,067	48,344	45,063
NIS	1,343	1,900	2,715	3,331	4,022	5,216
<b>Total noninterest expenditure</b>	<b>38,894</b>	<b>39,629</b>	<b>42,998</b>	<b>46,251</b>	<b>47,930</b>	<b>45,354</b>
Enterprises	33,246	35,268	38,643	41,294	43,059	39,589
Wages and salaries	8,404	9,979	10,651	11,357	14,373	13,042
Goods and services	24,750	24,990	26,817	27,954	28,221	26,007
Local taxes	92	300	1,176	1,984	465	540
National insurance scheme	883	1,124	1,461	1,709	1,962	2,501
Taxes to the central government 1/	4,577	3,088	2,680	2,706	2,741	3,085
Dividends and transfers	188	148	214	542	169	179
<b>Interest</b>	<b>127</b>	<b>43</b>	<b>200</b>	<b>185</b>	<b>46</b>	<b>82</b>
Domestic	0	0	0	63	46	82
External	127	43	200	121	0	0
<b>Current surplus or deficit (-)</b>	<b>94</b>	<b>3,081</b>	<b>5,249</b>	<b>5,962</b>	<b>4,390</b>	<b>4,843</b>
<b>Capital expenditure</b>	<b>3,071</b>	<b>1,107</b>	<b>2,082</b>	<b>3,227</b>	<b>2,637</b>	<b>3,009</b>
Enterprises	7,179	2,221	3,035	3,207	4,512	3,340
NIS	47	21	58	21	59	39
Less government transfers	4,155	1,136	1,011	0	1,934	370
<b>Overall surplus or deficit (-)</b>	<b>-2,977</b>	<b>1,975</b>	<b>3,167</b>	<b>2,735</b>	<b>1,753</b>	<b>1,834</b>
Net foreign financing 2/	0	0	0	0	0	0
Net domestic financing	2,977	-1,975	-3,167	-2,735	-1,753	-1,834
Banking system	-989	3,174	199	-1,036	-1,049	-41
Central bank	-1,568	2,679	-319	1,402	1,364	304
Commercial banks	579	495	518	-2,438	-2,413	-345
Other	3,966	-5,149	-3,366	-1,699	-704	-1,793
Of which						
Debentures/treasury bills	-373	-1,055	-1,595	-1,765	1,840	-2,623
(In percent of GDP)						
Revenue	67.9	57.2	55.0	53.2	49.1	46.4
Current expenditure	67.8	53.0	49.0	47.1	45.0	41.9
Noninterest expenditure	67.5	53.0	48.8	46.9	44.9	41.8
Interest	0.2	0.1	0.2	0.2	0.0	0.1
Current surplus or deficit (-)	0.2	4.1	6.0	6.0	4.1	4.5
Capital expenditure	5.3	1.5	2.4	3.3	2.5	2.8
Overall surplus or deficit (-)	-5.2	2.6	3.6	2.8	1.6	1.7

Sources: Ministry of Finance; and Fund staff estimates.

1/ Taxes paid by enterprises.

2/ Amortization payments are consolidated with central government amortization repayments.

Table 14. Guyana: Operations of the Public Corporations

(In millions of Guyana dollars)

	1993	1994	1995	1996	1997	Prel. 1998
A. GUYSUCO						
Operating revenues	16,190	18,067	20,583	23,756	22,202	21,506
Exports of sugar	14,680	16,111	18,636	21,785	20,208	19,697
Local sales	1,090	1,169	1,327	1,188	1,249	1,083
Other income	420	787	620	783	745	726
Operating expenditure	12,399	13,357	14,465	15,177	17,259	16,646
Wages and salaries	5,613	6,910	7,133	7,507	10,146	8,835
Goods and services	6,682	6,356	7,332	7,658	7,113	7,810
Foreign inputs	2,720	3,012	3,781	0	0	0
Other local inputs	3,962	3,344	3,551	7,658	7,113	7,810
Taxes, dividends, etc.	0	0	0	0	0	0
Interest	104	91	0	12	0	0
Domestic	-22	60	0	8	0	0
Foreign	126	31	0	4	0	0
Sugar purchases	0	0	0	0	0	0
Import duty--sugar	0	0	0	0	0	0
Operating surplus or deficit (-)	3,791	4,710	6,118	8,579	4,943	4,861
Transfers to the central government	3,697	2,419	1,900	2,000	2,162	2,000
Taxes and levy	3,697	2,419	1,900	2,000	2,162	2,000
Dividends	0	0	0	0	0	0
Current surplus or deficit (-)	9	2,027	3,092	6,579	2,781	2,861
Capital expenditure	1,811	822	2,000	1,604	2,643	2,514
Overall surplus or deficit (-)	-1,802	1,205	1,092	4,975	138	347
B. GUYMINE (from 1994 represents the combined output of LINMINE and BERMINE)						
Operating revenues	8,368	6,061	6,176	5,585	6,144	5,867
Sales--export	7,755	5,288	5,612	5,487	5,793	5,212
Other revenue	613	773	564	398	350	655
Operating expenditure	8,188	6,416	5,578	5,891	6,214	5,630
Wages and salaries	1,367	1,318	1,303	1,466	1,581	1,559
Goods and services	6,821	5,098	4,276	4,425	4,633	4,059
Interest	0	0	0	0	12	11
Domestic	0	0	0	0	12	11
External	0	0	0	0	0	0
Operating surplus or deficit (-)	180	-355	597	-6	-70	237
Transfers to the central government	89	5	30	0	0	0
Taxes	89	5	30	0	0	0
Dividends	0	0	0	0	0	0
Current surplus or deficit (-)	92	-360	567	-6	-70	237
Capital expenditure	2,768	644	209	106	82	663
Overall surplus or deficit (-)	-2,677	-1,005	358	-112	-152	-426

Table 14. Guyana: Operations of the Public Corporations

(In millions of Guyana dollars)

	1993	1994	1995	1996	1997	Prel. 1998
<b>B1. BERMINE</b>						
Operating revenues	...	1,721	1,356	1,901	1,758	2,299
Sales-export	...	1,437	1,197	1,690	1,576	2,027
Other revenue	...	284	159	211	182	272
Operating expenditure	...	1,549	1,232	1,933	1,710	1,972
Wages and salaries	...	235	278	385	427	402
Goods and services	...	1,315	954	1,548	1,283	1,570
Interest	...	0	0	0	0	0
Domestic	...	0	0	0	0	0
External	...	0	0	0	0	0
Operating surplus or deficit (-)	...	172	124	-32	49	327
Transfers to the central government	...	0	0	0	0	0
Current surplus or deficit (-)	...	172	124	-32	49	327
Capital expenditure	...	145	51	11	14	256
Overall surplus or deficit (-)	...	27	73	-43	35	71
<b>B2. LINMINE</b>						
Operating revenues	...	4,340	4,820	3,984	4,386	3,568
Sales - export	...	3,851	4,415	3,798	4,217	3,186
Other revenue	...	489	404	186	169	383
Operating expenditure	...	4,867	4,346	4,080	4,504	3,658
Wages and salaries	...	1,083	1,025	1,082	1,154	1,157
Goods and services	...	3,784	3,322	2,877	3,350	2,490
Interest	...	0	0	121	12	11
Domestic	...	0	0	9	12	11
External	...	0	0	112	0	0
Operating surplus or deficit (-)	...	-527	473	-96	-119	-90
Transfers to the central government	...	5	30	0	0	0
Taxes	...	5	30	0	0	0
Dividends	...	0	0	0	0	0
Current surplus or deficit (-)	...	-532	443	-96	-129	-90
Capital expenditure	...	500	158	96	68	407
Overall surplus or deficit (-)	...	-1,032	285	-192	-197	-497
<b>C. Guyana Electricity Corporation</b>						
Operating revenues	1,969	2,745	3,035	3,873	4,586	4,462
Operating expenditure	2,664	3,030	3,559	3,759	4,654	4,362
Wages and salaries	409	492	578	623	714	853
Other	2,255	2,538	2,981	3,136	3,940	3,509



Table 14. Guyana: Operations of the Public Corporations

(In millions of Guyana dollars)

	1993	1994	1995	1996	1997	Prel. 1998
<b>C. Guyana Electricity Corporation</b>						
Operating surplus or deficit (-)	-695	-285	-524	114	-68	100
Transfers to the central government	0	0	0	0	0	0
Current surplus or deficit (-)	-695	-294	-524	114	-68	100
Capital expenditure	2,004	611	70	1,061	1,310	15
Overall surplus or deficit (-)	-2,699	-905	-594	-947	-1,378	85
<b>D. Other Public Corporations</b>						
Operating revenues	10,845	13,539	15,188	15,553	15,412	13,228
Operating expenditure	9,629	11,755	13,115	14,539	14,976	12,992
Wages and salaries	1,015	1,258	1,637	1,760	1,932	1,794
Goods and services	8,992	10,998	12,228	12,734	13,011	11,168
Interest	-377	-501	-750	45	33	31
Domestic	-378	-501	-750	45	33	31
External	0	0	0	0*	0	0
Operating surplus or deficit (-)	1,215	1,783	2,073	1,014	436	235
Transfers to the central government	416	533	964	1,248	910	655
Taxes	400	389	750	706	741	496
Dividends	16	144	214	542	169	159
Special transfers	0	0	0	0	0	0
Current surplus or deficit (-)	792	1,223	1,059	-234	-474	-420
Capital expenditure	596	144	135	260	482	148
Overall surplus or deficit (-)	196	1,079	924	-494	-956	-568
<b>E. National Insurance Scheme</b>						
Income	1,343	1,900	2,715	3,331	4,022	5,216
Contributions	1,108	1,598	2,088	2,655	3,246	3,587
Investment income	234	300	505	668	760	668
Other	1	2	122	8	16	960
Expenditures	883	1,124	1,461	1,708	1,962	2,501
Payment of benefits	641	849	1,162	1,330	1,623	2,123
Other current expenditures	242	275	298	378	339	379
Operating surplus or deficit (-)	460	777	1,255	1,623	2,060	2,714
Capital expenditure	47	21	58	21	59	40
Overall surplus or deficit (-)	413	755	1,197	1,602	2,001	2,675

Sources: Ministry of Finance.

Table 15. Guyana: Monetary Survey

	1993	1994	1995	1996	1997	1998
(In millions of Guyana dollars)						
<b>Net foreign assets</b>	<b>-71,490</b>	<b>-76,003</b>	<b>-74,966</b>	<b>-26,174</b>	<b>-6,338</b>	<b>-62</b>
Assets	35,368	41,857	41,282	50,340	49,216	49,555
Liabilities	-106,858	-117,860	-116,248	-76,514	-55,554	-49,617
<b>Net domestic assets</b>	<b>104,862</b>	<b>115,118</b>	<b>124,306</b>	<b>83,754</b>	<b>70,657</b>	<b>68,756</b>
Public sector credit	-4,707	-11,328	-10,967	-19,248	-17,277	-12,715
Central government (net) 1/	2,884	-6,912	-6,750	-13,994	10,974	-6,372
Other (public enterprises, NIS and other agencies)	-7,590	-4,416	-4,217	-5,254	-6,303	-6,343
Private sector credit	10,230	13,799	21,107	36,309	44,863	51,838
Valuation adjustment	55,789	63,553	62,931	62,013	63,535	63,953
Private capital and surplus	-3,660	-3,969	-5,392	-13,718	-15,054	-19,385
Other items net (including BOG capital, bank liabilities to rest of financial sector)	47,209	53,063	56,579	18,398	-5,411	-14,934
<b>Liabilities to the private sector</b>	<b>33,371</b>	<b>39,115</b>	<b>49,340</b>	<b>57,580</b>	<b>64,319</b>	<b>68,696</b>
Monetary liabilities	9,379	12,266	14,007	16,037	17,389	17,821
Currency in circulation	6,480	8,167	8,967	9,959	11,193	11,334
Demand deposits	2,899	4,099	5,040	6,078	6,169	6,486
Time and savings deposits	23,992	26,849	35,333	41,543	46,931	50,875
(Change as a percent of broad money at beginning of period)						
<b>Net foreign assets</b>	<b>6.1</b>	<b>-13.5</b>	<b>2.7</b>	<b>98.9</b>	<b>34.5</b>	<b>9.8</b>
<b>Net domestic assets</b>	<b>21.7</b>	<b>30.6</b>	<b>23.4</b>	<b>-82.3</b>	<b>-22.7</b>	<b>-3.0</b>
Public sector credit	-34.0	-19.8	0.9	-16.8	3.4	7.1
Private sector credit	5.7	10.7	18.7	30.8	14.9	10.8
Other items net	50.0	39.8	3.8	-96.3	-41.0	-20.9
<b>Broad money</b>	<b>27.9</b>	<b>17.2</b>	<b>26.1</b>	<b>16.7</b>	<b>11.7</b>	<b>6.8</b>
Velocity						
Narrow money	6.7	6.9	6.7	6.6	6.4	6.2
Broad money	1.9	2.1	2.0	1.8	1.8	1.6

Source: Bank of Guyana.

1/ Excludes interest-free debentures issued to the Bank of Guyana to cover losses.

Table 16. Guyana: Accounts of the Bank of Guyana  
(In millions of Guyana dollars)

	1993	1994	1995	1996	1997	1998
<b>Net foreign assets</b>	<b>-72,599</b>	<b>-76,618</b>	<b>-75,881</b>	<b>-26,357</b>	<b>-4,872</b>	<b>1,239</b>
Assets	32,178	38,309	37,484	46,590	45,719	45,675
Liabilities	-104,777	-114,927	-113,365	-72,947	-50,591	-44,436
<b>Net domestic assets</b>	<b>79,080</b>	<b>84,785</b>	<b>84,848</b>	<b>36,317</b>	<b>16,065</b>	<b>10,095</b>
Public sector (net)	-18,835	-21,164	-21,564	-29,183	-25,894	-19,436
Central government 1/	-14,511	-19,520	-19,601	-28,622	-26,697	-20,542
Treasury bills	688	2,363	340	795	238	1,020
Debentures	175	174	174	0	0	0
Deposits	-15,374	-22,058	-20,115	-29,417	-26,935	-21,563
Special funds	-7	-7	-7	-7	-7	-7
Social security, pensions, and other public sector	-4,317	-1,638	-1,913	-544	809	1,113
Liabilities to commercial banks	5,326	7,899	10,202	10,794	13,097	15,839
Currency	461	591	640	1,343	1,277	1,184
Bankers' deposits	4,498	6,973	9,232	9,121	11,502	14,345
Deposits on external payments arrears	368	335	331	330	318	310
Other items net	103,240	113,847	116,614	76,293	55,056	45,370
Valuation adjustment	57,471	65,235	64,613	63,695	65,217	65,635
Capital, reserves and counterpart items	45,769	48,612	52,001	12,598	-10,161	-20,265
Capital and contingency reserves	-50,618	-59,179	-58,045	-58,023	-57,952	-59,796
Medium-term liabilities and nonmonetary external deposits	-1,063	-1,151	-580	-488	-457	-516
Unclassified assets and liabilities (net)	116,787	128,653	136,707	95,429	75,514	68,380
Assets	117,594	129,291	137,639	96,660	76,758	69,748
<i>Of which</i>						
Noninterest debentures	116,805	124,134	134,849	94,849	75,044	67,961
Counterpart liabilities	175	220	484	222	224	0
Liabilities	-807	-638	-932	-1,231	-1,244	-1,368
Counterpart unrequited foreign exchange	-19,337	-19,711	-26,081	-24,319	-27,266	-28,333
SDR allocation account	2,609	3,023	3,035	2,951	2,823	3,381
Other counterpart entries including for valuation adjustment	-21,946	-22,733	-29,115	-27,271	-30,089	-31,714
<i>Of which</i>						
Valuation adjustment and fund account	-7,750	-8,828	-2,276	-2,369	-1,031	-966.1
<b>Currency in circulation</b>	<b>6,480</b>	<b>8,167</b>	<b>8,967</b>	<b>9,959</b>	<b>11,193</b>	<b>11,334</b>
Currency issue	6,941	8,758	9,607	11,303	12,470	12,518
Less holdings of commercial banks	-461	-591	-640	-1,343	-1,277	-1,183

Source: Bank of Guyana.

1/ Excludes interest-free debentures issued to the Bank of Guyana to cover losses.

Table 17. Guyana: Accounts of the Commercial Banks

(In millions of Guyana dollars)

	1993	1994	1995	1996	1997	1998
<b>Net foreign assets</b>	<b>1,109</b>	<b>615</b>	<b>915</b>	<b>183</b>	<b>-1,466</b>	<b>-1,301</b>
Assets	3190	3,548	3798	3,750	3,498	3880
Liabilities	-2,081	-2,933	-2,883	-3,567	-4,963	-5,181
<b>Net domestic assets</b>	<b>25,782</b>	<b>30,333</b>	<b>39,457</b>	<b>47,438</b>	<b>54,592</b>	<b>58,662</b>
<b>Credit to public sector</b>	<b>14,128</b>	<b>9,836</b>	<b>10597</b>	<b>9,935</b>	<b>8,617</b>	<b>6,720.60</b>
<b>Central government</b>	<b>17,395</b>	<b>12,608</b>	<b>12851</b>	<b>14,627</b>	<b>15,723</b>	<b>14,170.60</b>
Credit (treasury bills and debentures)	20,027	15,615	14,806	17,222	18,027	15,850
Advances	37	33	33	28	1	1
Deposits	-2,669	-3,042	-1,996	-2,623	-2,303	-1,680
Public enterprises, NIS and other agencies	-3,267	-2,772	-2,086	-4,692	-7,105	-7,450
NIS and other agencies	-504	-262	-168	-404	-3,487	-3,850
Public enterprises	-2,763	-2,510	-1,918	-4,288	-3,618	-3,601
Credit	470.6	188	409.7	255	216	410.2
Deposits	-3,234	-2,698	-2,327	-4,542	-3,835	-4,011
Credit to private sector	10,230	13,799	21,107	36,309	44,863	51,838
Other	1,424	6,698	7,753	1,194	1,111	104
Private capital and surplus	-3,660	-3,969	-5,392	-13,718	-15,054	-19,385
Interbank float	106	382	756	755	1,081	487
Claims on BOG (net)	5,563	8,232	10,387	10,790	13,376	16,132
Currency	461	591	640	1,343	1,277	1,184
Deposits	4,735	7,306	9,417	9,117	11,782	14,637
EPD deposits	367	334	331	330	318	310
Valuation adjustment	-1,682	-1,682	-1,682	-1,682	-1,682	-1,682
Other items (net)	1,097	3,736	3,683	5,049	3,390	4,552
<i>Of which</i>						
Liabilities to rest of the financial system	2,875	1,342	1,891	2,574	3,660	5,703
External payment deposits (EPDs)	368	335	331	330	318	310
<b>Liabilities to private sector</b>	<b>26,891</b>	<b>30,948</b>	<b>40,372</b>	<b>47,621</b>	<b>53,127</b>	<b>57,361</b>
Monetary liabilities	2,899	4,099	5,040	6,078	6,196	6,486
Demand deposits	2,405	3,516	4,301	5,131	5,186	5,547
Cashiers and managers checks	494	583	738	947	1,010	939
Time and savings deposits	23,992	26,849	35,333	41,543	46,931	50,875

Source: Bank of Guyana.

Table 18. Guyana: Net Foreign Assets of the Banking System

(In millions of U.S. dollars)

	1993	1994	1995	1996	1997	1998
<b>Net foreign assets</b>	<b>-547</b>	<b>-534</b>	<b>-534</b>	<b>-186</b>	<b>-44</b>	<b>6</b>
Bank of Guyana	-555	-538	-540	-187	-34	14
Gross international reserves	246	269	269	332	315	276
Short-term liabilities	-190	-190	-182	-178	-165	-148
Current	-185	-185	-176	-171	-159	-148
Venezuela Investment Fund	-8	-6	-4	-3	-2	0
Use of fund credit	-177	-179	-172	-168	-157	-148
In arrears	-5	-6	-6	-7	-7	0
Medium-term liabilities	-7	-7	-3	-3	-3	-3
Rescheduled liabilities	-604	-610	-623	-338	-181	-112
Commercial banks	9	4	7	1	-10	-8

Source: Bank of Guyana.

Table 19. Guyana: Commercial Bank Credit by Sector

	1993	1994	1995	1996	1997	1998
(In millions of Guyana dollars)						
<b>Total</b>	<b>10,700</b>	<b>13,987</b>	<b>21,517</b>	<b>36,593</b>	<b>45,079</b>	<b>52,248</b>
Credit to private sector	10,230	13,799	21,107	36,309	44,863	51,838
Agriculture	1,074	1,729	3,290	7,950	7,266	8,978
Sugarcane	32	65	26	33	186	181
Rice Paddy	437	963	2,263	6,705	4,311	6,140
Other	606	701	1,000	1,212	2,769	2,657
Mining	602	644	839	1,016	918	1,042
Timber and sawmilling	589	608	570	938	1,834	1,967
Construction	511	439	554	1,163	1,769	2,198
Manufacturing	2,412	1,358	2,071	8,314	9,040	13,750
Transport and communications	344	362	634	689	950	943
Distribution	2,044	3,248	4,713	7,026	7,637	8,715
Housing and real estate	410	722	1,377	2,125	2,469	2,943
Personal (excluding housing)	1,680	2,410	3,908	3,984	6,299	7,004
Cooperatives	26	36	38	38	162	147
Services and other (including mortgage and other local security loans)	539	2,243	3,113	3,066	6,520	4,151
Credit to public enterprises	471	188	410	284	216	410
Sugar	0	0	121	0	0	0
Bauxite	0	110	228	148	49	177
Timber and sawmilling	0	0	0	0	0	0
Transport and communications	0	0	0	0	0	39
Distribution (including rice)	31	3	0	83	73	80
Other	440	75	61	53	95	115
(In percent of total)						
Private sector	95.6	98.7	98.1	99.2	99.5	99.2
Public sector	4.4	1.3	1.9	0.8	0.5	0.8
(Annual percentage change)						
<b>Total</b>	<b>11.8</b>	<b>30.7</b>	<b>53.8</b>	<b>70.1</b>	<b>23.2</b>	<b>15.9</b>
Private sector	17.1	34.9	53.0	72.0	23.6	15.5
Public sector	-43.6	-60.1	118.1	-30.7	-23.9	89.8

Source: Bank of Guyana.

Table 20. Guyana: Liabilities of the Banking System to the Private Sector

	1993	1994	1995	1996	1997	1998
(In millions of Guyana dollars)						
<b>Total</b>	<b>33,371</b>	<b>39,115</b>	<b>49,340</b>	<b>57,580</b>	<b>64,319</b>	<b>68,696</b>
Monetary liabilities	9,379	12,266	14,007	16,037	17,389	17,821
Currency in circulation	6,480	8,167	8,967	9,959	11,193	11,334
Demand deposits	2,899	4,099	5,040	6,078	6,196	6,486
Time and savings deposits	23,992	26,849	35,333	41,543	46,931	50,875
(Annual percentage change)						
<b>Total</b>	<b>28.0</b>	<b>17.0</b>	<b>26.0</b>	<b>17.0</b>	<b>11.7</b>	<b>6.8</b>
Monetary liabilities	21.0	31.0	14.0	14.0	8.4	2.5
Currency in circulation	27.0	26.0	10.0	11.0	12.4	1.3
Demand deposits	10.0	41.0	23.0	21.0	1.9	4.7
Time and savings deposits	31.0	12.0	32.0	18.0	13.0	8.4
(In percent of GDP)						
<b>Total</b>	<b>58.0</b>	<b>52.3</b>	<b>56.0</b>	<b>58.4</b>	<b>60.3</b>	<b>63.3</b>
Monetary liabilities	16.3	16.4	15.9	16.3	16.3	16.4
Currency in circulation	11.3	10.9	10.2	10.1	10.5	10.4
Demand deposits	5.0	5.5	5.7	6.2	5.8	6.0
Time and savings deposits	41.7	35.9	40.1	42.1	44.0	46.9
<b>Memorandum item:</b>						
GDP at market prices (G\$ billion)	57.6	74.8	88.1	98.6	106.7	108.5

Source: Bank of Guyana.

Table 21. Guyana: Commercial Banks Liquid Asset Requirements

	1993	1994	1995	1996	1997	1998
(In millions of Guyana dollars)						
<b>Liabilities</b>	<b>38,362</b>	<b>41,713</b>	<b>50,823</b>	<b>63,101</b>	<b>72,150</b>	<b>64,663</b>
Demand deposits	6,467	7,596	10,207	11,984	11,643	10,808
Time and savings deposits	31,895	34,117	40,616	51,117	60,507	53,855
<b>Liquid assets</b>						
Required	7,996	8,667	10,673	13,219	15,012	13,473
Actual	23,198	21,184	21,453	21,476	25,588	24,808
Foreign assets	2,355	2,590	2,582	2,209	3,627	2,479
Currency	612	679	761	1,435	1,342	1,557
Reserve deposits	4,524	7,265	9,168	9,429	11,465	15,376
Treasury bills	15,580	10,059	8,195	7,770	8,798	4,776
Other	128	591	747	633	356	620
Excess	15,202	12,517	10,780	8,257	10,576	11,335
(In percent of total liabilities)						
<b>Reserves</b>						
Required	20.8	20.8	21.0	20.0	20.8	20.8
Actual	60.5	50.8	42.2	34.0	35.5	38.4
Excess	39.6	30.0	21.2	14.0	14.7	17.5
Actual/required	2.9	2.4	2.0	1.7	1.7	1.8

Source: Bank of Guyana.



Table 22. Guyana: Reserve Requirements of the Commercial Banks

	1993	1994	1995	1996	1997	1998
(Average for the last reserve period, in millions of Guyana dollars)						
<b>Liabilities</b>	<b>38,362</b>	<b>41,713</b>	<b>50,823</b>	<b>63,101</b>	<b>71,414</b>	<b>76,936</b>
Demand deposits	6,467	7,596	10,207	11,984	10,993	10,456
Time deposits	31,895	34,117	40,616	51,117	60,421	66,479
<b>Reserves</b>						
Required	3,583	5,836	7,209	8,802	10,286	10,980
Actual	3,896	5,899	8,872	11,848	13,093	14,358
Excess	313	63	1,663	3,046	2,807	3,379
(In percent of total liabilities)						
<b>Reserves</b>						
Required	9.3	14.0	14.2	13.9	14.4	14.3
Actual	10.2	14.1	17.5	18.7	18.3	18.7
Excess	0.8	0.2	3.3	4.8	3.9	4.4
Actual/required	1.1	1.0	1.2	1.4	1.3	1.3

Source: Bank of Guyana.

Table 23. Guyana: Private Sector Holdings of Domestic Financial Assets

	1993	1994	1995	1996	1997	1998
(In millions of Guyana dollars)						
<b>Total</b>	<b>44,002</b>	<b>53,747</b>	<b>65,898</b>	<b>75,875</b>	<b>84,269</b>	<b>91,708</b>
<b>By asset type</b>						
Claims on financial system	42,314	49,208	61,892	72,837	83,151	91,210
Banking system	32,937	38,533	48,602	56,634	63,310	67,757
Currency in circulation	6,480	8,167	8,967	9,959	11,193	11,334
Demand deposits	2,465	3,516	4,301	5,131	5,186	5,547
Time deposits	8,596	8,780	12,756	15,443	16,833	17,048
Savings deposits	15,396	18,069	22,577	26,100	30,098	33,828
Nonbanks	9,376	10,676	13,291	16,203	19,841	23,453
Deposits	4,501	5,525	6,920	8,663	10,549	12,162
Shares	3,004	3,758	4,767	6,440	7,871	9,130
Other	1,498	1,767	2,153	2,223	2,678	3,032
Insurance premia	2,025	1,440	1,660	1,891	1,962	2,174
Pension Fund	2,659	3,550	4,524	5,382	6,371	7,651
Trust Fund	192	162	188	267	959	1,466
Claims on the central government	1,689	4,538	4,006	3,038	1,118	498
Treasury bills	1,589	3,010	2,508	2,637	783	80
Government debentures	74	1,501	1,470	385	326	412
Defense bonds	25	28	28	17	9	6
<b>By institution</b>						
Financial intermediaries	42,314	49,208	61,892	72,836	83,151	91,210
Bank of Guyana	6,480	8,167	8,967	9,959	11,193	11,334
Commercial banks	26,457	30,366	39,634	46,674	52,117	56,422
Nonbanks	9,376	10,676	13,291	16,203	19,841	23,110
Building Society	3,192	3,988	5,006	6,700	8,157	9,469
Trust companies	1,501	1,698	2,101	2,230	3,351	4,159
Insurance companies	2,025	1,440	1,660	1,891	1,962	2,174
Pension schemes	2,659	3,550	4,524	5,382	6,371	7,651
Central government	1,689	4,538	4,006	3,038	1,118	498
(In percent of total)						
<b>By asset type</b>						
Claims on financial system	96.2	91.6	93.9	96.0	98.7	99.5
Banking system	74.9	71.7	73.8	74.6	75.1	73.9
Currency in circulation	14.7	15.2	13.6	13.1	13.3	12.4
Demand deposits	5.6	6.5	6.5	6.8	6.2	6.0
Time and saving deposits	54.5	50.0	53.6	54.8	55.7	55.5
Nonbanks	21.3	19.9	20.2	21.4	23.5	25.6
Claims on the central government	3.8	8.4	6.1	4.0	1.3	0.5
Treasury bills	3.6	5.6	3.8	3.5	0.9	0.1
Government debentures	0.2	2.8	2.2	0.5	0.4	0.4
Defense bonds	0.1	0.1	0.0	0.0	0.0	0.0
<b>By institution</b>						
Financial intermediaries	96.2	91.6	93.9	96.0	98.7	99.5
Bank of Guyana	14.7	15.2	13.6	13.1	13.3	12.4
Commercial banks	60.1	56.5	60.1	61.5	61.8	61.5
Nonbanks	21.3	19.9	20.2	21.4	23.5	25.2
Central government	3.8	8.4	6.1	4.0	1.3	0.5
<b>Memorandum items:</b>						
Total assets (percent of GDP)	76.4	71.9	74.8	77.0	79.0	79.0
Total assets (percent change)	25.2	22.1	22.6	15.1	11.1	8.8

Source: Bank of Guyana.

Table 24. Guyana: Private Nonbank Financial Institutions

(In millions of Guyana dollars)

	1993	1994	1995	1996	1997	1998
<b>Net foreign assets</b>	<b>40</b>	<b>-35</b>	<b>588</b>	<b>1,214</b>	<b>1,619</b>	<b>1,857</b>
Assets	3,206	3,949	4,537	4,646	5,241	5,786
Liabilities	-3,165	-3,984	-3,950	-3,432	-3,622	-3,929
<b>Claims on other financial institutio</b>	<b>667</b>	<b>879</b>	<b>2,230</b>	<b>4,152</b>	<b>5,343</b>	<b>6,491</b>
<b>Net domestic assets</b>	<b>11,076</b>	<b>13,231</b>	<b>17,288</b>	<b>16,590</b>	<b>15,920</b>	<b>17,637</b>
Central government	3,846	6,221	6,886	6,599	6,138	6,128
Treasury bills	3,241	5,683	6,408	6,215	5,689	5,753
Debentures	605	538	478	384	449	375
Rest of public sector	11	117	10	0	0	132
Private sector	1,441	4,770	7,385	9,458	13,235	16,108
Unclassified (net)	5,778	2,122	3,007	533	-3,452	-4,731
<b>Liabilities to private sector</b>	<b>11,783</b>	<b>14,074</b>	<b>20,105</b>	<b>21,955</b>	<b>22,882</b>	<b>25,984</b>

Source: Bank of Guyana.

Table 25. Guyana: Selected Interest Rates

(In percent per annum)

	1993	1994	1995	1996	1997	1998
<b>Local rates</b>						
Prime lending rate	17.5	19.9	19.1	17.2	16.9	17.0
Bank rate	17.0	26.3	17.3	12.0	11.0	11.3
Treasury bills (91-day)	15.4	18.6	15.5	9.9	8.2	8.8
Small savings rate	9.5	11.2	10.5	7.7	7.4	7.1
<b>Time deposits</b>						
3-month	10.9	12.8	12.8	9.0	8.4	8.0
6-month	11.8	14.4	13.8	9.9	9.4	8.3
12-month	12.3	14.3	14.4	9.5	9.3	9.7
Interest paid on deposits against external payment arrears with commercial banks	18.2	20.8	20.4	110.0	9.8	10.0
Weighted average time deposit rate	11.0	13.0	13.0	9.6	8.5	8.2
Weighted average lending rate	18.2	20.8	20.4	18.5	18.3	18.4
<b>International rates</b>						
LIBOR	3.3	4.7	6.0	5.5	5.8	5.6
<b>Treasury bill rate</b>						
United Kingdom	5.2	5.2	6.4	5.8	6.5	6.8
United States	3.0	4.3	5.5	5.0	5.1	4.8
Canada	4.8	5.5	6.9	4.2	3.3	4.7
Jamaica	28.9	43.0	27.7	38.0	21.1	25.7
Trinidad	9.5	10.0	8.4	10.4	9.8	11.9

Sources: IMF, International Financial Statistics; data provided by the Guyanese authorities; and Fund staff estimates.

Table 26. Guyana: Balance of Payments

	1993	1994	1995	1996	1997	Prel. 1998
(In millions of U.S. dollars)						
<b>Current account (excluding official transfers)</b>	<b>-130</b>	<b>-102</b>	<b>-111</b>	<b>-65</b>	<b>-106</b>	<b>-98</b>
<b>Merchandise trade (net)</b>	<b>-80</b>	<b>-59</b>	<b>-41</b>	<b>-20</b>	<b>-49</b>	<b>-54</b>
Exports (f.o.b.)	404	447	496	575	592	547
<i>Of which</i>						
Bauxite	91	79	83	86	89	78
Sugar	116	116	126	151	133	129
Rice	33	56	77	95	84	73
Gold	100	128	95	104	137	124
Timber	5	8	8	10	17	13
Imports (c.i.f.)	484	506	537	595	642	601
<b>Services (net)</b>	<b>-95</b>	<b>-92</b>	<b>-102</b>	<b>-86</b>	<b>-97</b>	<b>-88</b>
Nonfactor services	-8	-11	-26	-33	-23	-32
Factor services	-88	-81	-75	-54	-74	-56
<b>Net private transfers</b>	<b>45</b>	<b>49</b>	<b>32</b>	<b>41</b>	<b>40</b>	<b>44</b>
<b>Capital and financial account</b>	<b>137</b>	<b>72</b>	<b>78</b>	<b>124</b>	<b>126</b>	<b>82</b>
<b>Capital account 1/ 2/</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>524</b>	<b>0</b>	<b>0</b>
<b>Financial account</b>	<b>137</b>	<b>72</b>	<b>78</b>	<b>-400</b>	<b>126</b>	<b>82</b>
Nonfinancial public sector (net) 1/	54	-9	2	-458	61	27
Net official transfers	3	9	12	17	24	13
Net official borrowing	51	-18	-10	-475	38	13
Project loans	56	22	33	40	37	34
Program loans	36	18	8	46	30	25
Amortization	-41	-58	-50	-835	-29	-45
Private sector (net)	83	81	76	59	65	55
<i>Of which</i>						
Foreign direct investment (net)	74	80	78	53	52	46
<b>Errors and omissions</b>	<b>-8</b>	<b>-5</b>	<b>-12</b>	<b>1</b>	<b>-15</b>	<b>-1</b>
<b>Overall balance 2/</b>	<b>-2</b>	<b>-35</b>	<b>-44</b>	<b>60</b>	<b>4</b>	<b>-17</b>
<b>Financing 2/</b>	<b>2</b>	<b>35</b>	<b>44</b>	<b>-60</b>	<b>-4</b>	<b>17</b>
BOG net foreign assets	-39	-18	2	-73	3	17
Change in NFPS arrears	0	0	0	13	-25	0
Exceptional financing 1/2/	41	53	42	0	18	0
<b>Memorandum items:</b>						
Current account balance (in percent of GDP)	-29.4	-18.9	-17.9	-9.3	-14.2	-13.5
Gross official reserves (in months of imports of goods and nonfactor services)	246.3	269.0	268.7	331.6	315.3	276.0
	4.9	5.1	4.6	5.2	4.7	4.3
(Percentage change)						
Export volume	13	12	-2	14	14	-3
Export prices	-2	-1	13	2	-10	-4
Import volume	14	-7	-4	2	8	-3
Import prices	-4	13	10	9	0	-4
External terms of trade	2	-12	3	-7	-10	-1

Sources: Bank of Guyana; Statistical Bureau of Guyana; Ministry of Finance, and Fund staff estimates and projections.

1/ In 1996 Guyana received a debt-stock reduction on Naples terms from Paris Club Creditors, including Trinidad and Tobago. For 1999 comparable treatment from Non-Paris Club bilateral creditors is assumed.

2/ Debt forgiveness of future maturities is presented as a capital transfer and debt forgiveness of arrears and current maturities is captured under exceptional financing.

Table 27. Guyana: Value, Price, and Volume Indices for Exports and Imports

	1993	1994	1995	1996	1997	Prel. 1998
	(1982 = 100)					
<b>Exports</b>						
Value	141.6	156.8	173.7	201.6	207.6	191.9
Prices	100.9	99.5	112.2	114.1	103.2	98.7
Volume	140.3	157.5	154.8	176.7	201.1	194.4
<b>Imports</b>						
Value	138.5	144.9	153.7	170.3	183.7	172.1
Prices	113.4	127.8	140.5	153.4	153.6	148.1
Volume	122.1	113.4	109.3	111.0	119.5	116.2
Terms of trade	89.0	77.9	79.9	74.4	67.2	66.6
	(Annual changes in percent)					
<b>Exports</b>						
Value	11.1	10.7	10.8	16.1	2.9	-7.6
Unit Value	-2.0	-1.4	12.8	1.7	-9.5	-4.4
Volume	13.4	12.3	-1.7	14.2	13.8	-3.3
<b>Imports</b>						
Value	9.3	4.7	6.0	10.8	7.8	-6.3
Unit Value	-3.9	12.7	10.0	9.1	0.2	-3.6
Volume	13.7	-7.1	-3.6	1.6	7.7	-2.8
Terms of trade	2.0	-12.4	2.5	-6.8	-9.7	-0.8

Sources: Fund staff estimates based on data from the Bank of Guyana.

Table 28. Guyana: Commodity Composition of Exports

(Value in millions of U.S. dollars, volume in thousands of metric tons,  
and unit value in U.S. dollars per metric ton)

	1993	1994	1995	1996	1997	Prel. 1998
<b>Total exports (f.o.b.)</b>	<b>404</b>	<b>447</b>	<b>496</b>	<b>575</b>	<b>592</b>	<b>547</b>
Bauxite - value	91	79	83	86	89	78
Volume	2,050	1,996	1,971	2,100	2,200	2,086
Unit value	44	40	42	41	41	37
Sugar - value	116	116	126	151	133	129
Volume	237	238	225	256	256	237
Unit value	491	488	557	589	520	547
Rice - value	33	56	77	95	84	73
Volume	124	183	201	264	285	250
Unit value	266	305	381	359	295	293
Gold - value	100	128	95	104	137	124
Volume (000 oz)	279	359	275	290	411	417
Unit value (US\$/oz)	358	357	344	359	333	298
Timber - value	5	8	8	10	17	13
Volume (000 cu.m)	19	39	36	42	102	86
Unit value (US\$/cu m)	205	231	231	243	172	156
Other	48	45	91	108	108	107
Re-exports (f.o.b.)	12	16	17	22	23	22

Sources: Bank of Guyana, Bureau of Statistics; and Fund staff estimates.

Table 29. Guyana: Composition of Imports 1/

	1993	1994	1995	1996	1997	Prel. 1998
(In millions of U.S. dollars)						
<b>Total imports, c.i.f.</b>	<b>483.8</b>	<b>506.3</b>	<b>536.8</b>	<b>595.0</b>	<b>641.6</b>	<b>601.2</b>
Capital goods	169.2	110.4	187.7	174.1	184.8	162.6
Consumer goods	102.8	82.3	114.1	168.9	181.5	193.7
Fuel and lubricants	80.7	135.9	89.5	89.9	100.0	72.0
Other intermediate	129.5	124.4	143.7	161.1	174.5	172.4
Miscellaneous	1.6	53.3	1.8	1.0	0.8	0.5
(In percent change)						
<b>Total imports, c.i.f.</b>	<b>9.3</b>	<b>4.7</b>	<b>6.0</b>	<b>10.8</b>	<b>7.8</b>	<b>-6.3</b>
Capital goods	-6.0	-34.8	70.1	9.1	6.1	-12.0
Consumer goods	20.8	-19.9	38.6	8.3	7.5	6.7
Fuel and lubricants	2.3	68.4	-34.1	13.4	11.2	-28.0
Other intermediate	66.5	-3.9	15.5	9.3	8.3	-1.2
Miscellaneous	-92.3	3231.3	-96.7	8.0	-20.0	-37.5

Sources: Bank of Guyana; and Fund staff estimates.

1/ Classification of imports from 1997 is based on the newly introduced ASYCUDA system and is not directly comparable to data prior to 1997.



Table 30. Guyana: Services Account 1/

(In millions of U.S. dollars)

	1993	1994	1995	1996	1997	Prel. 1998
<b>Nonfactor services (net)</b>	<b>-7.8</b>	<b>-11.2</b>	<b>-26.3</b>	<b>-32.8</b>	<b>-23.2</b>	<b>-32.0</b>
<b>Receipts</b>	<b>115.3</b>	<b>120.7</b>	<b>133.5</b>	<b>138.8</b>	<b>148.1</b>	<b>141.8</b>
Transportation	29.4	26.7	33.1	34.4	3.3	2.8
Travel and tourism	35.5	34.0	32.6	33.9	112.0	108.0
Communication services	45.1	53.2	60.5	62.9	0.0	0.0
Government, n.i.e.	3.5	3.6	3.9	4.1	0.0	0.0
Other	1.9	3.2	3.4	3.6	27.0	25.0
<b>Payments</b>	<b>123.1</b>	<b>131.9</b>	<b>159.8</b>	<b>171.6</b>	<b>171.3</b>	<b>173.8</b>
Transportation	51.7	48.1	68.7	72.2	7.0	6.0
Travel and tourism	12.5	23.0	21.1	22.1	62.0	63.0
Communication services	14.0	22.1	38.5	40.4	1.0	0.8
Construction services	15.8	9.0	5.7	6.0	0.0	0.0
Insurance services	8.9	8.0	8.5	9.0	61.3	54.0
Nonmerchandise insurance	4.8	5.0	5.4	5.6	0.0	0.0
Government, n.i.e.	6.9	4.3	4.3	4.5	0.0	0.0
Other	8.4	12.4	7.6	11.8	40.0	49.9
<b>Interest (net)</b>	<b>-79.2</b>	<b>-72.2</b>	<b>-75.2</b>	<b>-53.9</b>	<b>-69.8</b>	<b>-52.5</b>
Payments	-89.0	-83.0	-86.0	-63.7	-82.3	-64.3
Receipts	9.8	10.8	10.8	9.8	12.5	11.8

Sources: Bank of Guyana; and Fund staff estimates.

1/ Classification from 1997 reflected the use of new Bank of Guyana survey forms and data are not directly comparable to previous years.

Table 31. Guyana: External Public Debt and Debt Service

(In millions of U.S. dollars)

	1993	1994	1995	1996	1997	Prel. 1998
<b>Total public sector debt 1/</b>	<b>2,030</b>	<b>2,058</b>	<b>2,001</b>	<b>1,568</b>	<b>1,369</b>	<b>1,383</b>
Government 2/3/	1,228	1,250	1,188	1,201	1,084	1,114
Bank of Guyana 3/	802	808	813	367	285	270
<b>Drawings</b>	<b>104</b>	<b>53</b>	<b>55</b>	<b>112</b>	<b>91</b>	<b>71</b>
Government 2/	92	40	40	86	67	58
Bank of Guyana	13	13	14	26	24	12
<b>Actual amortization</b>	<b>-58</b>	<b>-59</b>	<b>-71</b>	<b>-71</b>	<b>-74</b>	<b>-72</b>
Government 2/	-42	-33	-34	-34	-34	-37
Bank of Guyana	-16	-26	-37	-36	-39	-35
<b>Actual interest payments</b>	<b>42</b>	<b>40</b>	<b>37</b>	<b>34</b>	<b>54</b>	<b>58</b>
Government 2/	25	24	25	24	46	50
Bank of Guyana	18	17	12	10	8	8
<b>Actual debt service</b>	<b>100</b>	<b>99</b>	<b>108</b>	<b>104</b>	<b>128</b>	<b>130</b>
Government 2/	67	57	59	58	80	87
Bank of Guyana	33	43	49	47	47	43
<b>Memorandum items:</b>						
Multilateral debt (percent of total)	45	44	47	62	69	70
Debt/GDP	461	392	318	223	183	192
Actual debt-service ratio 4/5/	19	17	17	15	17	19
Scheduled debt-service ratio 4/	26	30	27	23	16	15
Government debt service/revenue	40	34	28	24	34	40
Government interest/ current expenditure	18	18	16	14	23	27
Effective interest rate 6/	2.1	2.0	1.8	1.9	3.7	4.2

Sources: Data provided by the Guyanese authorities; World Bank Debtor Reporting System; and Fund staff estimates and projections.

1/ Including valuation adjustment.

2/ Including nonfinancial public enterprises.

3/ Reflects Paris Club stock-of-debt operation in May 1996.

4/ In percent of exports of goods and nonfactor services.

5/ In 1997 the ratio reflects interest payments carried over from 1996 upon conclusion of bilateral agreements under the Paris Club framework. In 1998 the ratio reflects arrears payments.

6/ Interest payments as a percent of average stock of debt. 1997 and 1998 reflects payments on interest arrears.

Table 32. Guyana: External Public Sector Debt 1/

(In millions of U.S. dollars)

	1993	1994	1995	1996	1997	Prel. 1998
<b>Total external public debt</b>	<b>2,030</b>	<b>2,058</b>	<b>2,001</b>	<b>1,568</b>	<b>1,369</b>	<b>1,383</b>
<b>Government and government guaranteed medium- and long-term debt</b>	<b>1,228</b>	<b>1,250</b>	<b>1,188</b>	<b>1,201</b>	<b>1,084</b>	<b>1,114</b>
<i>Of which</i>						
Bilateral	466	494	444	461	384	383
<i>Of which</i>						
China	28	31	24	30	30	30
Germany	41	37	32	18	18	18
Trinidad and Tobago	101	95	107	177	177	177
United Kingdom	173	207	173	73	73	73
United States	24	26	25	33	33	33
Multilateral	588	590	622	678	664	701
CDB	60	55	57	51	51	51
IBRD	40	34	38	27	19	16
IDA	169	177	213	213	220	237
IDB	242	253	245	300	301	322
OPEC	18	21	23	24	19	18
Other	59	50	46	63	54	56
<b>Bank of Guyana debt</b>	<b>802</b>	<b>808</b>	<b>813</b>	<b>367</b>	<b>285</b>	<b>270</b>
Bilateral	478	486	499	69	11	7
Multilateral	324	322	314	298	275	263
CMCF	145	143	139	130	118	108
IMF	179	179	175	168	157	154

Sources: Ministry of Finance; Bank of Guyana; and Fund staff estimates.

1/ The stock of debt outstanding at end-year, reflects Paris Club stock-of-debt operation in May 1996.

Table 33. Guyana: Effective Exchange Rates and Related Series

(Index: 1990 = 100)

	Real Effective Exchange Rate 1/2/	Nominal Effective Exchange Rate 2/	Relative Consumer Prices	Exchange Rates in Terms of U.S. Dollars 1/	Consumer Prices	
					Seasonally Adjusted	Seasonally Unadjusted
1993	102.128	49.413	199.654	37.104	279.458	279.316
1994	100.927	50.485	193.031	34.000	314.028	314.022
1995	102.577	48.134	205.684	33.084	352.483	352.400
1996	110.910	49.920	214.458	33.450	377.373	377.394
1997	116.934	52.001	217.055	33.028	390.849	390.813
1998	117.747	50.956	223.128	31.243	408.804	408.737
1994						
I	105.013	52.497	194.091	35.786	298.642	295.607
II	99.365	51.164	187.457	34.031	302.896	302.366
III	99.363	49.508	193.739	33.206	322.422	325.188
IV	99.966	48.772	197.839	32.978	332.152	332.926
1995						
I	101.022	48.239	202.164	32.835	342.433	340.105
II	99.611	46.821	205.365	32.709	350.927	349.577
III	102.452	48.131	205.462	33.109	353.695	356.335
IV	107.222	49.344	209.744	33.682	362.875	363.583
1996						
I	109.261	49.703	212.193	33.482	369.694	367.795
II	111.488	50.114	214.742	33.482	376.942	375.533
III	111.496	49.944	215.493	33.482	380.355	382.879
IV	111.393	49.917	215.405	33.366	382.503	383.369
1997						
I	114.699	51.358	215.585	33.247	385.285	383.564
II	115.702	51.691	216.077	33.122	387.820	386.307
III	117.787	52.404	216.966	32.934	391.826	394.145
IV	119.550	52.552	219.591	32.809	398.466	399.236
1998						
I	121.820	53.196	221.088	32.730	403.112	401.489
II	121.509	52.343	224.079	31.885	410.411	408.933
III	118.670	51.486	222.474	31.290	408.848	411.088
IV	108.987	46.801	224.869	29.426	412.845	413.439

Sources: Data provided by the Guyana authorities; and IMF, Information Notice system.

1/ Increases mean appreciation.

2/ Using seasonally adjusted price indices.