

GUYANA

By Bernard Crawford

As the year commenced, relative calm prevailed, perhaps in anticipation of national and regional elections which were eventually held on March 19. On the other hand it appeared that potential investors were awaiting the result of the poll. As it turned out, the official announcement of the result was followed by significant street protests, primarily in Georgetown, some of them both violent and protracted. Thereafter a process of dialogue between the two main political parties was elaborated and then institutionalised, with the expectation that general peace and harmony would again become the norm. The tragic events of September 11 in the US had, as is well known, a negative economic impact in Guyana and elsewhere.

Notwithstanding the foregoing, positive growth - of 1.9% - returned to the Guyana economy which had recorded negative growth - of 1.5% - in the previous year. Contributing to this improvement was the production of sugar which increased by 3.9% and of rice which, although still beset by price and other challenges, nevertheless increased output by 10.4%. Forestry performance was said to have improved by 3%.

During the year the Guyana dollar depreciated against the US dollar by 2.6%, mostly during the second half of the year. The inflation rate was reported to be about 2.6% also, down from the 2001 target of 6.0% and from 5.9% the previous year. The National Development Strategy document was much publicised during the year and relations with the private sector continued to be good. Guyana's first merchant bank was established in June and the government continued to support efforts by the private sector to establish a development bank. A securities commission was put in place and a stock market was expected to start operations during 2002. The much - awaited investment code was tabled in the National Assembly.

The mining sector continued to do reasonably well although there have still been no real breakthroughs so far. During celebrations of 'Mining Week' in July, the President of Guyana reiterated the government's support for the mining sector. Medium-scale operations have assumed greater significance during the year. Production in each of those operations has now evened out at a steady 5-7,000 oz/y. Regarding Omai Gold Mines Ltd, the government in June reduced the royalty rate payable by Omai from 5% to 4% on the understanding that the company would plough this back in identification of new reserves. In September, while celebrating the company's tenth anniversary, the vice-president/general manager of Omai is reported to have said that deposits are expected to last only another five years. He assured, however, that the company was there for the long haul and that exploration was in fact under way for new reserves in order to guarantee Omai's continued existence. In the event Omai produced 354,241 oz of gold in 2001, surpassing the year's target by some 20,000 oz.

In relation to diamonds, progress continued to be made in substituting better technology than hitherto. Brazilians have been very involved in this improvement. On one occasion it was publicly announced that a diamond of 42.26 ct had been found in one of the interior areas now being subjected to intensive technological exploration and recovery. In the event, declared diamond recovery in 2001 increased by some 120%.

Vanessa Ventures (of Canada) continued reconnaissance for gold and diamonds in the Marudi Mountain area, although at a much reduced rate. In addition it developed an operation at Maple Creek in Potaro, with ongoing recovery of diamonds at the rate of 30,000 ct/y and 15,000 oz/y of gold. It was proposing to introduce 'heavy media

separation' to increase the recovery rate for diamonds to some 90%. Interestingly enough, many small- and medium- scale operators have been allowed to observe Vanessa's technology and techniques with a view to making Vanessa Maple Creek experience relevant to themselves.

Migrate (with South Africa connections) uncharacteristically included drilling as part of its reconnaissance programme. The results had not been fully reported at the end of the period but the company remains optimistic. North American Resources (NARIL) has begun to recover gold at the rate of 10 - 15,000 oz/y as it had projected in 2000. Also BHP Billiton, in association with Barama, and with Golden Star Resources as contractor, carried out reconnaissance work and applied for prospecting licences. It anticipated that this operation would be of about the size of Vanessa's.

In relation to bauxite, hopes of a long-term, productive joint venture between Alcoa (Aroaima) and Radex Heraclith in respect of LINMINE were not realised. Alcoa has sold its 50% to the government for US\$1 so that Aroaima is now wholly state-owned, although the government says it will make every effort to restore it to privatised status. It is

understood that on closer examination Radex Heraclith did not find the prospects at LINMINE sufficiently attractive. Towards the end of the period it appeared that Cambior was prepared to examine in depth the possibilities at LINMINE with a view to becoming a managing (including marketing) partner. The government was said to be giving serious consideration to this proposal. Bauxite prices declined somewhat in 2001 and production of metallurgical-grade bauxite, in particular, fell sharply (by about 30%).

A small amount of kaolin (about 1,000 t/mth) was produced in 2001- for use in ceramics.

Mineral Production

	1999	2000	2001
Bauxite ('000 t)			
-metallurgical	2,214	2,386	1,682
-calcined refractory	108	106	91
-other	317	195	238
TOTAL	2,639	2,687	2,011
Gold (oz)	457,268	435,248	456,090
Diamonds (ct)	45,440	85,127	179,463