GUYANA

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In 2001, mining remained an important component of Guyana's economy, which had a gross domestic product of \$2.98 billion based on 2000 purchasing power parity data (International Monetary Fund, 2001§¹). The main mineral commodities were bauxite, diamond, and gold (some laterite, sand, and stone were also produced); these ranked among the largest components (along with sugar) of the country's exports, which were \$570 million in 2000. Guyana's population in 2001 was estimated to be about 700,000 (U.S. Central Intelligence Agency, 2001§). Guyana is located within the Guiana Shield, which is in the northeastern part of South America; this region is well known for its undeveloped resources of copper, gold, iron ore, manganese, nickel, platinum, and uranium (Hinds, 2000b). Columbite and tantalite are other undeveloped resources being investigated in Guyana (Guyana Geology and Mines Commission, 20018).

Since being elected in 1999, Guyana's president has expressed support for the mining industry and has sought to attract outside investment in helping to develop the country's unexploited mineral resources (Mohamed, 2000). The Guvana Geology and Mines Commission (GGMC) is responsible for managing the mining and petroleum industries according to the law and policies of the Government and promotes foreign investment and participation in mineral development in the country (Hinds, 2000a, p. 4). Mining concessions are negotiated through mineral agreements with the following Government agencies: the Bauxite Industry Development Co. Ltd. (BIDCO) for bauxite, the GGMC for gold and diamond, and the Guyana Natural Resources Agency for oil. Since 1982, the Guyana Gold Board has been the sole official buyer of gold. On January 10, 1997, however, 12 private sector individuals and companies were licensed to purchase, store, and export gold on a trial basis initially for 1 year. The program was extended for an unspecified period beyond 1998, which could indicate that the GGB will eventually be phased out in the near future (Hinds, 2000a). In 2001, offshore oil concessions continued to be complicated owing to border disputes with Suriname and Venezuela.

The State uses the following fiscal measures to acquire revenues from the mining industry: royalties (1.5% of production or gross revenues from bauxite and other minerals, except sand and quarriable stones, and 5% for gold, precious metals, diamond, and precious stones); corporate income tax (35% of taxable income); withholding tax (6.25% of distributed dividends); and consumption tax on fuel (10%). Equipment and process materials, which include spare parts used for surveys, exploration, development, and mining by licensees or their contractors, are duty free. All conditions are to be maintained for up to 15 years from the start of production or the life of the deposit, whichever is shorter; then the general rules for duties, income tax, and withholding tax will apply (Sucre, 1999; Hinds,

2000a).

Bauxite was the main mineral produced in Guyana in 2001; production was about 2.0 million metric tons (Mt), a decrease of 0.4 Mt or 16.7% from 2.4 MT in 2000. Most of Guyana's bauxite was chemical-grade bauxite produced by Aroaima Bauxite Co. of Guyana. After merging with Reynolds Metals Co. of the United States, Alcoa, Inc. of the United States reviewed Reynold's 50% ownership in Aroaima (the Government controlled the remaining 50%). Owing to high operating costs, Alcoa decided to sell its holdings in Aroaima to the Guyana Government for \$1 and writeoff the \$60 million debt owed to it by the company (Guyana Chronicle Online, 2001§). The Government announced that for the company to become attractive again for privatization, it needed to work towards reducing its production costs down to \$20 per metric ton from current costs of \$30 per metric ton: some cost reductions were being negotiated with barging, transshipment, and dredging contractors (Stabroek News, 2001§).

BIDCO controlled Berbice Mining Enterprise Ltd. (Bermine) and Linden Mining Enterprise Ltd. (Linmine). Efforts that were initialized in 1996 to privatize Bermine and Linmine were continuing by the end of 2001. Privatization would likely leave the Government retaining 30% to 40% ownership. Both Alcoa and Billiton plc of Netherlands expressed some interest in the operations (Industrial Minerals, 1998; Mining Journal, 2001).

Diamond production more than doubled to 178,698 carats in 2001 from 81,706 carats in 2000. The Government said that the increase came as a result of cracking a Brazilian smuggling ring (Financial Times, 2002§). Nearly all diamond production comes from alluvial operations. Vannessa Ventures Ltd. of Canada and Guyanor Ressources S.A., a subsidiary of Golden Star Resources, Ltd. of the United States and Rio Tinto plc of the United Kingdom were actively exploring for diamonds in Guyana (Mbendi Information Services, 2001§).

Gold production in 2001 increased for the second straight year to 14.2 metric tons (t) from 12.9 t in 1999 and 13.5 t in 2000 (Financial Times, 2002§). The Omai gold mine accounted for nearly 75% of Guyana's gold production with production of 11.0 t (reported as 354,300 ounces) of gold in 2001. In November 2001, Cambior, Inc. of Canada increased its holdings in Omai Gold Mines Ltd. (operator of the Omai mine) to 95% after it acquired Denver-based Golden Star Resources Ltd.'s 30% interest in exchange for assuming Golden Star's \$900,000 debt related to the mine (Golden Star Resources Ltd., 2001); the Guyanese Government controlled the remaining 5%. Cambior, in its fourth quarter 2001 report, announced that in 2001 only 1,555 kilograms (reported as 50,000 ounces) of gold had been added to the reserve base of the Omai mine and that unless their exploration program near the mine site yielded additional reserves, the Omai mine would be depleted by 2005 (The Northern Miner, 2001; Cambior, Inc., 2002§).

Other participants that explored for gold in Guyana were Guyana Goldfields, Inc., International Roraima Gold Corp., and Vannessa Ventures Ltd., all of Canada; Migrate Mining Ltd. of

¹References that include a section twist (§) are found in the Internet References Cited section.

South Africa; and South American Minerals, Inc. of the United States.

In 2000, Mazaruni Granite Products Inc. of Guyana began production from its new aggregates plant at the Teperu-Itabu Quarry, which had the capacity to produce more than 10,000 metric tons per day of stone. Company officials noted total costs of the new plant were about \$4.5 billion (Guyana Monthly Update, 2000§).

In 2000, CGX Energy Inc. of Canada announced plans to withdraw from an oil exploration project for which it had originally been granted concessions to in 1998 owing to a border dispute between Guyana and Suriname concerning the official border along the Corentyne River (James, 2000). By the end of 2001, Government officials announced that talks were ongoing to resolve the dispute and a decision was expected by early 2002 (Knight-Ridder Business News, 2001§). ExxonMobil Corp. of the United States, the Royal Dutch/Shell Group of the United Kingdom and the Netherlands, and TotalFinaElf S.A. of France were also interested in exploring for gas and oil in the country.

Guyana has diversified the formerly bauxite-oriented mineral industry by means of its gold and diamond (in order of importance) promotion programs. Because much of Guyana has yet to be studied and explored in a systematic way, significant economic deposits of nonferrous metals and petroleum have yet to be discovered (Hinds, 2000a).

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Bank of Guyana (Central Bank) 1 Avenue of the Republic Georgetown, Guyana Telephone: (592) 2-63261; Fax: (592) 2-72965 Bauxite Industry Development Co. Ltd. 71 Main St. Georgetown, Guyana Telephone: (592) 2-57780 Georgetown Chamber of Commerce 157 Waterloo St. Georgetown, Guyana Telephone: (592) 2-55846; Fax: (592) 2-63519 Guyana Geology and Mines Commission P.O. Box 1028 68 Upper Brickdam Georgetown, Guyana Telephone: (592) 2-52865; Fax: (592) 2-53047 Guyana Gold and Diamond Miners Association 350 A New Market St. North Cummingsburg Georgetown, Guyana Telephone: (592) 2-52217; Fax: (592) 2-51828 Guyana Gold Board c/o Guyana Geology and Mines Commission Compound 68 Upper Brickdam Georgetown, Guyana Telephone: (592) 2-53173 Guyana Natural Resources Agency 41 Brickdam and Boyle Place - Stabroek Georgetown, Guyana Telephone: (592) 2-66549; Fax: (592) 2-71211

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TABLE 1
GUYANA: PRODUCTION OF MINERAL COMMODITIES 1/2/

Commodity 3/	1997	1998	1999	2000	2001	
Bauxite, dry equivalent, gross weight	thousand metric tons	2,467	2,267	2,359 r/4/	2,471 r/4/	1,985
Diamond	carats	35,612	50,000	45,440 r/4/	81,706 r/4/	178,698 4/
Gold, refined 4/	kilograms	15,033	12,960	12,905 r/	13,510 r/	14,183
Sand 4/	metric tons	NA	NA	211,300	262,000	270,000 e/
Stone, crushed e/	do.	136,000	136,000	129,000 r/4/	120,000 r/4/	120,000

e/ Estimated. r/ Revised. NA Not available.

1/ Includes data available through April 2002.

2/ Estimated data are rounded to no more than three significant digits.

3/ In addition to the commodities listed, a variety of crude construction materials and semiprecious stones was also produced. Available information was inadequate to make an estimate of production.

4/ Reported by Guyana Geology & Mines Commission.

Source: Bureau of Statistics & State Planning Secretariat.

TABLE 2GUYANA: STRUCTURE OF THE MINERAL INDUSTRY IN 2001

(Thousand metric tons, unless otherwise specified)

Comr	Commodity Major operating companies and major equity owners		Location of main facilities	Annual capacity
Bauxite and	alumina:			
Bauxite		Bauxite Industry Development Co. Ltd. (BIDCO)	Kara Kara, Northeast Dorabece, and East Montgomery	3,500
		(Government, 100%)	Mines, MacKenzie, Linden, West Demerara	
			District	
Do.		do.	Block 2 Manaka, North, South mines	1,500
			Kwakwani, East Berbice District	
Do.		do.	Processing plant at Linden	900
Do.		do.	Processing plant at Everton, East Berbice District	700
Do.		C.A. Dayco (private, Venezuela, 100%)	Kwakani area	500
		(BIDCO contract)		
Do.		Green Mining Inc. (Green Construction Co.,	Dacouria Mine, Linden	NA
		United States, 100%) (Guymine contract)		
Do.		Aroaima Bauxite Co. (Government, 100%)	Aroaima, East Berbice District	2,000
Alumina		BIDCO	Alumina refinery at Linden (presently closed)	300
Gold	kilograms	Omai Gold Mines Ltd. (Cambior, Inc., Canada, 95%;		300
		Government of Guyana, 5%)	Omai Mine, Mazaruni-Potaro District	
Gravel		Baracara Quarries (private)	Quarry near Bartica, Mazaruni-Potaro District	100
Silica sand		Minerals and Technology Ltd. (Minerals and	Sand Hills, Demerara River, West Demerara District	300
		Chemicals of Texas, United States)		
Stone		Mazaruni Granite Products Inc. of Guyana (private)	Mazaruni River	3,650
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NA Not available.