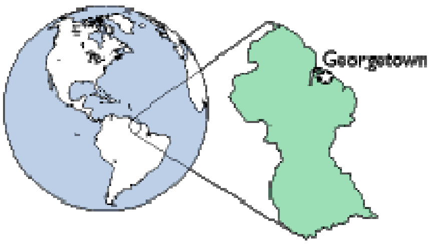
EULER HERMES

COUNTRY REVIEW

Guyana



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EULER HERMES COUNTRY RISK GRADE: C

Country Risk Grades are on a scale of AA, A, BB, B, C, D where AA is the lowest and D the highest risk.

COUNTRY PROFILE

Capital city:	Georgetown
GDP:	USD2.56bn (2009e)
Population:	0.76mn (2009e)
GDP per capita:	USD1,650(2009e)
Currency:	Guyanese dollars (GYD)
Form of state:	Republic
Head of government:	President Bharrat Jagdeo
Next elections:	August 2011

GRADE: C

Political parties divide along racial lines. The ruling PPP (People's Progressive Party/Civic and the PNCR (People's National Congress/Reform) represent the two dominant racial groups the Indo-Guyanese and the Afro-Guyanese respectively. As Indo-Guyanese are marginally the larger racial group (just over 50%) the PPP has always formed the government (pre-dating independence from the UK in 1996). Afro-Guyanese make up 43% of the population.

President Bharrat Jagdeo, who took over as leader when former President Janet Jagan resigned in 1999 has been re-elected twice, the latest in 2006 when he won 53.6% of the vote. The PPP has a working majority in the National Assembly, though is short of the necessary numbers to make constitutional changes without opposition support. Politics have become less unstable recently, with the 2006 elections passing off relatively peacefully. The next election is due to be held by August 2011.

According to the World Bank Institute's Governance Indictors, political stability is below average for the Caribbean region and the lower-middle income group of economies, though government effectiveness is better than the average for the lower-middle income group.

The economy is commodity based—principally gold, sugar and bauxite. Growth volatility has been moderate in the past ten years, however, and long-term growth of real GDP per capita has been an adequate 2.4% annual average in the same period. According to the latest IMF article IV consultation real GDP increased by 3.3% in 2009 as agricultural output recovered in H2 and gold production remained strong, offsetting the global downturn and adverse weather in H1.

The fiscal deficit has halved as a proportion of GDP since 2006 and in 2009 was an estimated 3.3-5.3% of GDP (depending on the measure of GDP, which according to the IMF article IV consultation has been revised upwards sharply following a re-basing to 2006). Inflation (annual average) fell from 12.2% in 2007 to 2.9% in 2009 and should remain below 4% in 2010.

The estimated current account deficit narrowed to less than 10% of GDP in 2009 but will probably widen to 11-12% of GDP in 2010, but 75-80% of the deficit is covered by net FDI inflows. FX reserves increased by more than 75% in 2009 and rose further in the early months of 2010 and now provide around 4 months import cover and easily cover external debt payments due. External debt as a proportion of GDP is relatively high but moderate as a proportion of exports of goods and services. Interest payments as a proportion of exports of goods and services are also low, though there are arrears on public sector debt from past servicing problems.

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