

GUYANA

By Bernard Crawford

Guyana continued to experience relative calm during the year, notwithstanding the need for fundamental and other significant changes prior to premature elections scheduled for early 2001. The economy recorded a growth rate (as yet unrevised) of 3%, about the same as in 1999 and as projected for 2000. Sugar production did well although the decline in the euro against the US dollar contributed to some deterioration of price in terms of Guyana dollars. Rice, on the other hand did not do well and in fact appeared to be in trouble, particularly during the second half of the year.

During the year, the exchange rate continued to depreciate. The rate of inflation was reported to be 5.9% compared with 8.6% in 1999 and the 9.5% projected for 2000. Relations with the private sector which managed, with broad-based participation, to formulate the long-awaited 'National Development Strategy' and which, moreover, says it plans to establish a private sector development bank soon, were reasonably good. The proposed Investment Code is still awaited.

Essentially, within this context, the mining sector in Guyana held its own during 2000. However, no major breakthroughs in the sector were reported in 2000; nor, it has to be said, do any appear to be in prospect in 2001.

During 2000, apart from sporadic rallies, the price of gold continued to deny comfort to producers in Guyana including Omai. Cambior (whose assets include Omai), continued to experience difficulties resulting largely from the recent reduction and rescheduling of its ill-fated hedging programme. Aur Resources, which had offered to buy Cambior, withdrew its C\$170 million bid in March and Cambior, which had been in discussion with Jipangu of Japan,

subsequently said it no longer regarded Omai as a potential asset to be disposed of in the attempt to meet the company's debt obligations. Omai is reported to have produced 330,000 oz, as compared with a projected 317,000 oz, in 2000.

Meanwhile, the government continued, with good results, its support, via incentives, for small and medium-sized operators. In addition, there appear to have been a number of persons of Brazilian origin interested in small-scale operations in the interior of the country.

Among the larger-scale operators in the year 2000 have been the following: Vanessa Ventures of Canada at the Marudi Mountain area in the south of the country; Migrate, with reported South African connections, in the Pakaraimas; North American Resources (NARIL) – said to be financed by US-based South American Minerals – in the Cuyuni/Mazaruni with potential initial production of 10,000 – 15,000 oz/y over seven to ten years; and Four Crown Mining in the Potaro and northwest areas of Guyana.

As in 1999, diamond mining (alluvial) has been carried out by Guyanese, with perhaps some intervention by persons of Brazilian origin. The reported production represented an increase of 81%, said to be due to the re-working of certain areas with much improved technology.

On May 3, Alcoa and Reynolds announced that the US Department of Justice and the European Union had approved their proposed merger and that the merger had been completed. As far as Guyana is concerned a very important result of this merger has been that Alcoa has, in effect, become the 50% owner as well as the managing partner of Aroaima Bauxite Co.

In June the Privatisation Unit of the Guyana Government revealed that the sole bid for Bermine by Reynolds (prior to the Alcoa/Reynolds merger) had not been accepted. Thereafter, the government indicated it would “enter into direct negotiations with any interested parties”. Towards the end of December the government disclosed that “two world players in the bauxite market” were showing interest in Bermine and Linmine, respectively, but said it was not at liberty to disclose their identity. Since then, however, it has been reported that the government has identified Alcoa (Bermine) and Radex Heraklith (Linmine)

Meanwhile, an associate of Golden Star Resources is reported to have identified a medium scale metallurgical bauxite deposit in the west of the country and to have applied

for the necessary lease to commence production and export.

In 2000, production of calcined refractory bauxite remained about the same, while that of metallurgical bauxite increased by some 8%, as compared with 1999. The price for metallurgical bauxite increased somewhat in 2000.

GUYANA MINERAL PRODUCTION			
	1998	1999	2000
Bauxite ('000 t)			
-metallurgical	2,156	2,214	2,386
-calcined refractory	154	108	106
-other	296	317	195
TOTAL	2,606	2,639	2,687
Gold (oz)	470,357	457,268	435,248
Diamonds (ct)	33,481	45,440	82,127