



Energy Investment Portfolio





Hon. Vickram Bharrat, Minister of Natural Resources

The Ministry of Natural Resources ('MNR')'s critical objective is to develop, implement and oversee policies for the responsible exploration, sustainable development, and utilization of Guyana's natural resources to advance our economic growth and national prosperity.



Highlights

- To date, the gross recoverable resources are estimated to be in excess of 11 billion oil-equivalent barrels discovered offshore, the 3rd highest oil reserve in the Latin America and Caribbean Region and the 17th largest oil deposit in the world.
- The Stabroek block has been lauded by Reuters as one of the world's most important oil and gas blocks in the last decade.
- Guyana's embryonic energy sector means that a plethora of opportunities is anticipated to emerge in 2023 and beyond.
- Guyanese businesses have the opportunity to capitalize on the formation of mutually beneficial synergies with other international and regional organizations.
- Guyana is poised to experience an economic 'boom' in the medium to long term outlook.
- Significant amount of direct employment for Guyanese nationals as well as increased procurement of goods and services from Guyanese nationals and Guyanese companies by the multinational oil companies through the Local Content Act 2021 Act No 18 of 2021.
- There will be a surge in demand for support goods and services in and out of the oil and gas sector translating to an upsurge in direct and indirect employment opportunities.
- The World Bank indicates that Guyana is expected to remain one of the world's fastest-growing economies in the medium term. GDP growth: 62.3% in 2022 and the International Monetary Fund has projected growth rates of over 20 plus percent on the next few years.

- The country's non-oil economy benefited from a strong expansion of 11.5 percent in 2022.
- The expansion of the nation's oil and gas sector, which in 2022, saw Guyana producing 101.4 million barrels of oil, and closing off the year with US\$1.271.8 billion in oil earnings.
- Strategic Local Content consultations were held in early 2021, the outcome of which informed the enactment of the Local Content Act 2021 Act No 18 of 2021.
- Natural Resources Fund Act 2021, Act No 19 of 2021's passage paves the way for the utilization of oil revenues to finance the major developmental needs of the country and respond to natural disasters.
- Approximately 3800 persons are employed directly in the oil and gas sector.
- The Gas-to-Energy project expected to be completed by 2025 will reduce the cost of electricity by as much as 50% and will support the creation of spin-off industries that will support further economic development.



- With a proven reserve of over **11 billion** oil-equivalent barrels (boe) and oil discoveries totalling **43**, Guyana outranks Norway, Qatar and Saudi Arabia with the world's second highest reserve per capita (International Monetary Fund).
- Liza Phase One and Liza Phase Two. The developments are supported by the Liza Destiny and Liza Unity FPSOs, respectively. Combined, the two vessels produce **360,000** barrels of oil per day and collectively, produced over 100 million barrels last year. The third FPSO, Prosperity, sails for Guyana this second quarter and first oil is expected in the fourth quarter. Prosperity should take daily oil production to **560,000** barrels daily.

- More developments are already in the pipeline - Payara, Yellowtail, Uaru and Whiptail, respectively. Fused with the two current offshore developments, daily oil production capacity is anticipated to reach 1.3 million barrels by 2027. The Uaru and Whiptail projects are currently at different stages in their review process. These two developments if approved will place Guyana's production at a rate of 1.3 million barrels of oil per day by 2027.
- The current estimate of Guyana's gas resource is pegged at 16 trillion cubic feet (Tcf). Liza Phase One and Liza Phase Two will be exporting a combined total of 50 million standard cubic feet per day (mscfd) for the country's imminent and transformational 300MW Gas-to-Energy project.
- Payara is the third project in the Stabroek Block and is expected to produce up to 220,000 barrels of oil per day after startup in 2024, using the Prosperity floating production, storage and offloading (FPSO) vessel.
- The Yellowtail project will develop the Yellowtail and Redtail fields and is located approximately 203 KM (approximately 126 miles) northeast of the coastline of Georgetown in waters approximately 1,700 to 1,900 M (5,577 to 6,234 ft.) deep. It is expected to utilise an FPSO that can produce up to 250,000 barrels of oil per day.
- Drawing light, sweet crude from the Uaru, Snoek and Mako developments, the proposed Uaru development project is estimated to attract a price tag of US\$12.683 billion. Uaru, Guyana's fifth offshore development, will be the largest ever project to date.
- Targeting some 50 development wells, Whiptail will be Guyana's sixth project in the prolific Stabroek Block, with anticipated production levels in the range of 220,000 and 275,000 barrels of oil per day. First oil is expected between 2027 and early 2028, with production running for at least 20 years.
- The gas to Energy project is expected to supply 300 MW of electricity to the national grid by the end of 2024.



In addition to the abovementioned, renewable energy is likely to fill the additional energy needs of the country, particularly in the hinterland areas.

- The Amaila Falls Hydro Project is anticipated to contribute 165 MW of electricity by 2026.
- The largest current renewable source of electricity is biomass from sugarcane.

Forward-looking Energy Agenda

- Benefits of double-taxation treaties with the United Kingdom, Canada, Kuwait and the Caribbean Community;
- Access to markets in Latin America and the Caribbean, North America, North Brazil and Africa;
- Full and unrestricted repatriation of capital, profit and dividends;
- Accelerated depreciation on plant and equipment;
- Unlimited carry-over of losses from previous years;
- Economic stability, attainable national policies and a fair tax regime are all hallmarks of this prime investment destination;
- With Guyana only in the burgeoning stages of fully developing its thriving oil and gas sector, there are numerous opportunities for support companies to provide goods and services. Under the game-changing Local Content Act, passed in Guyana's National Assembly in December 2021, oil and gas support companies benefit from special carve-outs in the supply of goods, services, employment and capacity development. Foreign companies can benefit from these carve-outs if they partner with Guyanese companies;
- According to the World Bank's latest Global Economic Prospects Report, Guyana is projected to realise a real GDP growth rate of 25 percent in 2023. The report highlights, "Growth in the Caribbean is expected to slow to 5.6 percent in 2023 and 5.7 percent in 2024, from 7.7 percent last year. Aside from Guyana, which remains in a natural resources fuelled growth boom, the sub-region faces renewed headwinds."
- With continued interventions and policies geared at building a resilient economy, the government projects Guyana's real GDP to grow by 25.1 percent this year, a rate of growth which currently puts Guyana among the five fastest growing economies in 2023. This position can be largely attributed to the further ramping up of oil production anticipated in the Stabroek Block. Growth in the non-oil economy is currently projected at 7.9 percent this year, driven by continued expansion in construction, other crops, and wholesale and retail trade and repairs, alongside a rebound in gold mining.

- Even as growth in Latin America and the Caribbean is expected to reduce from an estimated 3.6 percent in 2022 to 1.3 percent this year, the World Bank says that Guyana's perspectives remain positive.

Comparative Advantage

Guyana's geographic location at the tip of South America allows it the comparative advantage to benefit from strategic access routes to the rest of the world. Trade from the East and West can improve the cost efficiencies of many local and international firms looking to enter new or solidify their presence in existing, markets. The establishment of new ports as well as the revitalization of existing ports will allow the accommodation of large vessels looking to dock in Guyana prior to their onward location.



Roads and or bridges to Brazil and Suriname coupled with the expansion of existing airports will cement Guyana as a hub for regional, continental and international trade.



This is compounded by good governance; strong political leadership and stability; a fast-growing economy; bountiful natural resources coupled with low-cost skilled labour, collectively distinguishing Guyana from neighbouring countries.

Simply put, the following are some of the advantages of investing in Guyana:



Fastest growing economy



Resource-rich country



English-speaking



Multi-sector opportunities



Low operation costs



Ideal location to access global markets



Fiscal incentives for investments



Tax exemptions for risk-bearing investments



Private sector-focused government



Diverse cultures and heritage



Affordable labour



Land availability



Ease of doing business (single window system to be implemented soon)

Attractive Incentives

The Government of Guyana is pro-business and therefore believes in creating an enabling environment to facilitate investments which will, in turn, spur economic growth in all sectors (traditional and non-traditional). Some of these include:

- Providing tax incentives for new investments, re-tooling, and technological improvements;
- Establishing industrial parks/estates for manufacturing in coastal and hinterland regions;
- Establishing a fund to stimulate innovation and new businesses;
- Providing complementary infrastructures such as roads, bridges, airstrips, training institutes, etc.;
- Exempting the payment of Duty and VAT on all critical building materials and equipment;
- Dockyard and shipping building: Exemption of Duty and taxes are available for the operation of dry-docking facilities;
- Recycling: Exemption of Duty and VAT on all machinery and equipment used;
- Land availability;
- ICT liberalization.



Government Strategy

The Government of Guyana is working assiduously to modernize its legal and regulatory framework to reflect current and future developments in the economy. A realistic legal framework is anticipated to improve transparency and accountability in the sector, maximize economic gains, and curtail any associated risk.

Key legislation and regulations undergoing review include but are not limited to:

The Petroleum Act, Cap 65:04

1. Passage of the Local Content Act 2021, Act No 18 of 2021;
2. Passage of the Natural resource Fund Act 2021, Act No 19 of 2021;
3. The Mining Act Cap 65:01;
4. The Environmental Protection Act Cap 20:05;
5. Investment Act 2004;
6. Labour Act Cap 98:01;
7. Income Tax Act Cap 81:01;
8. Income Tax (In Aid of Industry) Act Cap 81:02;
9. Companies Act Cap 89:01;
10. Corporation Tax Act Cap 81:03;
11. Capital Gains Act Cap 81:20;
12. Anti-Money Laundering and Countering the Financing of Terrorism Act 2015, Act No 1. of 2015.



Why Invest? Opportunities

The government is keen to quickly diversify the economy to avoid the fate of other developing countries that have fallen victim to Dutch disease and the resource-curse effect; whereby a natural-resources boom triggers a decline in other sectors.

Guyana is on the verge of becoming the largest oil producing country in the world on a per capita basis. With these projected growths, there are a wealth of opportunities that exist within the tourism, agriculture, construction, manufacturing, energy, transportation, mining and services sectors.

Under the leadership of President Dr. Mohamed Irfaan Ali, the Government is committed to economic transformation of Guyana and has embraced an investorfriendly and a strong private sector position. To stimulate investment, the Government is offering a wide range of tax and fiscal incentives to investors.



Vast Oil and Gas Potential

The booming oil and gas sector in Guyana provide a myriad of opportunities that investors can tap into. With continued exploration successes, the demand for goods and services in-country will exponentially increase.

Attractive Incentives

The GoG has a tax regime that incentivizes the importation of equipment for the oil and gas industry and companies utilizing renewable energy options.

Environmental Regulations

In an effort to mitigate against environmental degradation, all projects are required by law to obtain environmental authorization from the Environmental Protection Agency.

Reduced costs for energy through the gas-to-energy project and investment in renewables

The gas-to-shore project, as well as other investments in hydro, solar, wind, and biomass, will result in the reduction of energy costs by as much as 50% which will improve the competitiveness of Guyana's manufacturing sector as well as create investment opportunities in spin-off industries surrounding the project area and the country at large.

Onshore and offshore oil exploration

Substantial acreage onshore and offshore remains untapped.

Area C is located northeast of the offshore Guyana Basin. That area is commonly known as the "ultra-deep-water area". Water depths can be a minimum of 2,500 m in the southern part to around 4,500 – 5,000 m at its northern boundary. The Areal extent is approximately 9560 km².

The Takutu basin is a Mesozoic graben 280 km long and 40 km wide located in the southwestern area of Guyana. The Karanambo-1 well drilled there in 1982 by Home Oil Company, was the best prospect drilled within this basin. Located in southwestern Guyana, a small amount of light crude was accrued. Tests conducted on samples from Karanambo-1 found that the oil is of good quality (42° API) and is of a "sweet" variety, containing less than 0.5% hydrogen sulphide. Currently, the Takutu basin has no active concessions.

Expand the hinterland electrification program

The goal of the hinterland electrification program is to maintain the steady extension and upgrade of electricity supply systems across the hinterland, progressively improving operations and merging isolated services as appropriate.

This programme also seeks to expand existing coastal electricity grids to unserved areas within a feasible distance from the grids and to examine ways in which hinterland areas could be provided with electricity in the most cost-effective and sustainable manner.

Through this programme an expanded number of hinterland communities will obtain access to electricity through renewable energy resources such as hydro, solar, and wind power. It also unlocked vast areas of land that may bring new economic opportunities.



Equipment for wind farm development

The Government of the Cooperative Republic of Guyana is engaging a private developer in advancing a wind farm project at Hope Beach. If realized, it will bring with it an installed capacity of about 10 MW to supply electricity to the local grid.

Under the Unserved Areas Electrification Programme, wind speeds were monitored via the installation of measuring towers in the following areas: Orealla, Region 6, Jawalla, Region 7, Campbelltown, Region 8, Yupukari, Region 9 but the wind speeds were not very attractive.

Monitoring of the wind testing instruments will be done by the Guyana Energy Agency in order to determine the available wind resource in different locations with a view of developing utility-scale wind farms.

Stabroek Block development

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Local Content Act yields positive results as estimated USD\$710M expended in first year of law's implementation

The spirit of the Local Content Act secures the Guyanese people's place in the oil and gas growth market, while presenting foreign owned companies a guided path to ethically enter the Guyana market unhindered.



- ➔ Local Content Licenses are issued under the Petroleum (Exploration and Production) Act. Parties to Petroleum Agreements with the Government of Guyana...
- ➔ ...and their sub-contractors, are required to comply with the Local Content Act. The Act identifies forty sectors with defined targets that are reserved for Guyanese companies and Guyanese nationals.
- ➔ A Guyanese company is defined as being incorporated under the Companies Act of Guyana and which (a) is beneficially owned by Guyanese nationals who control at least fifty-one percent of voting rights; and...
- ➔ ...(b) that has Guyanese nationals holding at least seventy-five percent of executive and senior management positions and at least ninety percent of non-managerial and other positions.



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