

GEO

GUYANA ECONOMIC OPPORTUNITIES

CBTPA Action Plan for Guyana

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Introduction

This report is a follow-up to a seminar presented by the authors to representatives of the private and public sectors in Guyana on opportunities offered under the Caribbean Basin Trade Preference Act (CBTPA) of 2000. The purpose of the document is to identify specific actions that Guyana must take if it is to position itself to reap fuller benefits under the Caribbean Basin Initiative. The first two sections of the report provide an overview of the macroeconomic situation and the role of the private sector in trade policy formulation. Section III assesses the influence of the external environment on Guyana's trade regime and identifies areas where Guyana's position could be strengthened through greater Guyanese participation by both the private and public sectors in regional trade negotiation preparations. Section IV identifies current programs aimed at strengthening private sector policy participation and Section V looks at recent trends of Guyana and the Caribbean under CBI. Opportunities and challenges facing greater participation in CBI are discussed in Section VI followed in Section VII by an agenda of recommended actions and interventions that would strengthen Guyana's ability to reap greater benefits under the CBTPA.

I. Background and Macro Review

- Over the past decade Guyana has experienced a historic process of restructuring its economy, moving away from an overly centralized approach that brought about sustained economic decline toward an open, market-oriented framework that already has given rise to an economic revival in terms of macroeconomic indicators and growth rates. Under this new approach there remains a strong commitment to social justice but through more focused programs of basic services and more selective instruments of economic policy. This approach is more likely to be effective in the long run and it assigns the fundamental role of the engine of growth to the private sector.
- The development of the Guyanese economy has been influenced jointly by geographic features and government policies. Guyana historically utilized tariffs and non-tariff barriers and a significant measure of Government intervention to promote industrialization. These geographic and legislative factors have shaped the evolution of Guyana's economic landscape. Its resource-based economy is reflected in the traditional export of primary commodities and the weak manufacturing sector is related to the small and tariff-protected domestic markets.
- Guyana has been recognized as a resource abundant nation. Sugar and rice have been and continue to be dominant exports, with fisheries, timber, mining and quarrying as the next most important. Shrimp, plywood, gold, bauxite and diamonds are examples of major new areas of export production, in addition to the principal crops. Despite having benefited from many market access provisions in the US (CBI preference program) and Europe (Lomé Convention), Guyanese exports remain predominantly commodity-based with very little diversification into manufacturing and value-added products.
- The principal changes in policy in recent years have included a freer foreign exchange regime, decontrol of almost all prices, reductions of tariffs and non-tariff barriers, privatization of some state enterprises, a new framework of monetary and fiscal management, and implementation of a framework for private banking. The changes have been substantial in some resource-based sectors also, for example as virtually all rice mills have been privatized, rice prices have been decontrolled, and the facilities of a government fishing enterprise have been sold or leased. A new investment code is in the process of legislative approval, coupled with a renewed investment and export promotion mandate for the Guyana Office for Investment (GO INVEST). Likewise, some refinements in the tax structure have been instituted and efforts made to strengthen tax collections.
- Nevertheless, there has remained a degree of uncertainty in the eye of the private sector about Government economic policy. The majority view in the private sector would call for greater efficiency in government procedures involving approvals and licenses of all types and greater attention to infrastructure needs. Policy is moving to

respond to those concerns and the National Development Strategy defines new approaches in areas related to the private sector.

- Growing populist pressures within the government and in the political arena in general, coupled with the sense of permanent instability almost inherent in the Guyanese political system, continue to work to undermine private sector, market-driven, and reform-oriented development initiatives. This environment tends to constrain growth and economic opportunities and to minimize the potential impact of private sector initiatives in the country.
- The principal issues and constraints facing the private sector arise from the legacy of three (3) decades of a declining economy and the absence to date of a definitive national policy aimed at stimulating investments, industrial performance and commercial development. Past attempts at development planning for Guyana met with difficulties in large part for lack of an appropriate conceptual framework. In formulating such a policy, decision makers must incorporate an independent analysis of the issues and constraints facing the manufacturing sector (industrial development, markets and marketing, foreign investment, company registration, financial support, research and development, qualified labor force, tax system, property rights, legal system).

II. Private Sector Situational Analysis

- The broad national objectives for the private sector are:
 - That the private sector continue to play a leading role in the growth of the economy;
 - That the private sector be the major engine of employment creation.
- The more operational sub-objectives in regard to the policy framework for the private sector are:
 - Improving the legal framework for private productive activities, including better enforcement of contractual provisions, simpler company registration procedures and more secure property rights;
 - Improving the taxation system so that its disincentives to production are minimized and the inefficiencies associated with variations in total taxation's rates across sub-sectors are eliminated;
 - Improving the efficiency of governmental services and procedures such as those relating to investment approval, licensing and approval of certain classes of financial transactions;
 - Improving the nation's productive infrastructure;
 - Improving the educational and training system;
 - Improving the nation's capacity for industrial research and development;

- The Guyana private sector has the potential to grow significantly, though constrained by a number of factors as follows:
 - Inadequate and deteriorated infrastructure support; (e.g. electricity, water, road, port);
 - Outdated and over-used technology;
 - Scarce skilled personnel;
 - Poor marketing capacity; and
 - Lack of a fully articulated policy framework aimed directly at developing a sustainable and economically viable manufacturing sector.

 - Other major constraints include:
 - The slowness of the bureaucracy in approving investments, licensing firms and taking other necessary actions;
 - Inadequate air and sea transport system;
 - Outdated legislation for quality assurance and product grading;
 - Inadequate drainage and irrigation facilities.

 - The policy framework for the private sector would require a number of modifications to the existing body of the legislation in order to facilitate its full implementation. Those modifications could include the following:
 - Revision of the Company's Act to ease the registration requirements for new firms;
 - A code for NGO's that incorporates new, simpler requirements for their registration;
 - A new tax code to put into effect the changes, including the introduction of the value-added tax;
 - Legislation to lay the foundation for an export processing zone, with close access to a deep water harbor;
 - An overall revision of the investment and export promotion functions of GO-INVEST;
 - A new investment code for both foreign and domestic investors, including all relevant tax provisions;
 - A restatement of export licensing requirements to simplify them, including the provision of automatic granting of such licenses upon presentation of proof that income taxes have been paid;
 - The existing rules for start-up of companies are too onerous, thus effectively discriminating against small firms that are potentially important sources of employment growth.

 - As the umbrella organization representing Guyana's private sector, the Private Sector Commission (c.1992), has been playing a crucial role as a partner with the government. Comprised of 14 member organization and 20 corporate members, the PSC is focused on encouraging private enterprise, coordinating resources within the private sector to improve economic problems, bringing about greater understanding of the role of private enterprise, promoting cooperation among associations and organizations representing the private sector, and establishing programs for improving skills in the private sector.
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- Since its inception in 1992, the PSC has increasingly gained the confidence of the government by acting as a nonpartisan mediator between the major political parties and among government, labor and other public sector interests. Thus, the private business sector, largely through the leadership of the PSC, has played a crucial role in mediating recent national disputes that have threatened Guyana's economic, social, and political survival. The PSC has also attempted to play a larger role in promoting the policy reforms necessary to support continued economic growth and to prepare Guyana for the 21st century. However, as an advocate for economic reform, the PSC has been less successful in dealing with the government, largely due to its inability to respond to Government positions using sound economic analysis.
- While the PSC has a successful history of political brokering and facilitation, its leadership lacks the training, skills and resources needed to research, present, and argue policy reform from a strong economic position.
- To actively continue its role as an independent mediator in political conflicts and maintain its credibility as a non partisan in national debates, the PSC leadership needs unbiased information and analysis that results in sound, well-written assessments of economic issues, which at the same time incorporate clear understanding of the political context. The PSC leadership has targeted a number of areas in critical need of attention. Key targets include the adoption of an Investment Strategy and Code, intellectual property rights and reform of the Central Tender Board, land tenure and the Judiciary. Further reforms are also sought in the administration of taxes and customs within the new Guyana Revenue Authority.
- Other issues include the elimination of corruption, and improvements in education, literacy, and technical and vocational training. If the Commission had the ability to collect and analyze economic information, the PSC could develop sound recommendations for policy change for discussion with the government. To do this, the PSC needs a trained staff and state-of-the-art information technology to research and analyze issues and to develop propositions and strategies or presentation to the Government. It cannot depend solely of Government-generated information. Although a donor supported policy unit is planned for the PSC, it has yet to materialize.

III. External Environment

- At the international level (regional, hemispheric, global), Guyana faces many challenges in terms of having to engage in various fronts at the same time, e.g. CARICOM integration initiatives (Single Market & Economy-SME); regional trade initiatives (bilateral FTA negotiations with Dominican Republic and others) and the regional CARIFORUM program; the hemispheric FTAA-2005 agenda; the new EU-

ACP Partnership Agreement and 2002 negotiations; and, the November 2001 launch of a new round of WTO multilateral trade negotiations.

- While many of these challenges are distinctively in the so-called “trade arena”, they are not strictly trade initiatives, as most of these trade negotiations involve new areas such as investment, services, legislation, and clearly spell out roles and requirements for non-governmental actors such as business.
- The multisectoral nature of these trade initiatives underlies the need for developing private sector capabilities to impact trade policy preparation, negotiation and implementation, especially in economically critical and competitive sectors such as financial services, telecommunications, tourism, and non-traditional agricultural exports. Current trade policy and economic integration initiatives lack the institutional and policy mechanisms for proper private sector collaboration and involvement. Likewise, the private sector as a whole lacks the required human and financial resources through which they can develop an effective and efficient “trade discourse” to complement and collaborate with the public sector.
- Trade policy development requires trade policy reform and implementation geared towards the elaboration of a long-term trade policy in which trade reforms that complement the national and regional trade regime are implemented and international trade commitments are taken into account and maintained. The aim should be a long-term schedule of trade liberalization that allows adequate time for industrial restructuring on a sector-by-sector basis and a clear idea of phase-ins and other safeguards to deal with transitions in free trade arrangements. Such a long-term trade strategy should be coordinated with developments in the wider hemisphere. It should clearly outline a transition and the requisite amount of assistance needed to make the adjustment to international competitiveness. Work is required at the national and regional levels. It must start at the national level and then be coordinated into a common trade policy at the regional level.
- Current Guyana and CARICOM trade policy initiatives benefit from collaboration and support for the external trade agenda via the Caribbean Regional Negotiating Machinery (RNM) based in Barbados and through its various trade negotiation support programs which include bilateral and multilateral donor support from USAID, Inter-American Development Bank, Commonwealth Secretariat, British Department for International Development (DFID), as well as Caribbean government and private sector support. The RNM initiative is regional in scope and international in mandate, focusing on the three (3) principal international trade agendas of the EU-ACP negotiations; the FTAA process; and the WTO negotiations. Current needs assessment identify opportunities for synergies in donor assistance initiatives between RNM and national government agencies responsible for trade matters, as well as the regional and sub-regional integration bodies (OECS and CARICOM Secretariats), with whom eventual institutional responsibility lies for implementation, policy reform, and management.

- However, lacking in many of these initiatives is a clear and specified participatory role for the private sector. As such to-date we have seen very little private sector involvement in these trade processes, despite the fact that it is the business community which is the principal actor of trade, not government.
- A critical area of weakness is that for the most part trade management information systems are generally lacking in the government and the private sector in Guyana and elsewhere in the region. Trade information is not up-to-date and databases have not been developed and maintained as would be required for the engagement of the aforementioned regional and international commitments. Human resource requirements remain high for the establishment and operation of such trade information systems, thus emphasizing the need for a system which would form part of a more structured approach to preparation and the conduct of trade negotiations. However, human and financial resource constraints, at the short- and long-term, remain the principal obstacle to such initiatives.
- A major weakness of current Guyana and CARICOM trade policy and economic integration initiatives is the lack of institutional and policy mechanisms for the effective participation and collaboration of the private sector in the public sector process trade and economic integration policy and reform. National and regional mechanisms for the involvement of the private sector need to be incorporated into governmental structures and processes in order to guarantee effective results in the arena of trade and investment in the marketplace.
- National and regional private sector organizations and individual business however, lack the institutional, human resource, technical and financial means required to be able to participate effectively and efficiently with governments and regional organizations as partners of the trade and economic integration policy dialogue. This situation has resulted in a major weakness of Guyana and CARICOM negotiation positions vis-à-vis counterparts, lacking proper private sector analysis, input, and participation in the trade policy process of preparation, negotiation and implementation.
- Private sector bodies are all in need of playing a stronger role in these processes and could well benefit from financial and human resource assistance which would facilitate the private sector's involvement as a key stakeholder in the trade reform and economic integration processes.
- The demands of regional and international trade negotiations in the 2002-2008 period far outweigh current capabilities to service the myriad and complex trade agenda that evolves from the CARICOM SM&E to the FTAA agenda and all the way to the WTO and ACP-EU negotiations. Human and financial resource commitments from the international donor community are required to complement current national government and regional organization commitments to advance effective and efficient regional trade reform and the process of economic integration.

- Technical assistance, grant mechanisms, and procurement resources are required for a program of trade policy and legislative reforms (development and implementation) in a variety of issue-areas, e.g. competition policy, movement of goods and services, standards, lowering and elimination of tariff and non-tariff barriers, among others. Consultation and effective project design dialogue is required between government, business, and donor counterparts in order to design and implement a program of assistance that responds to national, regional and international challenges.
- Private sector institutional strengthening and the development of a “trade agenda for business” are critical for such an endeavor. TA and grant resources are required for assistance to private sector in order to enhance its trade policy and economic integration agenda vis-à-vis government. Sectoral focus should include tourism, services, and agriculture, among others.
- The limited experience of Guyana and other CARICOM countries in reciprocal free trade negotiations continues to be a major constraint to the development and effective implementation of a proactive external agenda.

IV. Current Initiatives to Support the Private Sector: Comprehensive Development Framework (CDF)

Donor	Project Description	Duration	Costing (if avail.)
USAID	GEO Project STC-TA to PSC and all other private sector organizations, chambers, etc., as well as government, including strategic plans, policy advocacy and business training	5 years (c. 1999)	US\$350,000 (est.)
USAID IDA DFID	Establish an office for stock exchange and recruit staff, experts and provide equipment		US\$1m (est.)
IDA IDB	Establish an autonomous Central Tender Board		US\$5million (est.)
IDA	Privatize remaining public enterprise except GUYSUICO, GNSC & GUYOIL. Provide TA for consultancy services		US\$450,000
CIDA	PSC Long-term TA Distance education Training services program (IDB-CIDA-USAID) for micro-enterprises Small & micro support via CESO-GVC programs Guyana Eco Mgt Project	2-3 years (c. Jan. 2000)	US\$500,000 (est.)
DFID	PSC Equipment + STC-TA	2 years	US\$200,000 (est.)
EU	PSC Long Term local TA Business Forum	5 years	Euros1.5m (8 th EDF)

IPED	Small & micro lending & delinquency rates		
MOF	STC-TA for policy Support to PIU (Project Implementation Unit) Guyana Economic Mgt Project		
GO-INVEST	Strategic plan Investor road map Draft study on perceptions Small business legislation Stakeholder consultation Investment strategy code	5 years	

- A sectoral focus must also be maintained in order to provide continuity with a broader macro-focus. Specific implementation activities, as well as the actual development of a common initiatives program, will require (and be the result of) the actual management implementation of the donor assistance program, influenced by client and market demands, partner capabilities and interests (governments, NGOs, business organizations, etc.), as well as by eventual year-to-year financial commitments.

V. RECENT EXPORT PERFORMANCE UNDER CBI-CBTPA

EXPORTS TO USA FROM CARIBBEAN (US\$m)

COUNTRY	1992 TOTAL	1992 CBI	1992 APPAREL	1998 TOTAL	1998 CBI	1998 APPAREL	1999 TOTAL	1999 CBI	1999 APPAREL	Annual Growth in CBI Exports 1992- 1998	%
Barbados	31	15.5		35	20.4	1.65	59	24.6	2	4.7	
Belize	59	23.7		66.4	19.7	18.1	81	23	17.5	-3.1	
Dom. Rep.	2,373	567.7		4,441	1,295	2,400	4,300	820.2	2,390	14.7	
Haiti	107	19.1		272	28.1	218	300	21.9	250	6.6	
Jamaica	599	48.1		755	102.1	422	678	89.6	344	13.4	
St Lucia	N/A	4		22.3	7.8	10.3	28	9.2	8.4	12.0	
Trinidad-Tobago	848	44.7		977	186.2	3.5	1,300	217.9	3	26.9	
Grenada	N/A	1		N/A	8.2	N/A	N/A	11.5	N/A	40.3	
St Vincent	N/A	.165		N/A	3.5	N/A	N/A	7.2	N/A	66.6	
Guyana	101	1.2		137	24.6	11.2	122	14.7	10.8	65.4	
ALL CBI	9,701	1,528		17,384	3,225	8,385	19,751	3,571	8,918		

GUYANA'S EXPORTS TO USA IN 2000 (US\$m)

TOTAL	TOTAL CBI	TOTAL APPAREL
141	16.4	10.8

Source: US Department of Commerce, International Trade Commission

- The region's export growth into the US market has risen over the same period as the implementation of CBI provisions in 1983 and 1990, and is expected to continue with the new CBTPA 2000 benefits. The export data we have gathered

tells us a lot concerning export performance, and the sectoral concentration of exports into the US, which has been mostly in the apparel sector under CBI trade and tariff preferences. Exports to the US from CBI countries have increased markedly and have allowed for diversification away from primary commodities.

- Of these exports, the Caribbean region makes up for 40% of total CBI exports; Central America makes up 60%. Most of the Caribbean regional exports are made up by the Dominican Republic, with CARICOM making barely 6% of totals.
- CBI program exports to the US have increased on average close to 11% per annum in decade of the 1990's. While one expected major growth in apparel producing and free trade zone countries like Jamaica, Dominican Republic, and even Haiti, it is interesting to note the double-digit growth in all countries listed except Belize and Barbados. For some countries, where the initial export rate was relatively low, we see an increased of 27% in Trinidad and Tobago, all the way to 65% in the case of Guyana. The small OECS countries experienced major increases as well.
- Apparel growth was also positive in all countries up to 1998, when we begin to experience some declines throughout the region, more than likely the result of increased competition from Mexico and Central America, whose maquila and free trade zone operations began to expand in themid-1990's.
- A disaggregation of Guyana's top-five exports to the US by product-category shows the following recent performance:

GUYANA'S EXPORTS TO US (1998-2000) VALUE AND % COMPARISON

CATEGOR Y	1998 US\$m	1998%	1999 US\$m	1999 %	2000 US\$m	2000 %
Aluminum ores and metals, etc.	57.4	42.4	50.8	41.7	45.6	32.3
Seafood, crustaceans , shrimps, etc.	35	22	33.3	23	46	28.7
Cane sugar, etc.	7.7	5.7	5.5	4.6	12.9	9.1
Plywood, veneered pane, and others	11	8.1	9.7	7.9	10.8	7.6
Apparel, clothing, etc.	9.4	7	11.2	8.2	10.8	7.7
Source: US Department of Commerce						

- In essence, Guyana's exports to the US remain predominantly primary commodities with some increase in the manufacturing and apparel sector. Given the focus on improving the investment environment in Guyana, coupled with the external investment pressures to find locations for off-shore manufacturing and the new enhanced duty-free preferences for export into the US market, one can foresee many opportunities for advancing investment and manufacturing initiatives in Guyana.
- What is critical is for government and business in Guyana is to understand that market access preferences, such as CBI or Lomé/Cotonou for example, in and of themselves do not result in market entry and export growth. Too many factors crucial to manufacturing for export performance are domestic-based and have little to do with the nature, coverage, or effectiveness of preferential trade regimes.
- What preferential regimes do, however, is provide a useful tool to complement domestic initiatives to encourage production and manufacturing for export, domestic and foreign investment promotion incentives, and eventually, a business and policy vision of engaging the international market for trade and investment opportunities.

VI. OPPORTUNITIES & CHALLENGES FOR GUYANA

- This review of policy and data performance indicates to us not only the possibilities available for increasing manufacturing production for export in Guyana and for expanding Guyana's share of US markets under CBI preferences, but also indicates the many competitive challenges in the region and beyond.
- Already we are seeing regional and international strategic alliances to advance and deepen market shares of exports into the US. The Dominican Republic and Haiti, for example, at the government and business levels, are already advancing on initiatives for apparel production and manufacturing development on their joint border, focusing on transferring to Haiti the more labor-intensive operations which are becoming less competitive in the Dominican Republic. However, internal initiatives have also served as an incentive to this structural and macroeconomic effort, as Haiti is advancing on new legislation for an Investment Code and for Free Trade Zones, in essence making itself an attractive destination for investments and manufacturing from anywhere in the world, not just from its neighbor and from the local manufacturing sectors.
- In Central America, Nicaragua (the latecomer to apparel and free trade zone production) is also experiencing similar growth, as it begins to attract labor-

intensive manufacturing from the more service- and high-tech-oriented Costa Rica. Likewise, with textile milling taking place already in El Salvador and Guatemala, they will also benefit from the additional regional fabric preferences of the CBTPA. Part of the Dominican-Haitian strategic alliance is also centered on the development of textile milling operations in the Dominican Republic by the end of 2002.

- Guyana already has successfully attracted foreign investment into the extraction and light transformation industries such as lumber and minerals, and has experienced growth in its production and export capacity. To some degree local capital has been involved in these ventures but not as diverse as could be expected. Moreover, not enough focus has been given to the transformation aspect of investment and production for export, as the trade figures show that a high concentration still exists in the commodity sectors.
- The advances made for an Investment Code, coupled with the commitments to focus on attracting new manufacturing into the country, could very well form the basis of an investment attraction and manufacturing for export strategy for the various product categories and sectors which have preference under the CBTPA. Some of this can already be advanced on the basis of the current manufacturers who we have seen are exporting under CBI and into the US in a variety of sectors (e.g. Denmor Garments).
- But part of it will have to be focused on developing strategic alliances at the regional and international levels in order to attract best-practice manufacturing to Guyana. One would imagine that an obvious focus would be with Trinidad & Tobago. But also one should consider looking to joint ventures with Barbadian manufacturers for example, whose high labor and production costs are making them very uncompetitive even within the protected CARICOM market.
- Given the new FTA with Dominican Republic, and that country's benchmark and best practice experience with manufacturing for export, it is clear that there are opportunities to look for and advance new initiatives. Already Guyana and the Dominican Republic are partnering in the rum trade, so it is not farsighted to envision some partnering in more value-added manufacturing.
- Finally, a word of caution re: the challenges. There are many having to do with local issues (infrastructure, government-business relations, political instability, social unrest, etc.) and with external competition, smallness, as well as limited resources to engage the international trade agenda. However, the most pressing challenge is that if Guyana does not focus on taking advantage of these current trade and investment opportunities, these will soon vanish as they will be taken up by other countries in the region and

beyond. The opportunities we have discussed have time-limited windows and exist under market competition conditions. If Guyana does not become more proactive to take advantage of these opportunities, producers in other locations will.

VII. TRADE POLICY AND TRADE PROMOTION/EXPORT DEVELOPMENT: AN ACTION PLAN AGENDA FOR GUYANA

- In order to effectively take advantage of the expanded preferences for duty-free export into the US market, Guyanese government and business must work together and to advance strategic initiatives at the level of trade policy and trade promotion/export development. Both are complementary elements of a strategy for expanded exports and market penetration, and involve a symbiotic relationship between the public and private sectors. Without this collaboration only individual stand-alone efforts (like the one of Denmor Garments over the past decade) will develop and Guyana will miss a unique opportunity to advance a coherent and strategic export effort.
- While **Trade Policy** is indeed the responsibility and purview of the government (Ministry of Foreign Affairs, the Ministry of Foreign Trade and International Cooperation, the Ministry of Tourism, Industry & Commerce, the Ministry of Finance), it also requires the effective and participatory input of business, for at the end of the day any trade policy/regime is only as effective as the export success of the companies which live under such a policy/regime. Our review of the CBTPA and the current trade policy and regime in Guyana has led us to conclude that the public-private sector collaboration in this area remains very weak both in terms of institutionalities as well as policy focus and export effectiveness.
- Current political and bureaucratic divisions as to which Ministry is effectively responsible for foreign trade, for trade policy, or for promotional activities also serve to weaken and undermine the possibilities for successful export performance, and serve to further erode the already weak institutionalities of trade within the government. Government needs to effectively and decisively indicate the levels of policy authority and responsibility regarding foreign trade, and then effectively provide human and financial resources for the development and implementation of a foreign trade policy. At the end of the day the public sector's responsibility is to provide an adequate policy environment under which producers can then take advantage of export opportunities such as the CBTPA. To-date we understand there is no current document delineating Guyana's foreign trade policy and the ways in which the government is advancing policy initiatives to create greater export opportunities for Guyanese businesses. Such a policy framework and stronger institutions will also be useful in terms of

Guyana's trade negotiations commitments and the country's need to improve the resource base for advancing national/regional positions in such negotiations.

- With an effective policy regime and stronger institutions, the business sector can then effectively participate with government in providing input, support, dissent, and eventual consensus regarding policy initiatives and efforts led by the public sector. Moreover, business input into trade policy is critically important as it is only the business community involved in external markets which can credibly identify market opportunities and interests, which can then be used to define strategic and priority interests with regards to the government's trade policy responsibilities. For example, it is only based on the performance and role of the export community in Guyana, and its identification of market interests and opportunities, that the government can then make a case for advancing certain policy initiatives at the national, regional and international levels. In the past Guyanese exporters have indeed provided input and even direction to the development of trade policy initiatives towards the European Union, CARICOM, and even some neighboring markets in South America. At present such a role is almost non-existent vis-a-vis CBTPA, FTAA and other initiatives aimed at expanding export development.
- Such a role for the private sector also implies and requires its own capability in terms of human and financial resources to rise to the "challenge of participation" in trade policy as proposed by government. Business organizations need to focus resources and attention on becoming effective counterparts to government on the trade policy agenda. Such resource focus requires professional staff to assist in designing and advocating policy positions; financial resources to ensure sustainable institutionalities; and, a strong political commitment to becoming an active actor and partner in the trade policy process. Any capability short of this serves to weaken and undermine the role of the private sector in the eyes of the public sector, and results more often than not in exclusion from the process. It is because of this that we argue for a co-responsibility of the business community vis-a-vis the government in the national trade agenda.
- Guyanese business organizations such as the GMA, PSC, and others, seem to now have acknowledged the need for such institutionally sustainable advocacy, and are in the process of committing resources to ensure such capabilities. Likewise, the Guyanese private sector is aggressively "courting" the government to ensure a more participatory process on trade policy, while also seeking donor collaboration and assistance to complement the private sector's own resource commitments. It is the resulting institutionalization of cooperation which creates the conditions to allow for more effective and dynamic private sector participation in the design and implementation of national trade policy. Similarly, to the degree that Guyana can effectively advance on its "national position" regarding trade matters, then to that degree it can become a more effective partner at the regional level of CARICOM and intrade initiatives beyond the Caribbean, e.g.

FTAA, South America, and others.

- At the specific level of CBTPA policy, Guyana can certainly advance its interests (jointly with CARICOM or on its own) by addressing issues vis-a-vis the US government regarding pending implementation regulations for apparel/textile exports, as well as to request the convening of the US-CBTPA Ministerial Forum which is mandated in the law to take place after the 1st year of CBTPA. Already the US and Africa have advanced on their Ministerial as per the Africa Growth & Opportunity Act (AGOA) legislation, which was part and parcel of the broader Trade Development Act of 2000 which includes CBTPA. Such an initiative would raise the political ante for Guyana and other CBTPA countries vis-a-vis the US administration and would allow for effective lobbying and advocacy of trade issues on behalf of the country and the region. Already the US Department of Commerce is considering a “mini-Trade Ministerial” for CBTPA beneficiaries during the December 4-7 Miami Conference on the Caribbean & Latin America. If properly lobbied and advocated, Guyana (along with other beneficiaries) could ensure that such a meeting focuses on the needs of promoting and improving the full and effective implementation of current CBTPA preferences.
- Since an FTAA effectively provides full free trade benefits to all the countries in the hemisphere, and since only CBTPA countries and Mexico currently enjoy such preferences in the US market, it behooves Guyana as a CBTPA beneficiary, to design and implement a trade policy strategy which links its current CBTPA status with the eventual FTAA initiative. To date such policy linkages are non-existent in Guyana’s trade policy and negotiation positions.
- **Trade Promotion and Export Development** can only be advanced within the framework of a coherent and collaborative trade policy environment led by the public sector and inclusive of the private sector. After all, firms are the primary actors of export development and the principal beneficiaries or affected by trade policy. However, in small and open economies, especially when dependent on external markets for investment and export opportunities, it is very difficult for individual companies to effectively advance on their own on trade promotion and export development. Hence, the importance of advancing sectoral interests at the level of business associations.
- “Benchmark” experiences of trade promotion and export development in the Caribbean and Latin America have tended to result from the coherent and consensual collaboration between government and businesses. More often than not this has taken the institutional form of an Investment/Trade Promotion Agency, functioning as a quasi-governmental organization seeking to advance investment and export promotion efforts at the national level. It has also been at this level that National Export Strategies have often been developed and implemented, further strengthening the public-private collaboration and the overall export performance of the country.

- Such “benchmark” experiences in the region (JAMPRO-Jamaica, CPI and DROPIN in Dominican Republic, PROMINEX and CPI in Haiti, CINDE in Costa Rica, FUSADES in El Salvador, and FIDE in Honduras) have had some 20-30 years of experience dating back to the initial CBI preferential trade legislation of 1983. As a result of linking investment promotion with export development, and the major focus placed on the light manufacturing/assembly industries covered by CBI, such as apparel, many of them were able to develop successful institutional models of investment/export promotion, serving as “best practice” examples for subsequent efforts in South America, Asia, and Africa.
- The major institutional challenge facing Guyana in terms of being able to take full advantage of the new CBTPA and other trade initiatives (regional and international) is that of the strengthening of GO-INVEST as a legitimate agency of the private and public sector, in much the same light as the “best practice” examples mentioned before from the Caribbean and Central America. To the degree that government does not provide GO INVEST with the necessary anchor resources required to be effective, then to that degree GO INVEST will lack credibility and legitimacy in the eyes of the private sector. Likewise, once government does provide such anchor resources, then the business community must follow-up with its own resource and political commitments to support and advance the agency. Anything short of such mutual commitments will result in the continuation of the status quo of inadequate resources resulting in inadequate advocacy and promotion.
- Bilateral and international donors working in Guyana can play a critical role in this trade/investment institutionalization process, particularly by advancing initiatives to support a greater understanding of the “best practice” examples and committing complementary resources to government and business for advancing similar initiatives in Guyana. This already is taking place and can very well lay the foundation for an effective trade promotion and export development growth program for Guyana. With donors, government, and business joining efforts and resources, Guyana can effectively provide the kind of institutional support to GO INVEST which is required for the performance of its mandate in an effective and results-oriented manner. Without an institutionalized and effective GO INVEST, there is very little opportunity for Guyanese business and government to take full advantage of trade preferences such as those offered by CBTPA.
- In addition to advancing such an institutional and policy agenda re: CBTPA trade promotion and export development, business and government (and supporting donors) can advance on a variety of short-term and immediate initiatives aimed at raising the trade and investment profile of Guyana (government and business) within the Caribbean, at the hemispheric level, and internationally. These initiatives are not mutually exclusive, but should be advanced in a manner to provide value-added to the development of a National Export Strategy and an

Investment Strategy/Code.

- By providing a linkage to these two (2) critical policy measures, public and private efforts can serve to strengthen the Export/Investment efforts while at the same time advancing on sector- and industry-specific activities. Some of these include, inter alia:
 - Advancing an effective promotion strategy in the US market, focusing on key sectors where Guyana has/can develop competitive advantages, e.g. apparel, leather/footwear, furniture. This can include trade shows such as Bobbin (Orlando, Atlanta) and Material World (Miami) for apparel; HighPoint (North Carolina) for furniture; and others in the Caribbean and US in sectors such as agroindustry and light manufacturing. Part of such effort would be the identification not only of trade and export opportunities, but also of strategic alliances with counterpart companies seeking to source production for export abroad. Given the conditions and preferences of CBTPA, Guyana could stand to benefit greatly from such initiatives.
 - Similar promotion can also be advanced at various policy/business development shows such as C/LAA's Miami Conference; Miami Herald's Americas Conference; LatinInvest in Washington; and, various others. Both trade and policy shows should form part and parcel of an annual target market calendar prepared by GO INVEST (with public and private input) laying out priorities by sector/topic, as well as identifying participants from Guyana.
 - Identification of opportunities via market studies in various countries and sectors, leading to eventual promotion visits to "sell" Guyana as a location for competitive manufacturing for export.
 - Design and implementation of policy and market reviews of industries in Guyana and abroad which can be priority targets of an export promotion and development campaign, e.g. garments/apparel; footwear; agroindustry.
 - Joint public-private sector efforts at streamlining and making more effective the system and regime of incentives available in Guyana for production for export, both for national and foreign capital.
 - Media advocacy and public relations promotion of business and production for export opportunities for Guyana, as part of a broader program of supporting the improved competitiveness of various sectors and industries.
- Government agencies and private sector organizations alike will require technical assistance and financial resources to advance on these efforts. Efforts should be made to engage donor assistance for such a program of Trade and

Investment Promotion, while at the same time securing core resources from within Guyana, e.g. government and business. In this regard, the experience of the PSC over the past 3-5 years can be quite instructive as an example of corporate-donor collaboration to advance support for the institutionalization of private sector work. A similar effort can be advanced to ensure that an agency like GO INVEST is well-equipped to engage the regional and international market jointly with the business community and with other government agencies.