# ANNUAL REPORT
# 2007

# GUYANA FORESTRY COMMISSION
# (GFC)

# LIST OF DIRECTORS FOR 2007

| | |
|---|---|
| Chairman: | Mr. T. Balgobin |
| Commissioner of Forests: | Mr. James Singh |
| Director: | Mr. K. Alladin |
| Director: | Mr. Andrew Bishop |
| Director: | Ms. Prema Ramanah |
| Director: | Dr. Patrick Chesney |
| Director: | Ms. Vanessa Benn |
| Director: | Mr. Ovid Williams |

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## Commissioner's Message

Even though total production declined compared to 2006 values, there was an increase in export values; this confirmed that the international market is still relatively stable in its acceptance of forest produce from sustainably managed forests in Guyana.

Our stakeholders have continued to work in partnership with the Guyana Forestry Commission (GFC) and on the ground implementation of the collaboratively developed guidelines for Sustainable Forest Management continues to be extremely encouraging.

Once again, GFC would like to thank the Board of Directors and Minister for their astute guidance; the staff of the GFC have continued to be committed and diligent and for another consecutive year, we have been able to satisfactorily complete in excess of 90% of Annual activities.

We count on your continued support in the coming year.

James Singh

James Singh
Commissioner of Forests

## Executive Summary

Production for 2007 (465,906m³) declined by 9.4% (from 2006 – 514,260m³). This was mainly due to a tapering off of construction projects in the latter part of 2007.

However, export values increased over 2006 figures by 3.25%, totalling US$61.4751M.

Top export markets continued to be the Asia/Pacific Region, followed by the Latin American and Caribbean Region, then Europe, followed by North America.

A summary of key projects completed in 2007 is provided, in addition to a brief outline of routine Guyana Forestry Commission activities.

Extension services and training in the guidelines for Sustainable Forest Management were also done on a continuous basis for the sector.

# Finance Division

Audit Office of Guyana
P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, http://www.audit.org.gy

AG: 18 /2011

7 February 2011

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE GUYANA FORESTRY COMMISSION
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

I have audited the accompanying financial statements of Guyana Forestry Commission which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit was conducted in accordance with the Audit Act of 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements on pages 4 to 14 present fairly, in all material respects, the financial position of the Guyana Forestry Commission as at 31 December 2007, and the results of its operations for the year then ended in conformity with International Financial Reporting Standards.

AUDIT OFFICE

D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

## GUYANA FORESTRY COMMISSION

### Balance Sheet as at 31st December 2007

| | Note | 2007 G$ | 2007 G$ | 2006 G$ | 2006 G$ |
|---|---|---|---|---|---|
| **Assets** | 5 | | | | |
| Fixed Assets | | | 391,323,251 | | 354,752,690 |
| **Current Assets** | | | | | |
| Stocks | | 2,143,105 | | 2,268,028 | |
| Accounts Receivable | | 766,829,108 | | 859,241,151 | |
| Other Debtors & Prepayments | | 18,344,476 | | 14,565,376 | |
| Loose Tools | | 118,770 | | 118,770 | |
| Cash on Hand & Bank | | 675,028,061 | | 580,546,604 | |
| **Current Assets** | | | **1,462,463,520** | | **1,456,739,929** |
| **Less** | | | | | |
| **Current Liabilities** | | | | | |
| Creditors & Accruals | | 535,219,344 | | 367,321,007 | |
| Taxation | | 931,346,529 | | 841,187,514 | |
| Suspense A/C | | 246,377 | | 253,143 | |
| **Total Current Liabilities** | | | **1,466,812,250** | | **1,208,761,664** |
| **Net Current Asset** | | | **(4,348,731)** | | **247,978,265** |
| **Assets less Liabilities** | | | **386,974,520** | | **602,730,955** |
| **Represented By:** | | | | | |
| **Capital and Reserves** | | | | | |
| Government of Guyana | | | 7,653,712 | | 7,653,712 |
| Revaluation Reserve | | | 321,145,906 | | 321,145,906 |
| Capital Donation Reserve | | | 1,125,000 | | 2,250,000 |
| Accumulated Earnings | | | 57,049,902 | | 271,681,337 |
| | | | **386,974,520** | | **602,730,955** |

Prepared By: Edward Goberdhan - Head of Finance ...Edward Goberdhan...

Approved By: James Singh - Commissioner of Forests.....James Singh.....

**GUYANA FORESTRY COMMISSION**

**Statement of Cash Flows**
**For the Year Ended 31st December 2007**

| | 2007 G$ | 2007 G$ | 2006 G$ | 2006 G$ |
|---|---|---|---|---|
| **Operating Activities** | | | | |
| Operating Profit | | 175,527,582 | | 141,754,325 |
| *Adjustment to Reconcile Operating Profit to Cash* | | | | |
| **Add:** | | | | |
| Depreciation | 53,955,580 | | 33,739,741 | |
| Gain on Disposal of Fixed Assets | - | | (7,300,000) | |
| **Sub Total** | **53,955,580** | | **26,439,741** | |
| **Add/(Less):** | | | | |
| **Transfer to NICIL** | **(300,000,000)** | | (300,000,000) | |
| Increase/(Decrease) in Creditors | 167,898,337 | | 170,583,639 | |
| (Increase)/Decrease in Stocks | 124,923 | | (933,972) | |
| (Increase)/Decrease in Other Debtors | (3,779,100) | | 6,984,731 | |
| (Increase)/Decrease in Accounts Receivable | 92,412,043 | | (148,305,966) | |
| (Decrease)/Increase in Suspense | (6,766) | | (32,945) | |
| **Sub Total** | **(43,350,563)** | | **(271,704,513)** | |
| **Total Adjustments** | | **10,605,017** | | **(245,264,772)** |
| *Net Cash Inflow from Operating Activities* | | **186,132,599** | | **(103,510,447)** |
| **Investing Activities** | | | | |
| Proceeds from Sale of Fixed Assets | - | | 7,300,000 | |
| Capital Donation | - | | - | |
| Acquisition of Fixed Assets | (90,526,141) | | (49,607,110) | |
| *Net Cash Flows Used For Investing Activities* | | **(90,526,141)** | | **(42,307,110)** |
| **Financing Activities** | | | | |
| Write off from Capital Donation Reserve | | **(1,125,000)** | | (1,125,000) |
| **Net Increase/(Decrease) in Cash/Bank** | | **94,481,458** | | **(146,942,557)** |
| Cash on Hand 01.01.2007 | | 580,546,604 | | 727,489,158 |
| Cash/Bank Increase 2007 | | 94,481,457 | | (146,942,554) |
| Increase/(Decrease) in Bank Overdraft | | - | | - |
| **Cash on Hand & Bank 31.12.2007** | | 675,028,061 | | **580,546,604** |

**GUYANA FORESTRY COMMISSION**
**Income & Expenditure Statement**
**For the Year Ended 31st December 2007**

| **Income** | **Note** | **2007** | **2007** | **2006** | **2006** |
|---|---|---|---|---|---|
| | 6 | $ | $ | $ | $ |
| Royalty | | 224,456,816 | | 212,904,929 | |
| Acreage Fees | | 138,968,790 | | 112,627,156 | |
| Licence Fees & Fines | | 181,895,002 | | 63,991,425 | |
| Commission | | 151,751,801 | | 142,755,773 | |
| Miscellaneous | | 14,255,730 | | 34,897,493 | |
| Interest Income | | 17,617,021 | | 25,938,465 | |
| Gain on Disposal of Fixed Assets | | - | | 7,300,000 | |
| Other Income - Donation | | 1,125,000 | | 1,125,000 | |
| Other Income - Grant | | 5,678,170 | | 28,541,260 | |
| **Total Income** | | | **735,748,330** | | **630,081,501** |
| **Expenditure** | 7 | | | | |
| Employment | | 217,226,024 | | 188,950,094 | |
| Operational | | 121,198,224 | | 94,839,024 | |
| Administrative | | 51,036,201 | | 33,163,529 | |
| Repairs & Maintenance | | 37,557,752 | | 23,680,333 | |
| Financing | | 2,974,766 | | 2,007,171 | |
| Professional Fees | | 62,187,252 | | 91,024,501 | |
| Depreciation | 5 | 53,955,580 | | 33,771,242 | |
| Provision for Bad Debts | | 14,084,949 | | 20,891,282 | |
| Miscellaneous | | - | | - | |
| **Total Expenditure** | | | **560,220,748** | | **488,327,176** |
| **Net Operating Income** | | | **175,527,582** | | **141,754,325** |
| Taxation | | | (90,159,017) | | (72,215,838) |
| **Net Income for the Year** | | | **85,368,565** | | **69,538,486** |
| **Statement of Accumulated Earnings/(Losses)** | | | | | |
| At 1st January 2007 | | | 271,681,334 | | 502,142,848 |
| Net Income for Year | | | 85,368,565 | | 69,538,486 |
| Payment to NICIL | | | (300,000,000) | | (300,000,000) |
| | | | - | | - |
| At 31st December 2007 | | | **57,049,899** | | **271,681,334** |

# Performance of the Forest Sector

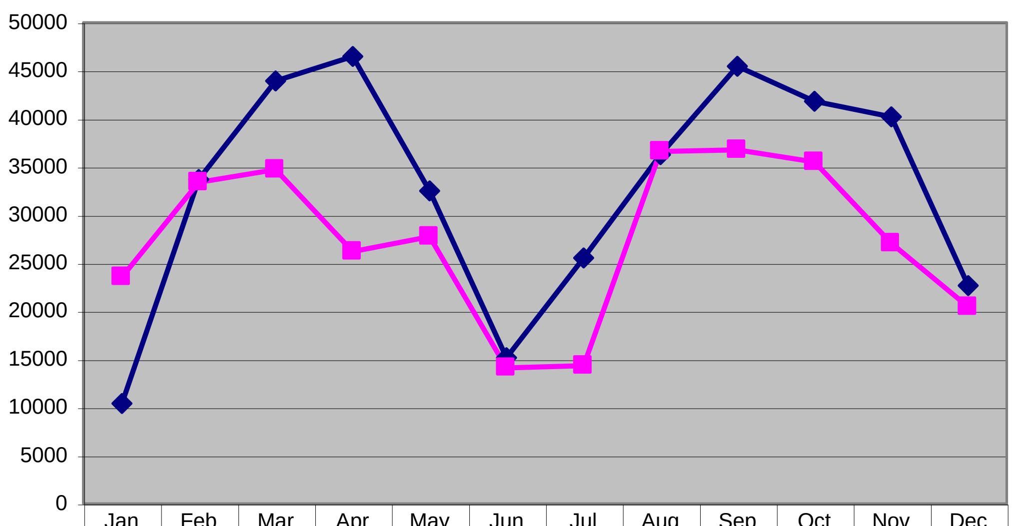
### *Production, Exports, Prices, Employment, Land Allocation and Licenses*

GFC, as an ongoing activity, reports on forest sector data on production volumes, export volumes and values, employment totals, domestic and export price trends, and concessions level performance on a monthly, quarterly, half yearly and annual basis for various areas. The Commission also produces forecasts on forest sector performance. Elements of these reports are sent to key bodies including the GFC's Board of Directors, the Bank of Guyana, the Ministry of Finance, the Bureau of Statistics and regional and international entities such as the Food and Agriculture Organization of the United National (FAO) and the International tropical Timber Organization (ITTO), among other entities. Information is also supplied to other stakeholders upon request.

## Production Volumes

For the year 2007, Production volumes for Logs reduced, while Sawnwood (Lumber), Roundwood, Plywood and Splitwood increased when compared with 2006. The combined output of the above products (Timber and Plywood production) fell by 9.40% from 514,260.47m$^3$ to 465,906.69m$^3$. The drop in log production is mainly due to higher costs of production from rising fuel prices, and poor weather conditions among other factors. In addition, by first quarter 2007 most of the boom in production coming from construction activities linked to Cricket World Cup had reduced leading to a comparatively lower total as compared to 2006. Overall performance was also affected by a decline in Greenheart and Purpleheart log production together with a fall-off in both exports and domestic consumption of Wallaba Poles. However, production of Piles, particularly from Greenheart, increased due to rising domestic and external demand.

**Graph showing monthly trends in Log production for 2006 and 2007 (in m3)**




| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | 10390 | 33691 | 43926 | 46458 | 32501 | 15148 | 25513 | 36265 | 45434 | 41796 | 40197 | 22650 |
| 2007 | 23534 | 33376 | 34714 | 26184 | 27752 | 14114 | 14336 | 36581 | 36768 | 35500 | 27062 | 20452 |

### Log Production by County and Forest Stations

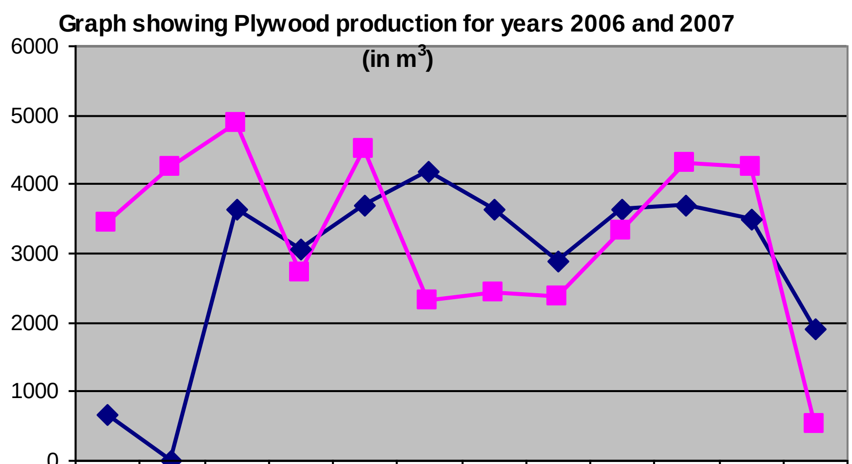
The county of Essequibo, which holds the majority of State Forest Lands and allocated Production areas, produced 227,671.09m$^3$ or 68.91% national log volume, followed by Berbice (52,995.04 m$^3$) and then Demerara (49,707.88m$^3$). Of Essequibo's eleven (11) Forest Stations, the three (3) most productive were Buckhall (78,213.61m$^3$), Iteballi (44,132.39 m$^3$) and Supenaam (37,091.24m$^3$) and together accounting for 70.03% of the region's total and 48.26% national log output. Buckhall station also surpassed the respective regional volumes for Demerara and Berbice. 76.53% Greenheart logs (64,751.30 m$^3$) and 85.21% Purpleheart logs (39,429.86 m$^3$) were extracted in Essequibo.

The majority of production in Berbice was recorded at the Springlands station (23,536.92 m$^3$ or 44.41% region volume. In Demerara the most production was recorded at Mabura (31,053.72 m$^3$ or 62.47% region total).

The decline in overall log volume for 2007 was led by a drop in Special Category production, in particular for Greenheart and Purpleheart log production. Greenheart production fell by 34.64% (44,849.51m$^3$), from 129,459.65m$^3$ to 84,610.14m$^3$, while Purpleheart production was less by 6.30% (3,109.33m$^3$) moving from 49,383.29m$^3$ to 46,273.96m$^3$. This fall off in production follows declines in Special Category production from leading station, Buckhall (by 14,066.06 m$^3$ or 32.10% from 43,817.99m$^3$ to 29,751.93m$^3$) and from Iteballi (by 6,891.68m$^3$ or 22.35% from 30,832.45m$^3$ to 23,940.77m$^3$).

### Plywood Production

Plywood production for 2007 of 39,189.32m$^3$ represents an increase by 13.61% over the 2006 level of 34,493.91m$^3$.




| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | 671 | 0 | 3649 | 3064 | 3688 | 4177 | 3621 | 2898 | 3630 | 3705 | 3491 | 1900 |
| 2007 | 3426 | 4231 | 4865 | 2716 | 4492 | 2306 | 2426 | 2360 | 3327 | 4295 | 4227 | 518 |

| Total Production by Quarter *for* January - December 2007 | | | | | | Year-to-Date |
|---|---|---|---|---|---|---|
| **PRODUCTS** | Unit | **Quarter 1** | **Quarter 2** | **Quarter 3** | **Quarter 4** | **Jan-Dec 2007** |
| **TIMBER PRODUCTS** | | | | | | |
| ***Logs*** | $m^3$ | | | | | |
| Special Category | | | | | | |
| Greenheart | | 26,308.82 | 15,674.25 | 23,417.35 | 19,209.72 | **84,610.14** |
| Purpleheart | | 11,553.37 | 9,952.82 | 11,812.07 | 12,955.70 | **46,273.96** |
| Others | | 1,819.03 | 2,313.06 | 1,720.20 | 2,919.03 | **8,771.32** |
| **Total Special Category Logs** | | **39,681.22** | **27,940.13** | **36,949.62** | **35,084.45** | **139,655.42** |
| Class 1 | | 17,856.69 | 17,805.27 | 19,762.12 | 21,292.85 | **76,716.93** |
| Class 2 | | 27,480.44 | 14,666.14 | 24,232.14 | 19,127.95 | **85,506.67** |
| Class 3 | | 6,605.88 | 7,638.74 | 6,741.55 | 7,508.82 | **28,494.99** |
| **Total Other Class Logs** | | **51,943.01** | **40,110.15** | **50,735.82** | **47,929.62** | **190,718.59** |
| ***Total Logs*** | | **91,624.23** | **68,050.28** | **87,685.44** | **83,014.07** | **330,374.02** |
| ***Roundwood*** | $m^3$ | | | | | |
| Greenheart Piles | | 2,934.55 | 3,166.32 | 3,830.91 | 5,333.70 | **15,265.48** |
| Kakaralli Piles | | 94.98 | 329.72 | 199.89 | 272.36 | **896.95** |
| Mora Piles | | - | - | - | - | **-** |
| Wallaba Poles | | 505.92 | 551.03 | 608.80 | 708.76 | **2,374.51** |
| Posts | | 95.32 | 294.99 | 296.93 | 1,606.66 | **2,293.90** |
| Spars | | 0.01 | 14.97 | 4.07 | 15.06 | **34.11** |
| ***Total Roundwood*** | | **3,630.78** | **4,357.03** | **4,940.60** | **7,936.54** | **20,864.94** |
| ***Primary (Chainsaw) Lumber*** | $m^3$ | | | | | |
| Special Category | | | | | | |
| Greenheart | | 1,135.11 | 1,191.77 | 1,253.21 | 1,437.97 | **5,018.07** |
| Purpleheart | | 1,886.50 | 3,757.73 | 1,436.37 | 1,591.78 | **8,672.38** |
| Others | | 459.81 | 646.80 | 688.57 | 649.64 | **2,444.82** |
| **Total Special Category Lumber** | | **3,481.42** | **5,596.30** | **3,378.15** | **3,679.39** | **16,135.26** |
| Class 1 | | 7,678.77 | 9,956.87 | 9,037.72 | 10,578.34 | **37,251.70** |
| Class 2 | | 2,820.33 | 3,149.40 | 3,577.31 | 3,490.30 | **13,037.34** |
| Class 3 | | 2,248.78 | 1,623.21 | 1,877.56 | 2,189.69 | **7,939.24** |
| **Total Other Class Lumber** | | **12,747.88** | **14,729.48** | **14,492.59** | **16,258.33** | **58,228.29** |
| ***Total Primary Lumbe*** | | **16,229.30** | **20,325.78** | **17,870.75** | **19,937.72** | **74,363.55** |
| ***Splitwood*** | $m^3$ | | | | | |
| Staves (*Paling Staves; Vat Staves*) | | 223.17 | 133.93 | 254.91 | 263.25 | **875.26** |
| Vat Staves | | - | - | - | - | **-** |
| Shingles | | 71.03 | 76.49 | 25.47 | 66.61 | **239.60** |
| ***Total Splitwood*** | | **294.20** | **210.42** | **280.38** | **329.86** | **1,114.86** |
| ***Fuelwood*** | | | | | | |
| Charcoal | kg | 52,986.20 | 57,578.29 | 59,030.25 | 75,128.39 | **244,723.13** |
| Firewood | $m^3$ | 5,907.82 | 5,475.90 | 7,503.40 | 5,499.28 | **24,386.40** |
| | | - | | | | |
| ***Plywood*** | $m^3$ | **12,521.90** | **9,514.41** | **8,113.15** | **9,039.86** | **39,189.32** |
| **NON - TIMBER FOREST PRODUCTS** | | | | | | |
| Wattles | pieces | 37,905.00 | 38,801.00 | 53,408.00 | 46,209.00 | **176,323.00** |
| Manicole Palm | stems | 646,810.00 | 650,477.00 | 895,668.00 | 285,684.00 | **2,478,639.00** |
| Other NTFP's (*Mangrove Bark; Balata*) | pieces | - | - | - | 150.00 | **150.00** |

## Exports Summary

Sustained growth of 4% – 5% in the world economy annually since 2003, particularly for Guyana's major timber export regions of Asia/Pacific and Europe, along with average prices for most products has impacted positively on total value exports of Forestry products in 2007. The continued work of the GFC in building the local industry's market potential has also been instrumental in positively influencing this trend, especially in Latin America and the Caribbean.

The table below (page 16) compares Annual export performances for years 2006 and 2007 categorized by product and category as applicable.

Exports of Forestry products for the year 2007 recorded an overall increase in value by 3.25% over the previous year. This was despite decreases in export volumes and values of some products, particularly Logs (volume 17.66%; value 6.41%) and Undressed Lumber (volume 8.65; value 2.78%). It is noteworthy and encouraging that the trend for exports in 2007 has been in favour of higher valued and value-added products. This combined with greater prices for higher-processed Timber products has facilitated the increase in export value.

The decline in exports of some products was offset primarily by an increase in the volume and value of the higher processed product: 'Dressed Lumber', which increased by 20.22% in volume and 39.47% in value. The larger increase in export value is due to an increase (by 16.01%, from US$485.07 to US$562.73, per $m^3$) in the average prices of Dressed Lumber, particularly for Special Category and Category 1 Lumber, average prices per $m^3$ for which increased 16.34% (from US$530.80 to US$586.11) and 16.99% (from US$420.01 to US$491.35), respectively.

There were also notable increases in the exports of Roundwood (volume 2.16%, value 26.72%) and Splitwood (volume 29.84%; value 41.65%). The greater increases in value are the result of higher average prices per $m^3$ for products in these groups. While Plywood exports increased marginally by 1.54% in volume and 0.92% in value, indicating a decline in average prices per $m^3$ by 0.61%.

## Export analysis by main Products and Markets

The largest export region continues to be Asia/Pacific which accounted for 39.51% of total export value (US$24.29 M), followed by the Latin America/Caribbean region with 29.41% (US$18.09 M), Europe 17.39% (US$17.39 M), and North America 11.20% (US$6.89 M). The main export items to the Asia/Pacific region were Logs (US$20.27 M), while Sawnwood was the main item to Latin America/Caribbean (US$11.47 M) and Europe (US$4.62M). The main export item to North America was Plywood (US$3.06).

The marked increase in Roundwood export value was due to higher prices per $m^3$ obtained for these products, especially for Piles( prices for which rose by 44%, moving from an average of US$194.23 to US$202.05, per $m^3$), which comprise the largest share of Roundwood exports (61.18% in 2006 and 88.23% in 2007). While, Shingles contributed the bulk of increases for Splitwood exports, with Shingles export value rising 44.11% (US$0.53M). This increase came primarily from higher exports to the Latin America/Caribbean market (additional US$0.27M) and to new Markets in Africa (Mauritius) which imported US$0.20M worth of Guyana’s shingles.

There was also an increase in the value of Secondary Processed Wood Products (SPWP) exports, the largest increase being posted by Outdoor/Garden Furniture. This product increased 34.08% (US$0.75 M) in value, with the largest increase coming from the European market which saw a rise by 30.61% (US$0.63 M) in value.

Asia/Pacific was again the dominant destination region for Logs, Latin America & the Caribbean, the major region for Sawnwood and North America absorbed the most Plywood and Roundwood.

| Export Products - Volumes and Values | | | | | |
|---|---|---|---|---|---|
| | | January to December 2007 | | | |
| **PRODUCT** | | **Volume ($m^3$)** | **Value (US$)** | **% Val [1]** | **% Val [2]** |
| **Logs** | | | | | |
| **Special Category** | | **96,436.46** | **14,271,138.56** | 68.5% | 23.2% |
| Class 1 | | 43,735.50 | 4,871,653.07 | 23.4% | 7.9% |
| Class 2 | | 3,555.74 | 401,532.07 | 1.9% | 0.7% |
| Class 3 | | 13,369.57 | 1,302,922.00 | 6.2% | 2.1% |
| **Total Logs** | | **157,097.28** | **20,847,245.70** | 100.0% | 33.9% |
| **Sawnwood** | | | | | |
| *Special Category* | *Dressed* | *8,915.45* | *5,225,399.29* | *80.2%* | *8.5%* |
| | *Undressed* | *16,132.99* | *8,481,756.11* | *55.3%* | *13.8%* |
| | **Total** | 25,048.43 | 13,707,155.40 | 62.7% | 22.3% |
| Class 1 Sawnwood | Dressed | 2,496.98 | 1,226,894.16 | 18.8% | 2.0% |
| | Undressed | 11,354.78 | 5,126,595.40 | 33.4% | 8.3% |
| | **Total** | 13,851.76 | 6,353,489.56 | 29.1% | 10.3% |
| Class 2 Sawnwood | Dressed | 18.58 | 5,934.28 | 0.1% | 0.0% |
| | Undressed | 1,241.86 | 445,465.47 | 2.9% | 0.7% |
| | **Total** | 1,260.44 | 451,399.75 | 2.1% | 0.7% |
| Class 3 Sawnwood | Dressed | 144.12 | 55,436.57 | 0.9% | 0.1% |
| | Undressed | 3,519.76 | 1,294,817.48 | 8.4% | 2.1% |
| | **Total** | 3,663.89 | 1,350,254.05 | 6.2% | 2.2% |
| **Total Sawnwood** | **Dressed** | **11,575.13** | **6,513,664.30** | | 10.6% |
| | **Undressed** | **32,249.39** | **15,348,634.46** | | 25.0% |
| | **Total** | **43,824.52** | **21,862,298.76** | | 35.6% |
| **Roundwood** | | 13,815.85 | 2,899,341.25 | | 4.7% |
| **Splitwood** | | 3,092.62 | 1,725,223.91 | | 2.8% |
| **Plywood** | | 24,317.43 | 8,877,000.75 | | 14.4% |
| **Total Timber and Plyw.** | | **242,147.70** | **56,211,110.37** | | 91.4% |
| **Other Value Added Products [3]** | | | 5,037,344.45 | | 8.2% |
| **Other Products [4]** | | | 226,664.13 | | 0.4% |
| **Total Export Value** | | | **61,475,118.95** | | 100.0% |

[1] Percent of Product/Group Total Value

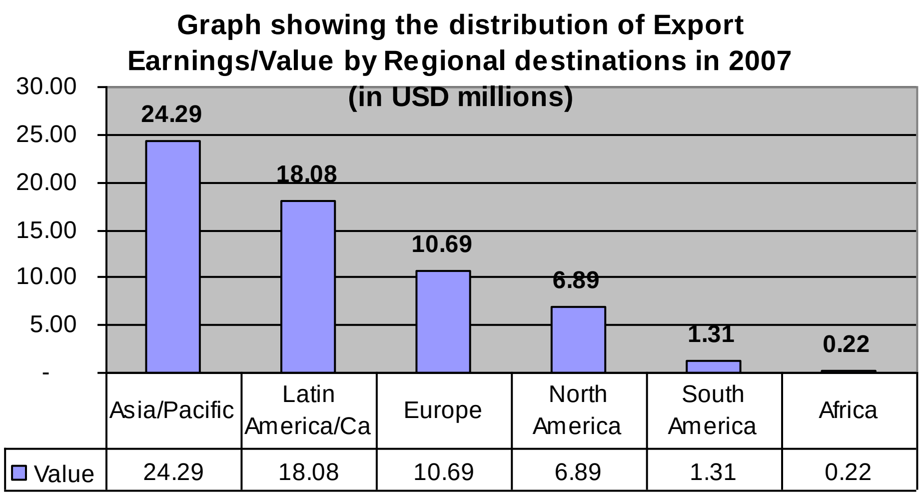
[2] Percent of Total Export Value for the Year

[3] Other Value-Added Products include Furniture, Building Componentry, etc

[4] Other Products include Fuelwood, Non-Timber Forest Products, Craft & Ornaments/Utensils

### Forestry Sector Export Earnings by Destination

Exports to the Asia/Pacific region led revenue earnings in 2007 with a total of US$24.29M, accounting for 39.51% of export earnings. This is just 0.48% higher than export revenue earned from this region in 2006. India with 46.60% (US$11.32M) region revenue and China with 41.22% (US$10.01M) dominated the region.




The Latin America and Caribbean (LAC) region followed with exports of US$ 18.08M (29.41% of total export earnings) an increase of 3.31% over the US$17.50M earned last year. Barbados with US$7.61M and Trinidad and Tobago with US$2.68M were the top destinations with 42.08% and 14.83% of total region value, respectively. Sawnwood was the top export earner going to both Barbados (US$6.41M) and Trinidad (US$1.22M). Other Value-Added products (building components etc.) with US$2.23M was the second highest export earner to the LAC region, behind Sawnwood (US$11.47M).

The third most lucrative region for Guyana's forest products exports was Europe, with a total revenue of US$10.69M representing 17.39% of all export revenue for the review period but 4.04% (US$0.45M) less than the 2006 period earnings of US$11.14M. This drop is due to the drop in plywood exports to Europe. Sawnwood (US$4.62M), particularly the undressed variety (US$4.42M) was the lead product to the European market, followed by Plywood (US$2.74M).

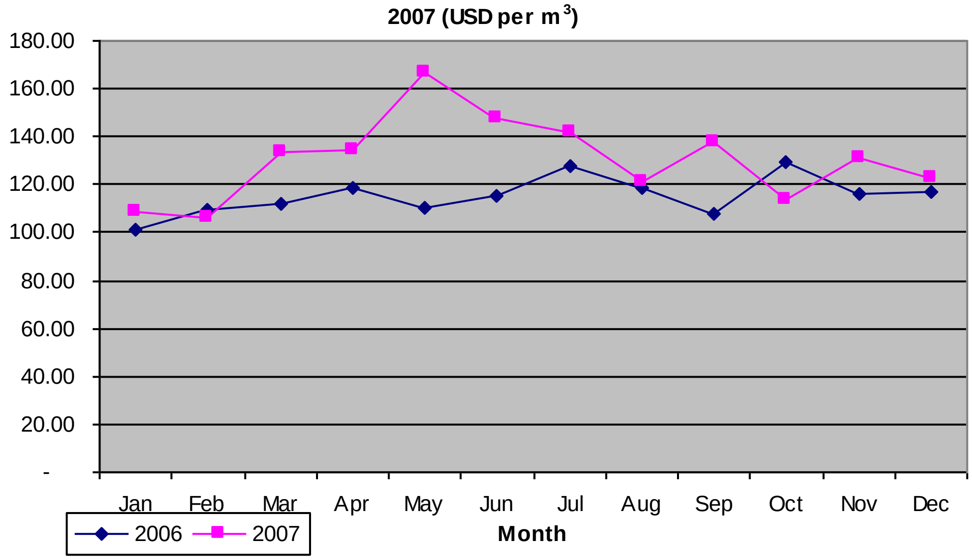
Revenue from North America totalled US$6.89 M contributing 11.20% of total earnings and exceeding the 2006 level of US$5.75M by 19.83% (US$1.14M). This increase in value was due to higher Plywood and Roundwood (Piles) exports to this region. Revenue from South America (US$1.31M) was mainly from Plywood Exports to Suriname (US$1.00M). Mauritius was the main destination in Africa, having exported US$0.20M worth of Shingles from Guyana.

## Export Prices

Export prices vary widely by products, species, product quality, destinations etc. For the two years reviewed – 2006 and 2007, the observed trend is one of higher average prices in 2007 across most months of the year.

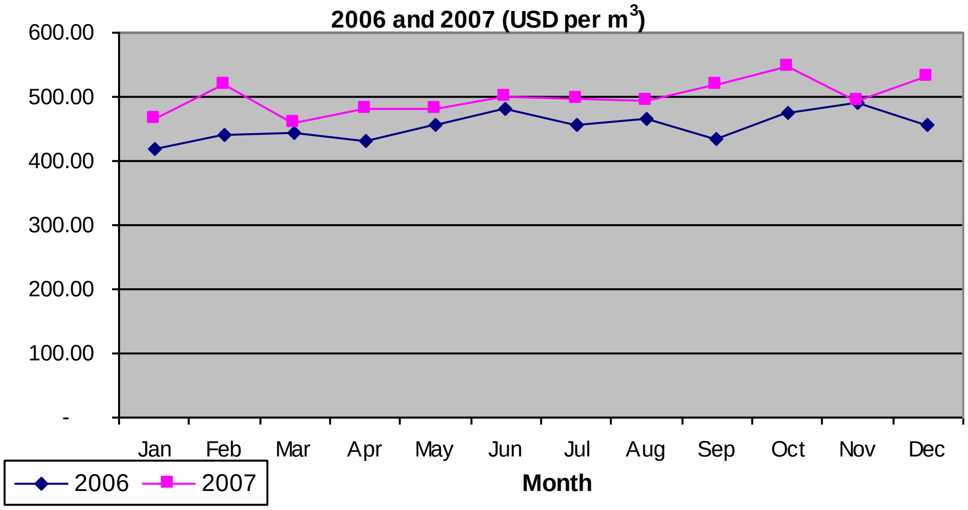
Average prices for Logs peaked in mid-2007, as poor weather in Asia led to a shortage of Logs in that market and hence higher prices.

**Graph showing the average monthly prices for Logs for years 2006 and 2007 (USD per m³)**

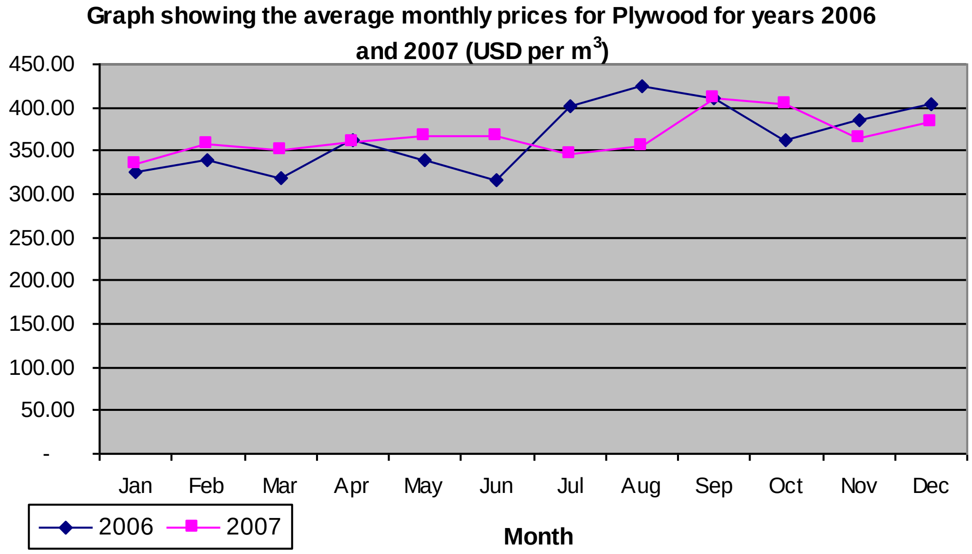



Average prices for Lumber increased steadily in 2007, indicative of the higher demand for Dressed Lumber which attracts a better price than the undressed variety.

**Graph showing the average monthly prices for Lumber for years 2006 and 2007 (USD per m³)**



Average prices for Plywood was largely unchanged in the first half of the year but dipped in July, August and September.




## Market Outlook for Guyana's Timber Exports

Efforts are being made in the UK to boost housing, with the Prime Minister expressing hope for 3 million more units to be built in the next 13 years, but credit problems have dampened increases in housing starts thus far. However, the long-run prospects appear favourable for increased demand for wood and wood products to the UK. In Germany, housing permits for 2007, compared with January 2006, were down by 59.0% and permits for apartment blocks were down 22.6%. High demand for plywood in Europe is expected to open up opportunities for increasing Guyanese plywood exports to this region.

In China, it is likely that medium term demand will remain strong, since the wood processing sector there continues to expand its markets and scale of operations. Additionally, there is a growing demand for logs suitable for paper manufacture.

In the American market, a downturn in the housing sector has been compounded with estimates for slower growth in corporate profits (5.0% this year compared to 21.4% last year) thus lowering prospects for demand for wood and wood products in this market. However, demand for certain high priced commodities such as furniture and flooring remains strong in some segments of the market. Demand in the Latin American and Caribbean region is expected to remain strong in 2008, reflecting high prices for processed wood products and larger volumes.

## Employment

Employment data for the Forestry Sector over the years 2005 to 2007 is shown in the Table below.

**Forest Sector Employment: Years 2005 to 2007**

| Activity | Year 2005 | Year 2006 | Year 2007 | Percentage Increase/(Decrease) |
|---|---|---|---|---|
| Logging | 12,229 | 14,097 | 14,852 | 5.4% |
| Sawmilling | 4,051 | 4,241 | 4,330 | 2.1% |
| Timber Dealership (Lumber Yards) | 1,647 | 1,825 | 2,037 | 11.6% |
| Plywood | 712 | 699 | 650 | -7.0% |
| Manicole Palm | 658 | 658 | 658 | 0.0% |
| Other* | 4,340 | 4,369 | 4,500 | 3.0% |
| **TOTAL** | 23,637 | 25,889 | 27,027 | 4.4% |

** Other: includes activities in Furniture, Building Components, Craft, Utensils/Ornaments, Firewood and Charcoal*

During 2007, employment within the sector increased moderately in almost all activity areas. This is in keeping, with expectations, since more operators entered the sector in 2007, as evident from the increases in numbers of licences issued. The largest percentage increase in employment came from the new Lumber Yards licensed during the year.

The GFC is also continuing its Social Development Programme, which includes the formalization of additional rural/hinterland Community Forestry groupings and capacity building at this level. These widen community access to forest resources, while creating opportunities for employment and wider economic benefits.

### Land Allocation Breakdown

The table below shows a breakdown of Land Allocation within the Forestry Sector. It does not include Private Property and Amerindian Lands.

A large portion of State Forests (38.5% or 5.3M hectares) remains unallocated. GFC estimates productive area availability to be just over half the current unallocated lands, at 2.63 M hectares or 19.24% of State Forests, since some areas may be used for future national development initiatives, such as interior road networks and expansion of Amerindian lands etc.

| **Summary of State Forest Allocations** | | | | | |
|---|---|---|---|---|---|
| | | | | *as at* **December 31, 2007** | |
| **Classification** | **Count** | **Area** (Hectares) | **%** **Area Type** | **%** **Total Allocation** | **%** **State Forest** |
| **Production Area Allocations** | | | | | |
| State Forest Permissions (SFP) | 299 | 863,750 | 12.5% | 10.3% | 6.3% |
| Wood Cutting Lease (WCL) | 3 | 295,610 | 4.3% | 3.5% | 2.2% |
| Timber Sales Agreement (TSA) | 27 | 4,492,366 | 64.8% | 53.4% | 32.8% |
| SFP Conversion Areas | 27 | 540,481 | 7.8% | 6.4% | 4.0% |
| State Forest Exploratory Permit (SFEP) | 4 | 737,264 | 10.6% | 8.8% | 5.4% |
| **Total Production Area Allocations** | **360** | **6,929,471** | **100.0%** | **82.3%** | **50.7%** |
| **Permanent Research & Reserve Areas** | | | | | |
| Iwokrama Research Site | 1 | 371,592 | 25.0% | 4.4% | 2.7% |
| GFC Forest Reserves | 11 | 18,147 | 1.2% | 0.2% | 0.1% |
| Other Research & Reserve Sites | 3 | 1,095,955 | 73.8% | 13.0% | 8.0% |
| **Total Research and Reserve Areas** | 15 | 1,485,694 | **100.0%** | **17.7%** | **10.9%** |
| **Total Forests Allocated** | **375** | **8,415,165** | | **100.0%** | **61.5%** |
| Unallocated Forests | | 5,263,451 | **38.5%** | | 38.5% |
| **Total State Forests** | | **13,678,616** | | | **100.0%** |

### Other Forest Sector Licences

Sector activity licenses are valid for one (1) calendar year only; continued production requires annual renewals. The Table below indicates the number of licenses issued for the years 2006 and 2007.

**Activity Licenses**

End December Comparison - Years 2006 & **2007**

| Activity/ License Type | Period | Division | | | | Total |
|---|---|---|---|---|---|---|
| | | Demerara | Essequibo | Berbice | Northwest | |
| Sawmill | **Year 2007** | **40** | **41** | **30** | **2** | **113** |
| | Year 2006 | 39 | 35 | 28 | 1 | 103 |
| Sawpit | **Year 2007** | **67** | **46** | **25** | **13** | **151** |
| | Year 2006 | 73 | 29 | 16 | 9 | 127 |
| Permit to Erect Sawmill | **Year 2007** | **20** | **13** | **13** | **1** | **47** |
| | Year 2006 | 15 | 7 | 3 | 0 | 25 |
| Timber Dealers | **Year 2007** | **196** | **42** | **44** | **9** | **291** |
| | Year 2006 | 165 | 24 | 38 | 8 | 235 |
| Timber Depot | **Year 2007** | **3** | **4** | **0** | **0** | **7** |
| | Year 2006 | 1 | 3 | 1 | 0 | 5 |
| Timber Path | **Year 2007** | **3** | **4** | **0** | **0** | **7** |
| | Year 2006 | 2 | 4 | 3 | | 9 |
| Charcoal | **Year 2007** | **17** | **1** | **1** | **0** | **19** |
| | Year 2006 | 10 | 0 | 0 | 0 | 10 |
| Firewood | **Year 2007** | **6** | **4** | **3** | **0** | **13** |
| | Year 2006 | 5 | 4 | 2 | 0 | 11 |

# Projects Completed in 2007

### Promotion of Lesser Used Wood Species (LUS) in Guyana

In 2007, the GFC embarked on an initiative targeted at broadening the timber species utilization base and enhancing forest sector development by promoting the utilization of lesser used wood species. The main activities under this project were to complete a review of the characteristics of 15 specifics LUS, testing of these species for suitability for external and marine applications by conducting natural durability, abrasion and marine borer tests, production of promotional materials and conducting of training sessions in the characteristics of the 15 LUSs. These activities commenced in 2007 with the training sessions; reports on testing are expected to be completed in early 2008.

The main findings of the deliverables completed so far indicate that the majority of the 15 LUS can be used for end use application similar to that of the existing commercial species. This project is already showing results with production and exports (both in terms of products and volumes) expanding in 2007 and sold to new markets. This project was financed by the International Tropical Timber Organization (ITTO).

### Integrating Bar Coding Technology in Timber Tracking and Enhancing Monitoring of the Forest Cover through Remote Sensing Imagery Analyses

A project proposal on this important area of forest management, was developed in 2007 and financing was sought from the International Tropical Timber Organisation. Financing was granted in June 2007 and the Project officially began in September 2007 with the advertisement for consultants and the drafting of the annual work plan for the project.

The project aims at enhancing forest management and legality in timber harvesting, and trade by developing an integrated and dynamic GIS that will incorporate satellite image analysis using illegality indicators, and a legality database; and by establishing a bar-code log-tracking system that will feed into a central database linked to a national wide-area network. These are intended to allow for near real-time transfer of data and the availability of tracking information for the regulatory agency. The outcome of the project will be an environment where detection of illegal logging and other non-compliant activities will be dramatically improved in the forest, in transit and at point of sale. This will see improved detection of illegal activities acting as an effective deterrent resulting in a marked reduction in the incidence of illegal activities. The beneficial immediate effects of this will be registered in the national economy, local communities and the forest environment.

## Community Forestry Development

As part of GFC's programme for community forestry development, in 2007, the GFC engaged several additional communities to further its work in this area. The GFC worked in close collaboration with several communities and the Guyana Micro Projects Programme, a Government of Guyana, European Union (GMPP, GoG/EU) initiative, geared at continuing the development of communities and groups in Guyana. In 2007, the GFC worked with five (5) communities in seeking donor funding through assisting them in drafting project proposal, implementing project activities and project reporting. These communities were: Three Friends Maria Elizabeth, Orealla Siparuta, Kwebana, Capoey and Caria Caria. The main project activities were: training in forest inventory, reduced impact logging, harvest planning and occupational health and safety among other key areas. Each community received G$2.6M for training and purchase of small equipment, inclusive of safety gears, under this project initiative.

The GFC, through its Social Development Programme (SDP) and community Forestry Initiative held a meeting in 2007 with the SDP Committee which comprises of representative from the following agencies: Ministry of: Amerindian Affairs, Education, Health, Local Government, Labour, Human Services and Social Security, Agriculture, the Environmental Protection Agency, the Guyana Geology and Mines Commission, NARI and the Guyana Marketing Cooperation. The meeting provided a forum for the sharing of ideas and the exchange of experiences relating to community development. Through this Programme several outreach meeting and training sessions were held at communities including Linden, Maria Elizabeth Three Friends, Ituni and Santa Aratack.

To track and plan for the development of community forest activities, the GFC compiled community profiles for each community forest group established. These profiles contain key information such as the number of members, forest resource base, location, economic activities, and forest land holding. The GFC hopes to enhance this profile by including equipment holding and updated forest inventory information, in 2008.

### Formation of Community Loggers Association

In 2007, several additional community loggers associations were formed to enhance the economic and social livelihoods and welfare of community members. These include:

i. Aroaima Forest and Agricultural Producers (Region 10)
ii. Pomona Chainsaw Lumbering Association (Region 2)
iii. Wauna Loggers Association (Region 1)
iv. Parika Mora Forest and Agriculture Producers Association (Region 3)
v. Santa Cruz Village Council (Region 1)

vi. Yarakita Community Development Council (CDC) (Region 1)
vii. Kairuni Silverhill Forest Producers Association (Region 4)
viii. Kartabo Sunrising Loggers Association (Region 7)

The GFC assists these communities in establishing a constitution to govern the activities of the Association and lends support to the members and the group in the planning and implementation of its forestry activities.

**Sustainable Forestry Management and Hinterland Community Development – Kwebana and Batavia Communities**

The GFC partnered with the World Wild Life Find (WWF), with financial support from the British High Commission, in enhancing the capacity of two target communities: Kwebana (Region 1) and Batavia (Region 7) in capacity building and sustainable forest management activities, in 2007. As this project is scheduled to be completed in the latter half of 2008, some of the activities completed in 2008 were: training in forest inventory, planning, directional felling, planned extraction, use and maintenance of equipment; education and awareness activities conducted in forest regulation, legal ownership of cutting license, and sustainable forest management techniques; and training in resources evaluation and mapping, planning of harvesting including Reduced Impact Logging.

**Strengthening Sustainable Forest Management in Guyana**

In 2007, the GFC commenced implementation of a project aimed at enhancing sustainable forest management in Guyana by promoting improved practices, education and awareness in key forestry areas, institutional strengthening and conducting relevant monitoring and research activities. This project is scheduled for 2 years and commenced in the latter half of 2007. Among the activities completed in 2007 were the final workshop for the establishment of the Legal Verification System, preparation of training materials in key forest areas, and planning for two forest inventory exercises in communities. The larger part of the project will be implemented in 2008.

**Development of Policy to address the Issue of Log Exports**

In 2007, the GFC commenced development of a National Policy to address the issue of log export. The intention of this Policy is to encourage value adding in the local economy and to discourage the trend of increasing log exports. The GFC, through the auspices of a Ministerial Committee set up to address the issue, as established by the Hon. Minister of Agriculture, Mr. Robert Persaud, coordinated this process. In this process, a national consultation was held in February of 2007 which informed a policy position drafted by the GFC, for consideration at the levels of the Minister of Agriculture and the Office of the President.  The general consensus from the consultation was the need for a policy to encourage local value adding in the timber industry.  This policy is expected to be finalized in 2008.

**Other Project Initiatives**

GFC developed two additional project proposals in 2007 in the following areas: development of a National Forest Fire Management Strategy for Guyana, and, assessing Guyana's ability to report on and compliance with the ITTO Criteria and Indicators for Sustainable Forest Management. Both proposals were submitted to the International Tropical Timber Organization and were successful in gaining financial support.  These initiatives will be implemented in the first quarter of 2008. Preparatory activities were conducted in the latter half of 2007 for project activity implementation.

**Routine Divisional Activities**

Routine (and impromptu) monitoring visits were done to all forest concessions and licenced operations. Compliance with the GFC guidelines was generally satisfactory.

Routine reviews of Annual Operational Plans, Forest Management Plans were also done; forest allocation of State Forest areas in accordance with the GFC transparent review procedures was also undertaken.

GFC continued to provide extension services and forest sector information and analyses to stakeholders on a regular basis.

**Staffing**

Total staff complement in 2007 was 218 compared to 182 in 2006. The attrition rate for 2007 was 53%.

GFC continued to make efforts to provide staff with market rate salaries, conducive work environment, on the job training, and the equipment/machinery to enable the effective completion of tasks assigned.