



BALANCE OF PAYMENTS
OF
GUYANA

1960 - 1965

STATISTICAL BUREAU
MINISTRY OF ECONOMIC DEVELOPMENT

(C.G.P. & S. 750/67.)

FOREWORD

Within recent years, and particularly since Guyana in 1965 assumed responsibility for the control of its Currency and International Reserves, it has become urgent that reliable statements of the country's Balance of Payments transactions be compiled and published, with sufficient explanations to facilitate their use.

This then is an attempt for the first time to publish in a single document a statement of the Balance of Payments transactions of Guyana together with a brief description of the Methods and Sources utilised.

Much of the Methodology was established sometime ago on the advice of a representative of the International Monetary Fund, and the general principles and underlying procedures have been those recommended in the Balance of Payments Manual issued by the Fund. However, all sources have not been fully developed and constant attention is being given to the organisation of the basic sources of the information so that maximum accuracy and comprehensive coverage could be achieved in the series produced.

An attempt has also been made to indicate the reliability that could generally be attached to most of the values. It is therefore hoped that this document would go a long way to satisfy an important statistical need on the part of a wide number of users of Economic Statistics.

The material has been compiled by the staff of the Statistical Bureau. A number of business firms and Government departments and agencies have also assisted by providing valuable information and their co-operation is gratefully acknowledged.

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Chief Statistician.

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METHODOLOGY AND SOURCES

Merchandise Transactions (Item 1) - The value of Imports and Exports included in the Balance of Payments were derived from Reports on the External Trade of Guyana and are reported at their transactions value. Imports are entered C.I.F. and Exports at their F.O.B. prices. Guyana has a very limited international Merchant Fleet. Consequently, practically all imports into the country arrive in foreign owned ships. No study has been done to estimate the value of insurance and freight in imports, consequently it has been found more convenient not to attempt to separate insurance and freight from the total value of imports. Both imports and exports are valued at the point where they cross the Guyana Customs frontier. Generally, coverage of the Customs Statistics is good.

Certain coverage and valuation adjustments have been made and these refer to Sugar Preference Certificates, the value of which has been added, and goods on rental, the value of which has been excluded. Gold imports are not usually included in the Imports Statistics therefore no adjustments were necessary for these. Figures for exports include re-exports. Ships' stores and bunkers have been excluded and have been carried to another item.

Non-Monetary Gold (Item 2) - Imports of Non-Monetary Gold have been included in this item. There are no credit entries because exports of gold are negligible. Although Guyana is a gold producing country, little or none of the gold has found its way to the foreign market within recent years.

Freight and Insurance on International Shipments (Item 3) - As was indicated in the previous paragraph, no attempt has been made to separate Freight and Insurance from imports c.i.f. Consequently the entries against this item are mainly receipts. The data have been derived from reports provided by resident Shipping Companies and they refer mainly to Freight paid to Guyanese Companies on account of exports from Guyana.

Other Transport (Item 4) - The debits against this item were derived mainly from data on fares collected by foreign Air and Shipping Lines or were estimated on the basis of the number of Guyanese departing from Guyana. Since the country has no International Shipping or Air Lines all payments in respect of transportation were taken to have been made to foreign companies.

On the Receipts' side the item covers the value of ships' stores and bunkers, and receipts in respect of repairs and servicing of Aircraft, port and aerodrome dues, and expenditure of ships' crews in the country. Port and aerodrome dues are collected by the Government and therefore fairly reliable figures are available. Expenditure by ships' crews are, however, estimated on comparatively crude data and are not to this extent very reliable. Charges for repairs and servicing are reported by the companies providing the service.

Travel (Item 5) - The Debits in this item relate to expenditure made by Guyanese travelling abroad. Again the figures are estimates based on the number of Guyanese reported as having left the country temporarily. Therefore the margin of error could be fairly wide. The credits on the other hand cover expenditures in Guyana by foreign visitors. Since 1964 the amounts have been estimated on the basis of the expenditures reported by visitors on questionnaires provided by the Statistical Bureau, and the number of visitors arriving in the country. The expenditures by intransit tourists are also included. Prior to 1963, estimates were more arbitrarily based.

Investment Income (Item 6) - A large portion of the domestic economy of Guyana is dominated by expatriate enterprises, consequently, payments on account of Investment Income are comparatively high each year. Interest on Government External Debt is also debited as a payment of Investment Income. There are also a number of firms that make interest payments abroad and these payments are included as well. The credits are comparatively small and they represent receipts of interest earned on foreign securities held by local Insurance Companies, the Post Office Savings Bank, Building Society, Government Sinking Funds and other Quasi-Government Funds.

So far as the Investment Income of expatriate firms is concerned, the estimates are based on data of profits after tax supplied by expatriate resident firms, and are considered to be fairly reliable. Interest on Government external debt are firm figures provided by the Treasury. Receipts of Investment Income, however, are estimated on the basis of the face value of foreign securities held

by the institutions enumerated in the previous paragraph.

All profits-after-tax of expatriate firms are shown as Investment Income. No attempt has been made to allow for undistributed profits which may have been re-invested in the country, as such figures are not normally available. However, since the expatriate firms operate under the control of parent companies abroad, it is considered reasonable to assume that undistributed profits would not normally be held locally, but would be at the disposal of the parent company, and would therefore be held abroad. It is recognised that new fixed investment and probably replacements of fixed assets as well may be financed from accumulated undistributed profits. To the extent therefore that investments are so financed then the outflow of funds under Investment Income would tend to be partly offset by the inflow of funds under Direct Investment Capital. Reference is made in a later paragraph to the treatment of depreciation allowances.

Government (Not included elsewhere) (Item 7) - The credits against this item comprise mainly the estimated expenditures in Guyana by U.K. Troops, certain Government receipts from abroad and the expenditures of foreign Consulates and Missions in Guyana. The debits are mainly services which Guyana received under aid. Certain expenditures in connection with the operation of Missions abroad, and the rental of certain equipment are also included.

The information on expenditures by U.K. Troops are supplied by the Army Authorities in Guyana. Foreign Consulates report their local expenditures to the Statistical Bureau. Other information is secured from the Financial Report of the Accountant General. Data on services under aid are provided by the Government's granting such aid. This figure is matched by a similar amount credited as a Unilateral Transfer.

Other Services (Item 8) - This item covers a miscellaneous number of service items, the most important credits being claims paid in Guyana by branches of foreign Insurance Companies, Agency Fees and Commissions, Foreign Contractors' services and certain other receipts from abroad in connection with storage and stevedoring. The debits are mainly head office expenses incurred and paid by

resident expatriate companies, premiums collected by foreign Insurance Companies, claims paid by local companies to Insurers abroad, certain fees and commissions, film rentals and payment in respect of pools. Most of the information is derived from questionnaires sent to Insurance and other Companies. Figures compiled from these returns and included in this item are therefore considered to be fairly reliable.

Unilateral Transfers (Items 9 & 10) -- This item relates to transfer payments and receipts by both private persons and Government. So far as the private sector is concerned the credits are mainly Money Orders and gifts received from abroad. The payments are mainly Money Orders sent abroad, private pensions paid abroad and an estimate of cash taken out by emigrants. In the Government sector, Unilateral Transfers represent grants received by the Central Government from other Governments and International Agencies; a substantial portion of this figure relates to C.D. & W. Grants from the United Kingdom and from the United States of America mainly in the form of technical assistance. The debits under Central Government are mainly estimates of payments of gratuities and pensions to former employees now residing abroad and other Government contributions to external agencies.

The figures relating to the Government sector have been derived from the Financial Accounts of the Accountant General, and are considered to be reliable though the figures for pensions are estimates. Pensions paid abroad by private enterprises are reported annually to the Statistical Bureau, and the value of Money Orders is supplied by the Post Office.

THE CAPITAL ACCOUNT - In this section of the Balance of Payments are recorded all changes in Claims on the Capital Account of transactions between residents and non-residents.

Direct Investment in Guyana (Item 11) -- These amounts include expenditures on fixed assets by foreign-owned companies in Guyana as well as changes in inventories and in the case of Mining Companies amounts expended on exploration and land clearing. The total of these expenditures is, however, adjusted by Capital Consumption Allowances reported by expatriate firms. Accordingly, the

figures appearing as direct investment in Guyana by expatriate firms are net of depreciation.

This country does no direct investment abroad, consequently, there are no assets entries.

All the figures of direct investments are reported by the firms concerned on questionnaires provided by the Statistical Bureau.

Other Private Long Term Capital (Item 12) - On the Credit Side (Liabilities) these amounts comprise purchases by expatriate firms of securities issued in Guyana, claims arising out of Contractor financing of projects in the country adjusted by payments in respect of such financing, and contributions by the Sugar Companies to certain Sugar Funds.

An explanation should be given at this stage relating to the treatment of Sugar Funds. In Guyana, the Sugar Companies are expected to contribute fixed amounts based on the export of sugar to the Sugar Labour Welfare Fund, a Rehabilitation Fund and a Price Stabilization Fund. The first one is not relevant to the Balance of Payments as the contributions are made in respect of Welfare projects for persons employed by the Sugar Industry and are therefore resident to resident transfers. The remaining two, however, are considered to be relevant to the Balance of Payments ^{as} the Sugar Industry normally utilises funds from the Rehabilitation Fund for the financing of some of its capital investment expenditures and from the Price Stabilization Fund for support to the industry in times of low prices. Consequently, the contributions to these Funds have been treated in the Current Account as part of investment income attributable to overseas residents. This same amount in principle has been brought back into the country as a credit to Long Term Capital Investment, as the Funds are administered locally by the Government. However, the actual amounts that have been carried to the Balance of Payments in any one year are the contributions less any amounts withdrawn by the companies during the year.

On the Debit Side ^{of} this item (Assets) are included amounts which are mostly Portfolio Investments made abroad by certain enterprises. The institutions whose portfolio transactions are covered are the local insurance companies and the New Building Society. The Balance Sheet reports of the Insurance Companies are the source of the figures in this item and a high amount of reliability is therefore achieved.

Other...

Other Short Term Private Capital (Item 13) - The Short Term Assets and Liabilities are mainly changes in the Current Assets and Liabilities by foreign-owned firms. These figures are derived from reports submitted by the firms.

Central Government Capital Movement (Item 14) - On the Credit Side of this item are recorded loans received by the Central Government from the United Kingdom and other foreign Governments and External Agencies. Repayments are entered on the Debit Side. Also included in this item are certain capital transactions by and amounts accumulated with the Caribbean Currency Board on behalf of Guyana. The details are derived from the Financial Accounts of the Accountant General and the figures are therefore considered to be reliably based.

Monetary Sector (Items 15 to 20) - The Central Government Assets are the investments made abroad by Government and Quasi-Government Funds. These Funds are the Sugar Industry Special Funds, Government-owned Sinking Funds and certain Trust and Miscellaneous Funds. Also included are the transactions with the Joint Consolidated Fund. The Securities are valued at their transactions value.

The Commercial Banks Foreign Assets and Liabilities relate to changes in balances due by banks abroad, mainly Head Offices, to local banks or balances due to banks abroad by local banks. The Commercial Banks make periodic consolidated statements of their assets and liabilities from which the balances are extracted.

The currency in circulation are the issues of notes in Guyana by the Caribbean Currency Board which for the purpose of these accounts is treated as non-resident. Increases in currency in circulation therefore are interpreted as increases in Guyana's foreign assets.

The Post Office Savings Bank Assets are the Investments made abroad by the Bank. The Annual Financial Accounts of the Accountant General are the source of the figures for the Savings Bank and the Funds referred to earlier in this section. The figures are therefore regarded as very reliable.

GUYANA: BALANCE OF PAYMENTS 1960 - 1965CURRENT ACCOUNT

Table 1

G. \$ 000

ITEM	1960	1961	1962	1963	1964	1965
<u>GOODS</u>						
1. Imports (c.i.f.o.)	- 147,869	- 147,370	- 126,675	- 118,685	- 151,074	- 181,400
2. Exports (f.o.b.o.)	+ 128,224	+ 149,544	+ 164,020	+ 172,863	+ 169,369	+ 177,127
3. Balance of Visible Trade	- 19,645	+ 2,174	+ 37,345	+ 54,178	+ 18,295	- 4,281
<u>SERVICES</u>						
4. Freight and Insurance on International Shipments	+ 2,848	+ 2,809	+ 2,587	+ 1,139	+ 1,141	+ 922
5. Transportation	- 4,731	- 5,047	- 1,107	+ 657	- 640	- 1,190
6. Travel	- 2,364	- 2,012	- 1,509	- 1,616	- 3,950	- 3,930
7. Investment Income	- 23,609	- 23,246	- 36,993	- 28,476	- 29,776	- 27,282
8. Government (n.e.s.o.)	+ 289	+ 967	+ 862	+ 42	+ 279	- 3,100
9. Other Services	- 1,276	+ 240	+ 3,372	- 2,912	- 2,618	+ 1,563
10. NET BALANCE OF RECEIPTS ON ACCOUNT OF SERVICES (4 to 9)	- 28,845	- 28,823	- 34,512	- 31,166	- 35,564	- 33,017
11. BALANCE ON GOODS AND SERVICES (3 + 10)	- 48,480	- 26,649	+ 2,833	+ 23,012	- 17,269	- 37,298
12. Unilateral transfers payments (net)	+ 3,767	+ 7,011	+ 6,161	+ 3,345	+ 5,574	+ 9,352
13. CURRENT ACCOUNT BALANCE (11+12)	- <u>44,723</u>	- <u>19,638</u>	+ <u>8,994</u>	+ <u>26,357</u>	- <u>11,695</u>	- <u>27,946</u>

Net Receipts (+)

Net Payments (-)

CAPITAL ACCOUNT

Table 1 cont'd

\$ 000 G.

ITEM	1960	1961	1962	1963	1964	1965
14. Net Long Term Private Capital Inflow ^{1/}	+32,363	+10,381	- 853	+ 8,797	+ 8,255	+ 14,390
15. Net Short Term Private Capital Inflow	-	- 539	- 2,454	+ 734	+ 3,318	+ 1,659
16. Net Investment Loans Received by Central Government	+ 7,412	+ 7,267	+ 10,521	+ 5,437	+ 2,496	+ 1,870
17. Currency Surplus Account with the Currency Board ^{2/}	+ 2,235	+ 399	- 316	- 109	- 92	- 3,177
18. TOTAL NET CAPITAL TRANSACTION (+Inflow - Outflow)	+42,010	+17,508	+ 6,898	+ 14,859	+ 14,161	+ 14,742
19. Unidentified Capital Transactions including error (+ Inflow - Outflow)	+ 2,392	+ 4,052	- 6,856	- 15,086	+ 4,555	+ 1,329
20. CAPITAL DEFICIT (+) OR SURPLUS (-)	+ 321	- 1,922	- 9,036	- 26,130	+ 7,021	+ 11,875
21. TOTAL OF CHANGES IN FOREIGN RESERVES ^{3/} (20 = 21)	+ 321	- 1,922	- 9,036	- 26,130	- 7,021	+11,875
(a) Government Foreign Assets ^{4/}	- 3,456	- 143	+ 4,823	- 5,294	+ 741	+ 3,154
(b) Currency in Circulation	- 3,850	- 2,603	- 6,308	- 6,384	- 1,517	- 5,761
(c) Commercial Banks	+ 7,368	+ 546	- 10,100	- 13,809	- 6,282	+ 12,403
(d) Post Office Savings Bank	+ 259	+ 278	+ 2,549	- 643	+ 37	+ 2,079
TOTAL INVESTMENT AND CAPITAL FINANCING (Items 18 + 19 + 20)	+ 14,723	+ 19,638	- 8,994	- 26,357	+ 11,695	+ 27,946

Capital Inflow and reduction in Foreign Reserves (+); Capital Outflow and increase in Foreign Reserves (-).

^{1/} Includes foreign direct investment in Guyana and net contribution to Sugar Funds

^{2/} 1960 & 1961 includes investments of the Currency Board and in 1965, the recovery of Government debentures issued against Currency Board notes.

^{3/} Financing the Capital Deficit or absorbing the Capital Surplus.

^{4/} Includes Joint Consolidated Fund, Sinking Funds, Sugar Industry Special Funds and Trust and Miscellaneous Funds.

TRENDS IN THE BALANCE OF PAYMENTS 1960 1965

In 1960 the value of imports exceeded the value of exports by just about \$19 Mn. Since 1961, however, the tendency has been for exports of domestically and foreign produced goods to exceed the value of imports of merchandise. This surplus on the Merchandise Account was just about \$2.2 Mn. in 1961. It increased to \$37 Mn. in 1962 and \$54 Mn. in 1963, but fell to \$18 Mn. in 1964. While exports were increasing because domestic production was expanding imports had declined due largely to political conditions in the country between 1962 and 1964. Investment activity for instance was seriously curtailed involving a corresponding decline in imports of Capital Goods.

The trend changed, however, in 1965, when imports on the Merchandise Account exceeded exports by approximately \$4 Mn. In that year exports had increased by approximately \$8 Mn. but imports expanded even faster under a changed political climate and improved economic activity. Firms which had allowed their stocks to decline to a very low level in 1962 to 1964 were beginning to build up their inventories again; also the purchase of consumer durable goods increased significantly in 1965 after a somewhat depressed level of purchase of these items during the previous three years.

It should be pointed out, however, that because of the dislocation engendered by the 1963 General Strike (in which the Civil Service was involved) a substantial amount of goods which entered the country was probably not recorded. In this event the value of imports may have been significantly higher than the 118.6 Mn. shown. The balance of visible trade may therefore have been somewhat lower as the situation apparently did not affect the recording of exports to some extent.

When the balance of visible trade is being reviewed, it ought to be noted that in the years 1962 to 1964 when surpluses were recorded, investment expenditure in the domestic economy was at its lowest level. Conversely when investment activity began to improve a deficit on the Merchandise Account appeared. This is a significant relationship as a propensity to import capital goods is very high in Guyana. Another important factor is the rising level of imports of consumer goods particularly consumer durables, the imports of which tend to rise with increased earnings by individuals.

It should, however, be noted that while the higher value of exports was due largely to higher prices for export commodities, it was also partly accounted for by increases in the volume of some exports notably Calcined Bauxite, Alumina and Rice. In the case of Sugar, while the volume of exports declined compared with 1961, during the period 1962 to 1964, export prices were rather favourable and this effectively counter-balanced the fall in the quantity of sugar exported. In 1963 in particular, the world market price of sugar was particularly high; the average export value was \$269.00* per ton, compared with \$186.00* in 1960 and \$181.00* in 1961; however, prices fell

*These are uncorrected for undervaluation of sugar in Customs documents.

sharply in 1965 when the average export price reached the very low level of \$166.70 * per ton. The same phenomenon was observed in the case of rice where the average export prices fell from \$336.00 per ton in 1963 to \$242.00 in 1965.

The indexes of export prices (See Appen. 6) indicate that average export prices were rising since 1960, but declined very sharply in 1965 by approximately 15%. Thus it was mainly the price factor that sustained the total value of exports at the higher level during the period 1962 to 1964 and this same price factor was also largely responsible for the depressed total value of exports in 1965.

The quantity indexes of imports show that in terms of volume imports rose by about 3% in 1961 compared with 1960, but fell in 1962 and 1963 when the volume reached its lowest level i.e. about 15% below the level reached in 1961. In 1964, the expansion was marked representing an increase of 28% over the previous year. In 1965 there was a further though less spectacular rise of about 3 $\frac{1}{2}$ % in the volume of imports.

Table 2

QUANTITY INDEXES OF IMPORTS

1961 = 100

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u> ^{1/}
100.0	92.8	84.7	108.4	112.6	123.5

1/ Preliminary

While export prices were rising sharply as was pointed out earlier between the periods 1960 to 1964, it appeared that import prices were fluctuating somewhat but tended to rise moderately until the end of 1964. In 1965 there was a significant rise in import prices. Generally, therefore....

* This is uncorrected for undervaluation of sugar in Customs documents.

therefore the Terms of Trade i.e. the purchasing power of our exports in terms of imports appeared to have moved in this country's favour during the period 1960 to 1964. In 1965 there was a definite movement in the Terms of Trade against Guyana, but preliminary figures for 1966 do not indicate any worsening of the position.

THE INVISIBLES - The most significant figure among the invisible items is the Investment Income payment abroad. Throughout the years this figure has been substantial, representing a significant outflow of funds from Guyana in the form of profits to foreign shareholders. This figure tended to increase with the rising level of exports as the main commodities that enter the export trade are produced by foreign-owned enterprises. The Government public debt has also been increasing rather sharply. The increases relate to loans raised abroad for financing Government's first five year Development Programme. Interest charged on the outstanding public external debt has therefore been rising rather significantly.

Guyana has no Tourist trade and no International Shipping, consequently large outflows occur through the external travel of citizens of Guyana and the imports of goods in foreign ships.

UNILATERAL TRANSFERS - As was pointed out in an earlier paragraph, Unilateral Transfers are gifts from residents to non-residents, or vice versa. They also cover grants or aid made available by foreign governments to the central government of Guyana. Receipts on account of private transfers have been mainly in the form of money orders received from abroad while payments have been mainly in respect of pensions. The tendency has been for the country to record a net payment on this item.

With regard to transfers at the government level, the main item on receipts are the grants by the C.D. & W. Fund in the United Kingdom. This amount has been in excess of \$4 Mn. between 1960 and 1962, but has tended to decline since then. United States aid in the form of technical

assistance....

assistance have also contributed significantly since 1962. Payments are mainly in respect of government's contribution to Funds, and pensions to persons resident abroad. This item has always provided the substantial surplus.

THE CURRENT ACCOUNT BALANCE - In 1960 and 1961 there were large deficit balances on the current account; in fact these net outflows of funds on the current account were \$44.7 Mn. in 1960 and \$19.6 Mn. in 1961. In the period 1962 and 1963, the country recorded surplus balances on the current account - \$9 Mn. in 1962 and \$26 Mn. in 1963. This improved position was due largely to substantial surpluses recorded on the Merchandise Account. In 1964 and 1965 the current account balance changed trend and was in deficit again. - \$12 Mn. in 1964 and \$28 Mn. in 1965.

FINANCING THE CURRENT ACCOUNT - The major investment activity in the private sector is carried out mainly by expatriate enterprises. Consequently, high investment in these enterprises imply large inflows of capital funds from abroad. Thus in the years 1960 and 1961 the current account deficit balance was financed mainly from the direct investment of expatriate firms supplemented by substantial loans made by the United Kingdom Government to the Government of Guyana. Changes in the external balance in the Commercial Banks also helped to finance the current account deficit. There was therefore, particularly in 1960, some reduction in foreign reserves.

In the years 1962 and 1963 investment activity by expatriate firms was relatively low and when the outflows arising out of the provisions for depreciation of the assets of these enterprises were taken into account the direct investment figure was reduced substantially. Government loans were, however, at a high level, but changes in short-term assets of companies represented outflows of funds. During the period, however, the external reserves of the country increased, as the Balances held by the Commercial Banks with their Head Offices, showed important accumulations \$6.8 Mn. in 1962 and \$13.7 Mn. in 1963.

In 1964 Direct Investment (net) by expatriate companies
increased.....

increased to \$9.5 Mn., and in 1965 this flow rose further to \$16.2 Mn. In both years there were net inflows of loans to the Central Government and of known short term capital. However, it did appear that holdings of foreign securities by certain Statutory Funds and Financial Institutions declined in 1964, and again in 1965. Further because the current account deficit in 1964 was relatively small (\$11.7 Mn.), and as the Capital inflow on account of Direct Investment had also increased, the External Reserves in the form of Bank Balances increased by \$6.3 Mn. in that year. However, these balances, which were in fact rising since 1962, declined rather substantially (\$12.4 Mn.) in 1965, because of increased imports, and a current account deficit that was much more than double the deficit of the previous year (1964). Thus the Current Account Deficit in both 1964 and 1965 have been financed mainly by inflows of investment capital and loans to the Central Government, and additionally in 1965, by a reduction in the foreign balances of the Commercial Banks.

UNIDENTIFIED EXTERNAL TRANSACTIONS - The figures which appear as "net errors and omissions" have been rather substantial throughout the years, particularly in 1962 and 1963 when they represented net outflows which have not been identified.

Although there were exchange control restrictions on the external movement of certain funds between 1962 and 1964, there have nevertheless been unauthorised transfers of funds from the country which have not appeared in official statistics. Besides, even under exchange control it was possible under certain conditions, for instance on Emigration, to withdraw funds from the country. However, under existing conditions of statistical data these movements too did not form part of the official statistics. To a large extent therefore the "errors and omissions" figures reflect unidentified ^{net} movements of private short term capital.

BALANCE OF PAYMENTS - 1966 - An attempt has been made to provide preliminary estimates of the key items in the Balance of Payments for 1966.

Merchandise....

Merchandise Exports were valued at \$194.4 Mn. in 1966, and Imports \$202.0 Mn. giving a deficit on the Merchandise Account of \$7.6 Mn. after correction for any under-valuation of exports. Investment Incomes including Government Debt Interest payments have been projected to increase to \$31.6 Mn. The Government received grants totalling \$8.9 Mn. from foreign sources, and these together with payments in respect of services have made it necessary to project a Current Account Deficit Balance of \$30.9 Mn. in 1966.

On the financing side, Net Investment by expatriate companies has been estimated to provide a net inflow of capital to the value of \$19.0 Mn. and Government loans have provided a further sum of \$2.0 Mn. (net of repayment). During 1966, the balances held by Commercial Banks with their Head Offices have decreased by \$6.7 Mn. and the Central Bank experienced a decline in its foreign assets of \$5.4 Mn. As a result therefore of the large increases in imports arising chiefly from large scale public and private capital expenditures, Guyana suffered a reduction in its foreign reserves to the amount of \$12.1 Mn. despite the large inflows of official grants and loans, and private capital.

Table 3

A PRELIMINARY STATEMENT FOR 1966

VISIBLES	<u>\$ Mn.</u>
1. Merchandise Exports (f.o.b.)	+ 194.4
2. Merchandise Imports (c.i.f.)	- 202.0
3. Balance of Visible Trade	7.6
4. Non-Monetary Gold	- 0.7
INVISIBLES	
5. Net Investment Income	28.6
6. Other Invisibles (Transportation Travel etc.)	3.4
7. Private Transfers	+ 0.5
8. Government Grants	+ 8.9
9. Current Account Balance	- <u>30.9</u>

CAPITAL.....

Table 3 (Cont'd)

<u>CAPITAL AND FINANCING ACCOUNT</u>	<u>\$ Mn.</u>
10. Direct Investment	+ 36.0
11. (Depreciation Allowances)	- 17.0
12. Government Loans received	+ 3.8
13. Government Loans Repayments	- 1.8
14. Decrease in Commercial Banks' Foreign Balances	+ 6.7
15. Decrease in foreign Assets of Central Monetary Authority.	+ 5.4
16. Other Capital Movement including errors and omissions.	<u>2.2</u>
	+ 30.9

Net receipts and Capital Inflow (+)

Net payments and capital outflow (-)

GUYANA - BALANCE OF PAYMENTS 1960 - 1965

\$ 000 G.

APPENDIX 1

ITEM	1960		1961		1962		1963		1964		1965	
	CREDIT	DEBIT										
A. <u>GOODS AND SERVICES</u>	145,674	194,164	168,657	195,306	192,135	189,302	193,117	170,105	194,113	211,382	205,719	243,017
1. Merchandise	128,224	147,598	149,544	147,001	164,020	126,277	172,863	118,510	169,369	150,826	177,127	180,965
2. Non-Monetary Gold	-	271	-	369	-	398	-	175	-	248	-	443
3. Freight & Insurance on International Shipments	2,848	-	2,809	-	2,587	-	1,139	-	1,141	-	922	-
4. Other Transportation	2,858	7,589	3,225	8,872	3,132	4,239	2,755	2,098	2,738	3,378	3,305	4,495
5. Travel	1,403	3,767	1,522	3,534	1,435	2,944	1,075	2,691	1,269	5,219	1,922	5,852
6. Investment Income	2,261	25,870	2,253	25,499	1,739	38,732	2,002	30,478	2,012	31,788	2,024	29,306
Direct Investment	-	22,380	-	21,557	-	34,110	-	24,706	-	25,357	-	23,824
Other	2,261	3,490	2,253	3,942	1,739	4,622	2,002	5,772	2,012	6,431	2,024	5,482
7. Government n.e.s.	751	464	648	1,615	1,707	2,569	2,236	2,194	2,793	2,514	3,758	6,858
8. Other Services	7,329	8,605	8,656	8,416	17,515	14,143	11,047	13,959	14,791	17,409	16,661	15,098
TOTAL		48,490		26,649	2,833		23,012			17,269		37,298
B. <u>TRANSFER PAYMENTS</u>	6,263	2,496	9,789	2,778	8,656	2,495	7,675	4,330	9,200	3,626	14,454	5,102
9. Private	1,227	1,544	2,512	1,839	1,814	1,392	2,517	2,171	2,761	2,407	2,670	4,272
10. Central Government	5,036	952	7,277	939	6,842	1,103	5,158	2,159	6,439	1,219	11,784	830
TOTAL	3,767		7,011		6,161		3,345		5,574		9,352	
TOTAL (1 through 9)		48,807		25,976	3,255		23,358			16,915		38,900
TOTAL (1 through 10)		44,723		19,638	8,994		26,357			11,695		27,946

Cont'd.

ITEM	1960		1961		1962		1963		1964		1965	
	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT
C. <u>CAPITAL AND MONETARY GOLD</u>	42,331		15,586			2,138		11,271	7,140		26,617	
Non-Monetary Sectors	42,010		17,508		6,898		14,859		14,161		14,742	
11. Direct Investment	30,413		9,610		3,042		7,294		9,504		16,165	
In Guyana	30,413		9,610		-	3,042	7,294	-	9,504		16,165	
Abroad	-	-	-	-	-	-	-	-	-	-	-	-
12. Other Long Term Private	1,950		771		2,189		1,503		1,249		1,775	
Liabilities	2,701	-	2,933	-	4,497	-	2,082	-	-	837	-	1,264
Assets	-	751	-	2,162	-	2,308	-	579	-	412	-	511
13. Other Short Term Private	-	-		539		2,454	734		3,318		1,659	
Liabilities	-	-	-	-	-	-	980	-	3,606	-	1,966	-
Assets	-	-	-	539	-	2,454	-	246	-	288	-	307
14. Central Government	9,647		7,666		10,205		5,308		2,588		1,307	
Loans, Received	9,204	1,792	7,999	732	11,420	899	7,645	2,208	4,003	1,507	4,537	2,667
Other Liabilities	2,400	-	752	-	-	-	-	-	-	-	-	-
Other Assets	-	165	-	353	-	316	-	109	92	-	-	3,177
Monetary Sectors	321		1,922		9,036		26,130		7,021		11,875	
15. Central Government Assets	-	2,818	-	143	2,634	-	-	5,294	741	-	3,154	-
116. Central Government Liabilities	-	638	-	-	2,189	-	-	-	-	-	-	-
17. Commercial Banks Assets	5,110	-	275	-	-	6,811	-	13,718	-	6,255	12,431	-
18. Commercial Banks Liabilities	2,258	-	271	-	-	3,289	-	91	-	27	-	28
19. Currency in Circulation	-	3,850	-	2,603	-	6,308	-	6,384	-	1,517	-	5,761
20. Post Office Savings Bank Assets	259	-	278	-	2,549	-	-	643	37	-	2,079	-
21. Net Errors and Omissions	2,392	-	4,052	-	-	6,856		15,086	4,555		1,329	

MERCHANDISE TRANSACTIONS

APPENDIX 2

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
1. Exports f.o.b.	125,051	146,545	161,081	169,911	166,221	175,198
2. Re-Exports f.o.b.	2,261	2,314	2,323	1,899	2,245	2,080
	127,312	148,869	163,404	171,810	168,466	177,278
<u>Adjustments for</u>						
3. Gold	-	-	-	-	-	-
4. Ship Stores and Bunkers	- 309	- 614	- 532	- 78	- 261	- 151
5. Sugar Preference Certificates	1,220	1,309	1,151	1,146	1,168	-
6. Re-Exports of goods temporarily imported	- 61	- 10	- 3	- 15	- 4	-
TOTAL	128,224	149,544	164,020	172,863	169,369	177,127
7. Imports c.i.f.	147,599	147,001	126,277	118,510	150,826	180,965
<u>Adjustments for</u>						
8. Gold	-	-	-	-	-	-
9. Samples and articles temporarily imported	- 1	-	-	-	-	-
TOTAL	147,598	147,001	126,277	118,510	150,826	180,965

OTHER SERVICESAPPENDIX 3

	<u>\$ 000</u>					
<u>CREDITS</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
1. <u>Non-Merchandise Insurance</u>						
(a) Premium collected abroad by Guyanese Companies	1,234	1,389	1,415	1,363	1,451	1,509
(b) Claims paid in Guyana by branches of foreign companies	1,448	1,642	6,366	3,713	4,943	4,567
2. <u>Miscellaneous services of private companies</u>						
(a) Guyanese and foreign-owned	-	1,701	4,583	2,632	3,784	2,574
(b) Branches of foreign Insurance companies	797	559	526	220	1,274	864
(c) Foreign Contractors	-	-	1,740	1,080	404	-
3. Agency fees and Commissions	3,843	3,360	2,880	2,033	2,929	7,147
4. Personal Income	-	-	-	-	-	-
5. Communications	7	5	5	6	6	-
TOTAL	7,329	8,656	17,515	11,047	14,791	16,661
<u>DEBITS</u>						
6. <u>Non-Merchandise Insurance</u>						
(a) Claims paid abroad by Guyanese Companies	391	542	834	858	1,198	928
(b) Re-insurance paid abroad by Guyanese companies	150	88	158	3	1	77
(c) Premium collected in Guyana by branches of foreign companies	4,077	3,169	5,155	6,875	7,304	7,131

APPENDIX 3 (Cont'd.)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
7. <u>Miscellaneous services of private companies</u>						
(a) Guyanese and foreign-owned	1,838	2,942	5,552	4,222	6,820	4,832
(b) Foreign Contractors	-	-	1,160	720	300	-
8. Fees and Commissions	1,004	489	161	279	504	1,104
9. Guyana Government payments of fees abroad	68	95	73	71	86	106
10. Personal Income	-	-	-	-	-	-
11. Film Rentals (net)	54	482	506	360	385	400
12. Pools, Lotteries & Prizes	756	305	220	245	485	520
13. Communications	267	304	324	326	326	-
TOTAL	8,605	8,416	14,143	13,959	17,409	15,098

CENTRAL GOVERNMENT PAYMENTSAPPENDIX 4

\$ 000

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
<u>CREDITS</u>						
1. Grants						
(a) C.D. & W.F. (U.K.)	4,792	5,570	4,237	2,737	3,053	1,193
(b) Special Grant (U.K.)	-	-	-	-	632	-
(c) United States (A.I.D.)	-	1,336	2,569	2,194	2,601	10,491
(d) United Nations (Special Fund)	152	236	3	2	51	-
2. Income Tax Payments by Foreign Insurance Companies	92	135	33	225	102	100
TOTAL	5,036	7,277	6,842	5,158	6,439	11,784
<u>DEDITS</u>						
3. Pensions and Gratuities	373	332	205	215	223	246
4. Government Contributions	579	607	090	1,944	996	504
TOTAL	952	939	1,103	2,159	1,219	830

DIRECT ASSET INVESTMENTAPPENDIX 5\$ 000

LIABILITIES	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Foreign Direct Investment in Guyana	34,925	19,483	8,552	15,298	23,346	25,617
Depreciation	- 7,309	- 12,041	- 14,147	- 13,280	- 14,554	- 16,481
Stock Changes	2,797	2,168	2,553	5,276	712	7,029
TOTAL	30,413	9,610	- 3,042	7,294	9,504	16,165

PRICE INDICES OF IMPORTS AND EXPORTS

AND TERMS OF TRADE 1960 - 1966

APPENDIX 6

Base Year 1961 = 100

Year	PRICE INDICES		TERMS OF TRADE
	EXPORTS	IMPORTS	
1960	91.6	100.6	91.0
1961	100.0	100.0	100.0
1962	102.4	103.7	98.7
1963	122.7	108.6	113.0
1964	117.9	102.6	114.9
1965	101.9	108.1	94.3
1966 *	103.3	109.4	94.4

* Provisional

Note: Terms of Trade: Export price indices divided by Import price indices.

PRICE AND VOLUME INDICES OF MAJOR EXPORTS, 1960 - 1965

APPENDIX 7

Base Year 1961 = 100

PRINCIPAL EXPORTS	1960	1961	1962	1963	1964	1965
PRICE INDEX						
SUGAR	102.6	100.0	104.6	148.3	126.3	77.2
RICE	97.2	100.0	102.7	111.8	112.3	98.2
RUM ^{1/}	98.7	100.0	109.3	102.4	109.3	127.9
ALUMINA	-	100.0	103.2	99.7	109.1	110.3
BAUXITE, CALCINED	97.9	100.0	100.1	110.0	111.9	116.8
BAUXITE, OTHER ^{1/}	87.3	100.0	100.9	104.4	117.6	110.0
MANGANESE	98.1	100.0	101.4	102.9	103.6	103.9
GREENHEART, UNDRESSED	110.0	100.0	99.8	110.1	110.1	103.2
WALLABA POLES	92.5	100.0	99.8	89.4	87.6	79.6
QUANTUM INDEX						
SUGAR	98.6	100.0	99.7	87.2	75.4	99.5
RICE	70.0	100.0	88.0	79.4	85.9	103.7
RUM	100.1	100.0	96.0	98.7	100.0	108.8
ALUMINA	-	100.0	178.6	184.8	242.6	228.5
BAUXITE, CALCINED	82.8	100.0	98.8	96.7	126.4	132.3
BAUXITE, OTHER	144.7	100.0	118.6	54.9	43.2	71.3
MANGANESE	41.0	100.0	122.8	102.4	72.6	84.1
GREENHEART, UNDRESSED	154.0	100.0	98.3	65.0	60.6	109.3
WALLABA POLES	98.9	100.0	100.0	80.8	88.9	100.2

^{1/} (-) No output in these years.

PRICE, VOLUME AND VALUE INDICES

OF IMPORTS 1960 - 1965

Base Year 1961 = 100

APPENDIX 8

Year	Indices of		Indices of Total Value
	Price (Laspeyres) (2)	Volume (Paasche) (3)	
(1)			(4)
1960	100.6	96.7	100.4
1961	100.0	100.0	100.0
1962	103.7	82.5	85.9
1963	108.6	74.7	80.1
1964 ^{1/}	102.6	99.8	101.9
1965	108.1	107.7	121.6

1/ Preliminary.

The indices of Volume in column (3) are based on the 'Paasche' (current year weighted) formula. The indices of Prices in column (2) are based on the 'Laspeyres' formula. Those in column (4) are ordinary indices of Total Value.