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Guyana is Now the Third Largest English Speaking Caribbean Economy

Within three years of the start of oil production and exports in 2019, Guyana has become the third largest economy in the English-speaking Caribbean, after Trinidad-Tobago, the largest by a wide margin, and Jamaica. Guyana's 2022 GDP of US\$15 billion was just half of Trinidad-Tobago's and 12 percent less than Jamaica's. Three decades ago, in 1990, Guyana's economy was just half the size of that of Barbados, and as recently as 2018 the Guyanese economy was just about the same size as Barbados. However, just three years later, Guyana's economy was two and a half times that of Barbados. Whereas in 2019 Guyana contributed seven percent of the total GDP of Caribbean countries, by 2022 that contribution had more than doubled to 15 percent.

The picture is very different when we look at average income per person in Guyana compared with other Caribbean countries. Average incomes in The Bahamas are in excess of US\$30,000 a year, US\$10,000 more than anywhere else in the English-speaking countries of the region. Average incomes in Guyana have gone from US\$6,000 a year before oil exports began to US\$18,000 in 2022, but they remained just

about US\$2,000 shy of average incomes in Barbados and Trinidad-Tobago. Average incomes in Jamaica remain at levels comparable to those in Guyana before the oil boom started.

It will be some time before the surge in incomes in Guyana is reflected in improvements in educational achievement, health services, infrastructure and other developmental indicators of the quality of life in that country. In contrast to the almost three-fold increase of average incomes, Guyana's score in the United Nations Development Programme's *Human Development Index* improved by just six percent between 2017 and 2022. The *Human Development Index* incorporates health and educational achievement, together with the purchasing power of average incomes.

Oil exports overshadowed all other Guyanese international sales in 2022, accounting for 89 percent of the total; exports of gold, at eight percent of the total, were the only other category of any consequence. Already in 2019, before oil production began, Guyana had become a predominantly mineral exporting economy, with gold sales contributing nearly two-thirds of exports and bauxite exports another 12 percent. Agricultural exports no longer make a major contribution to foreign earnings; exports of rice are the only agricultural product of significance, and the value of rum exported exceeds that of sugar.

The advent of oil exports represents a watershed in the Guyanese economy; the country's experience up to 2019 offers few clues to its economic future. The process of economic change has already begun, with a surge in inflation, particularly in housing in Georgetown, the capital and main commercial hub. The construction boom in the city will already have begun to attract labour from the countryside, to the detriment of agriculture. As inflation and higher wages attract labour to oil-related construction of ports, transport infrastructure, hotels, commercial real estate and housing, the migration of labour to Georgetown is likely to accelerate, aggravating existing imbalances between town and country and between the mineral sector and agriculture.

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