



## GUYANA INVESTMENT OPPORTUNITIES FORESTRY<sup>1</sup>



### OVERVIEW

Forestry represents 3 M hectares or 87 % of Guyana's land area. Rich in biodiversity, State forest estate accounts for 12.5 M hectares and allocated forest, 5.3 M hectares (42.4 %). Forestry's contribution to GDP is approximately 3 % as a raw material. In 2021 estimated production was 340,000m<sup>3</sup> and estimated exports valued USD 32 M. The Guyana Forestry Commission (GFC) was established 1979 to ensure the sustainable management and utilization of the state forest resources.

### WHY INVEST IN GUYANA?

Close to 87% of Guyana's landmass is predominantly covered by Pristine Forest. The State Forest Estate provides a broad range of services that are not limited to but includes timber production and environmental services. Guyana has initialed the Guyana-EU FLEGT VPA (Nov. 2018) and is currently engaged in PEFC which will guarantee sustainability of origin. The VPA and PEFC certification would maintain markets and guarantee other lucrative possibilities. The country has a Robust Legislative, Policy and Procedural Framework for the Forest Sector and forest harvesting / processing / export done in keeping with international SFM principles namely:

- Chain of custody fully developed
- Log can be traced back to origin in forest
- 37 Forest Stations strategically located
- GFC has passed all 3rd Party Independent FM audits
- Codes of Practices- Prescriptions for monitoring Small/large concessions
- Guidelines for conversion/further processing; export

Some prescriptions of the Code of Practice Guidelines include:

- Low intensity selective logging
- GPS coordinates for every tree cut (Average of 1 tree/2 ha(5ac))
- Allowable Cuts; minimum distances between felled trees-no large canopy openings; natural regeneration
- 100 % pre-harvest inventory done for LC > 8097 ha; analysed before harvesting.
- Log tagging/GPS coordinates for every tree felled-bar coded tags/electronic scanners.
- Enabling environment to catalyze Forestry Sector.

Guyana also has an enabling environment to catalyze Forestry Sector including:

- Increased CET on Pine/Plywood/other imported timber
- Import license are required to import timber
- Log Export Policy was revised and it is now easier to purchase/export logs/lumber;
- Local companies now FSC FM and Chain of Custody Certified (independent)
- Efforts ongoing to regain greenheart market access to UK.
- Guyana's MRVS- one of the best globally
- Independent 3rd Party audits done – all have confirmed that SFM is being satisfactorily done
- ITTO has also confirmed that SFM is being done.

---

<sup>1</sup> Based on document by Guyana Invest

For additional information, please visit the GOINVEST website at <https://guyanainvest.gov.gy/portfolio/forestry-products/>

## **POTENTIAL INVESTMENT OPPORTUNITIES**

- Investment in Large and Medium Scale Logging in Primary Extraction. There are available forest areas to support investment in large and medium scale logging and primary extraction.
- Opportunities exist for joint ventures with existing operators to allow for technology transfer, capitalization, and new business models. Currently over two million hectares of State Forest are under lease to existing large operators.
- Development of a consolidated stock yard facility. The aim is to ensure a ready supply of raw materials along the value chain. The facility will serve as a supply hub for raw materials.
- Investment in Value Added and Down Stream Processing. Opportunities exist to set up processing facilities where raw materials can be purchase from existing operators and process into a range of value-added products such as lumber, kiln dried lumber, furniture, flooring, plywood among others.
- Investment in Logistics Services. The Forestry Sector requires utilization of heavy-duty machinery and equipment and also requires multiple services along the production chain such as transportation, barging, loading, harvesting etc.
- Environmental Services in Reclamation/Reforestation.
- Partnering on broader Environmental Services – including forest carbon services, biodiversity and other watersheds to align with global climate goals.
- Development Financing Window The sector is heavily capitalized, with limited and high cost of capital.
- High Abundance of Prime Added Value Species – flooring, decking, prefab houses, furniture to target niche markets.
- Equipment Rental Services – trucking, transport to forest concessions to point of export)
- Reforestation programs in forest degraded areas – in mined out areas, etc. – Approximately 200,000 hectares of lands for reforestation
- Forest plantations – National Forest Policy requirement – Investment in pulp and paper industry using fast growing forest species.
- Forest products consolidated marketing business – buying and selling forest products on a large scale.
- Consolidated (Dimension stock yard) is a viable investment opportunity.

## **INVESTMENT INCENTIVES**

In addition to the general incentives that Guyana offers investors, this sector attracts special incentives. These include:

- Exemption from customs duty of a wide range of forestry and sawmilling equipment-skidders, band saws, chain saws, saw blades etc.
- Exemption from customs duty on a wide range of wood working equipment-lathes, sanders, routers, saws.
- Exemption from duties and taxes for items covered under an investment agreement.

## **OTHER INCENTIVES**

- Removal of VAT on machinery and equipment; all-Terrain vehicles:
- Forestry operators can procure items such as chainsaws, tractors, skidders.
- VAT free approvals are immediately approved making it easier to do business in Guyana.
- ATVs to support mobility in the productive and service sectors and enjoy a 14% VAT removal.
- Reversal of VAT on Exports
- Change of log export policy to allow saw millers and timber dealers to export logs.

## **TIMBER CONCESSIONS**

- Approximately fifty-two percent (52%) of the state forest estate have been allocated to timber harvesting under sustainable forest management techniques to ensure the sustainability of Guyana's forest resources.
- Two types of concessions are awarded based on area size and duration via a transparent, competitive process:
  - State Forest Authorisations- Large concessions- granted up to forty years for areas in excess of 24,000 hectares. These are renewable based on compliance with the terms and conditions of the agreement.

For additional information, please visit the GOINVEST website at <https://guyanainvest.gov.gy/portfolio/forestry-products/>

- State Forest Authorisations-State Forest Permission (SFP)- granted for a three years' period on no more than 8,000 hectares.

Guyana could work with 1.1 million cubic meters without affecting its environmental credit. Currently only exploiting 400 cubic meters. Demand for added value production of timber as well as consultancy services in the area.