



Invest in Guyana

FORESTRY

LUMBER FOR ALL APPLICATIONS





Investment Opportunities in the Forestry Sector

Background:

- **18.3M** hectares; **87%** of Guyana's land area
- Guyana Forestry Commission (GFC) – Established 1979
- State forest estate- **12.5M** hectares
- Allocated forest- **5.3M** hectares (**42.4%**)
- Contribution to GDP- approx. **3%** as a raw material
- Employment- average of 20,000 persons
- 2021 Estimated Production- **340,000m³**
- 2021 Estimated Exports -**USD 32M**

Why Invest in Guyana?

Guyana's landmass is predominantly covered by forest. Close to 87% of Guyana's landmass is covered with Pristine Forest. The State Forest Estate is approximately 12.5 million hectares rich in biodiversity. The forest provides a broad range of services that are not limited to, but includes timber production and environmental services. Potential Investment Opportunities for 2022 within the Forestry Sector as follows:

- Investment in Large and Medium Scale Logging in Primary Extraction. There are available forest areas to support investment in a large and medium scale logging and primary extraction.
- Currently over two million hectares of State Forest are under lease to existing large operators. Opportunities exist to enter into joint venture with existing operators to allow for technology transfer, capitalization and new business model.
- 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. The central focus of the Government is to promote value adding in the forestry sector. Opportunities exist to setup 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 the area of Reclamation/Reforestation.
- The sector is heavily capitalized, there is an opportunity for investment in the area of developmental finance.



Targets for 2022

- The forestry subsector is projected to grow by 13.5 percent in 2022.
- Higher forestry output will partly meet the demand for timber products from public and private sector construction activity.
- In the area of expanding the local value chain for wood products, market opportunities have been explored for export of sawn lumber to Barbados and pre-fab to Ghana and other countries.

Summary of State Forest Classification

CLASSIFICATIONS	COUNT	Area (Hectares)	% Total Allocation
PRODUCTION LANDS ending August 2021			
Small concessions	536	2,271,091	43.3%
Agriculture and Mining Leases	7	9,175	0.2%
State Exploratory Permits (SFEP)	6	821,472	15.7%
Large Concessions	17	2,125,976	40.5%
Total Production Area Allocated	566	5,227,714	100.0
PERMANENT RESEARCH AND RESERVES			
GFC Forest Reserves	12	17,924.92	
Total Forest Allocated		5,245,638.830	
Unallocated State Forest		7,320,361.17	
Total State Forest		12,566,000	
Iwokrama	1	371,681.00	
Kaieteur National Park	1	61,091.34	
Other (Shell Beach, Kanuku)	2	730,300	
Total area size of Protected Area		1,163,072.34	

Robust Legislative, Policy and Procedural Framework for the Forest Sector

<ul style="list-style-type: none"> • FOREST ACT 2009 • GFC ACT 2007 • FOREST REGULATIONS 2018 • LOW CARBON DEVELOPMENT STRATEGY • NATIONAL FOREST POLICY 2018 • NATIONAL FOREST PLAN 2018 • CODES OF PRACTICE 2018 	<p>CLEARLY DEFINED PROCEDURES FOR:</p> <ul style="list-style-type: none"> • STATE FOREST ALLOCATION • STATE FOREST HARVESTING • PROCESSING OF FOREST PRODUCTS • DOMESTIC SALE/EXPORT OF FOREST
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Forest harvesting / processing / export done in keeping with international SFM principles

- 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:

- 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

- Current construction boom - Domestic market demand supplies
- Collaboration with MoH to build thousands of low-income wooden houses
- Increased CET on Pine/Plywood/other imported timber
- Import license required to import timber
- Log Export Policy revised- 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
- Consolidated (Dimension stock yard) is a viable investment opportunity
- Incentives- no VAT on logs, sawn lumber, machinery; investment agreements
- Guyana's MRVS- one of the best globally
- Deforestation rate of ~ 0.05%
- Average of 1 tree cut every 5 acres
- Independent 3rd Party audits done - all have confirmed that SFM is being satisfactorily done
- ITTO has also confirmed that SFM is being done



Monitoring Forests in Guyana from 1990 to 2020						
National Area Deforested 1990 to 2020						
Reporting period	Year	Period (Years)	Satellite Image Resolution	Forest Area	Annualised Change	
				('000 ha)	(%)	
Initial forest area 1990	1990		30 m	18 473.39		
Benchmark (Sept 2009)	2009	19.75	30 m	18 398.48	74.92	0.021
Year 1 (Sept 2010)	2010	1	30 m	18 388.19	10.28	0.056
Year 2	2011	1.25	30 m & 5 m	18 378.30	9.88	0.054
Year 3	2012	1	5 m	*18 487.88	14.65	0.079
Year 4	2013	1	5 m	18 475.14	12.73	0.068
Year 5	2014	1	5 m	*18 470.57	11.98	0.065
Year 6	2015-16	2	10 m & 30 m	18 452.16	9.20	0.050
Year 7	2017	1	10 m & 30 m	18 442.96	8.85	0.048
Year 8	2018	1	10 m & 30 m	*18 070.08	9.22	0.051
Year 9	2019	1	10 m & 30 m	*18 019.35	12.74	0.071
Year 10	2020	1	10 m & 30 m	*18 001.79	10.23	0.057

Enabling environment to catalyze Forestry Sector

- Guyana has initialed the Guyana-EU FLEGT VPA (Nov. 2018)
- Now in the pre-implementation phase
- Expected to start issuing licenses in 2024/25
- Will guarantee legality of origin to consumers
- Currently engaged in PEFC
- Will guarantee sustainability of origin
- Guyana can harvest sustainably, 1.2 M m³/yr.
- Only doing about 400,000 m³
- Great room for expansion of production and associated added value activities
- The VPA and PEFC certification would maintain markets and guarantee other lucrative possibilities.

Investment Opportunities

- **Investment in Primary Extraction of Forestry Resources**
(current extraction level is at 40% of sustainable maximum)
- **Investment in large scale downstream processing**
(to include added value processing with supply chain integration; strengthen local capacity and offer investment opportunity)
- **High Abundance of Prime Added Value Species**
(flooring, decking, prefab houses, furniture to target niche export markets)
- **Potential for Joint Venture Opportunities with existing forestry operators**
- **Partnering on broader Environmental Services**
(including forest carbon services, biodiversity and other watersheds to align with global climate goals)
- **Equipment Rental Services**
(trucking, transport to forest concessions to point of export)
- **Reforestation programmes 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 - consolidating hub)
- **Development Financing Window**
(forest sector is capitalized with limited and high cost of capital)

Incentives

► Fiscal Incentives

Removal of VAT on machinery and equipment:

- Forestry operators can procure items such as chainsaws, tractors, skidders.
- Existing producers and new investors no longer have to waste valuable time to go through GO-Invest for VAT free approvals; the ease of doing business in Guyana is immediately approved.
- Removal of VAT on all-Terrain vehicles
- 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 in Guyana

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

► 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.



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