



Beyond Oil: Guyana's Emerging Potential in Ecotourism

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Guyana's burgeoning oil production is on an unstoppable trajectory to transform the nation economically and socially. As the nation expects four quarterly royalty payments totaling \$225.2 million in 2023, one should note that this is only a small part of the revenues. In actuality, the vast majority will be profit sharing and total \$1.63 billion this year. This revenue gives the nation a comparative advantage over its Caribbean neighbors, empowers the government and entices foreign enterprises to make significant investments in multiple sectors—improving education, healthcare and the business environment to attract investments and develop the services sectors as well.

The government, as well as CAIPA (Caribbean Association of Investment Promotion Agencies), has identified several target industries with opportunities for significant growth. These include high-tech agribusiness, renewable energy, niche tourism, technology and business support. Guyana offers foreign and domestic investors investment opportunities in agriculture, oil and gas, construction, wholesale and retail, health, transportation, and agribusiness-processing.

While press coverage of Guyana's oil bonanza, entailing prognostications of an extremely bright future in store for the country, are the order of the day, savvy investors (as opposed to wide-eyed speculators) are more cautious, more measured and more objective in their business decision-making.

On the plus side, Guyana's macroeconomic environment remains stable and presents diverse opportunities for investment. Guyana's currency remains relatively stable and Guyana's foreign exchange midrate remained unchanged in 2023 at GYD \$209 to USD \$1. The banking sector remains highly profitable in Guyana with political leadership calling for financial institutions to lend more and at lower rates. Foreign direct investment into Guyana grew by 110%, driven by oil and gas-related investments; and Guyana's market capitalization grew by approximately 46% in 2021.

On the negative side of the equation, key challenges to Guyana's development include high crime rates, some of the highest cost of electricity in the region; however, high energy prices are being

addressed by the gas to power project which should cut prices by around half. Lengthy delays for permits and access to land are other impediments. Despite commitments from the Guyanese government to ease regulatory hurdles and improve the business climate, Guyana's *Ease of Doing Business* ranking continues to hover at 134 out of 190 countries in the World Bank's 2020 report.

Overall, however, the positives do outweigh the negatives; and while the spotlight has shined on the energy sector—mainly oil—other sectors such as services offer very attractive opportunities. In fact, services will continue to be the main driver of growth in the Caribbean region (other than oil in Guyana).

The services sector in the Caribbean incorporates industries such as financial services, creative industries, health and wellness, professional services, information communication and technology (ICT), education and tourism above all. The Caribbean is said to be the most tourism-dependent region in the world: in 2019, over 31 million stop-over visitors and 30 million cruise-ship passengers traveled to the islands. These numbers are even greater in territories such as the British Virgin Islands and Aruba where tourism made up 92% and 85.6%, respectively, of their total GDP in 2019.

For Guyana, the tourism potential is great—but not the sandy beach-dominant tourism where the Caribbean reigns as a region, but *ecotourism*. The International Ecotourism Society defines ecotourism as “responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education.”

Tourism presently accounts for nearly 8% of the country's GDP and generates over 22,000 direct jobs. Ecotourism itself offers many positives in addition to revenue and employment, including high multiplier effects and supports for cultural and heritage tourism, sectors that are highly compatible with ecotourism. Additionally, it enhances biodiversity, preserves natural resources, promotes conservation and fights poverty and empowers local indigenous communities by creating employment opportunities.

To be fair, one must note the negative impacts of ecotourism, as well. These include the destruction of local resources to make room for the construction of lodging for tourists. Overused tracks leading to soil erosion and damage to vegetation are other negative impacts.

In the competitive marketplace for niche tourism—in this case, ecotourism—Guyana is blessed with natural resources-rich assets of rainforests, rivers and waterfalls, the most famous of which is the majestic Kaieteur Falls. Guyana also boasts plentiful wildlife, numerous species of flora, a variety of fauna and spectacular birdlife. Guyana ranked #1 in the “Best of Ecotourism” destination in the world category at the Sustainable Top 100 Destination Awards in Berlin in 2019 by ITB, the world's largest travel trade show.

Guyana was recognized because of its holistic approach to sustainable destination management and development, from its national policy for pursuing a Green State Development Strategy to implementing a strategy and action plan focused on sustainable tourism. The submitted case studies that led to Guyana's recognition for this award were centered on the villages of Surama and Rewa. Both of these indigenous communities own and operate eco-lodges. These world-class examples of community-led and owned enterprises illustrate how entire communities can generate

positive socio-economic and conservation outcomes from tourism and potentially provide a roadmap for the government to examine savvy investments of oil revenues into economic diversification.

There is no question that alongside oil, Guyana can develop a sustainable competitive advantage in ecotourism. The country's primary challenges revolve around the lack of awareness of Guyana in the tourism marketplace, the high cost of getting to and around the country and the need for improved infrastructure. If the country can overcome these impediments and invest public resources to complement foreign investment, Guyana will maintain its ranking as first in ecotourism for the foreseeable future—and that is good for ecotourists and good for Guyana.

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