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Chinese Engagement in Guyana: An Update



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Photo: Guyanese President Irfaan Ali and Chinese Ambassador to Guyana Guo Haiyan / Caribbean News Global

The Guyanese government's announcement that it is contracting with China Railway Group to build and fund the Amaila Falls hydroelectric project, and possibly take out as much as \$1.5 billion in loans for China-built infrastructure, symbolizes the renewed takeoff of Chinese projects and PRC influence in Guyana. An earlier version of the Amaila Falls project, which also would have been built by China Railway Group and funded through a combination of China Development Bank and Inter-American Development Bank loans, fell apart in 2013 after it became too politically controversial within Guyana and the New York-based project integrator Sythe Global pulled out. The resurrected project reflects the increased sophistication of Chinese firms doing business in Guyana and

People's Progressive Party (PPP), which returned to power in August 2020 after a long and bitterly contested election process. The new project, however, is only one of many Chinese activities taking off in the country, as enormous new resources pour into both the government and the private sector as proceeds from extraction of the country's more than 9 billion barrels of recoverable oil come online. Others include a \$256.6 million contract to the PRC to build a lengthy and strategically important bridge over the Demerara River connecting Guyana to neighboring Suriname, and hundreds of millions of dollars for roadwork, including a \$200 million highway from Schoonord to Parika, a \$200 million upgrade to the road connection from Annandale to Mahaica, improvements to road segments in the capital city of Georgetown, and others in the interior.

Chinese activities in Guyana also include the China National Offshore Oil Corporation (CNOOC)'s 25 percent stake in the Exxon Mobil-led consortium controlling the Stabroek oil fields. CNOOC has invested \$5.25 billion of its own capital, while China Harbour Engineering Company has funded ongoing work in Georgetown's booming construction sector, including a \$100 million expansion of the capital's signature hotel, the Pegasus.

To be fair, the current PPP administration of President Irfaan Ali, Vice President Bharrat Jagdeo, and Prime Minister Keith Phillips has been friendly toward the United States since coming to power and has made an admirable effort to follow principles of transparency and good governance amidst a massive inflow of oil money and a deep-rooted legacy of corruption and weak institutions. The current risk for Guyana is not a turn to anti-U.S. leftist populism like so many of its neighbors, but rather, a combination of new money available for commercial and public sector projects, China's longstanding working relationship with Guyana, and the fact that U.S.-based businesses outside of the oil sector pay relatively little

Growing ties over time

China's relationship with Guyana built up slowly during the prior PPP period in office from 1992 through 2015 but flowered at its end. Major projects included the Chinese firm Bosai's [acquisition](#) of the Omai bauxite mine near Linden, Guyana, in 2007, improvements to the [Cheddi Jagan International Airport](#), construction of a new [Marriott hotel](#) in Georgetown, the ill-fated construction of the [Skeldon sugar factory](#), the Chinese firm [Bai Shan Lin](#)'s investments in the logging sector, Huawei's construction of fiber optic cable connections off the [coast of Guyana](#), and the telecom company's failed attempt to lay fiber optic line connecting [Georgetown to Brazil](#). Businesspeople affiliated with the prior PPP government controlled key China-related retail activities, including the import and assembly of Chinese motorcycles and other merchandise by National Hardware, retail outlets in Georgetown for Haier consumer electronics, and the import of other goods by [China Trading](#). They hammered out many of the most important China-related business deals in the third-floor private rooms of the Georgetown restaurant [New Thriving](#), owned by Che Jian Ping, an immigrant and entrepreneur who sits of the board of the Guyana Foundation.

When the opposition Partnership for National Unity-Alliance for Change (APNU-AFC) coalition entered office in 2015, some of the actors on the Guyanese side changed, and certain Chinese companies such as Bai Shan

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firms in the adjusted to the political change. Indeed, a contract for Huawei to build out [Guyana's broadband network](#), and the previously noted \$100 million expansion of the Pegasus Hotel actually occurred under the APNU government, while New Thriving opened up an expensive and luxurious new facility in a local mall during that period. In 2017, the Guyana Defense Force of then-President David Granger received a donation of [31 pieces of Chinese military equipment](#), on top of a previous donation of a Chinese [Y-12 military transport aircraft](#). Similarly, the Guyana Police Force received [\\$2.6 million in donated vehicles](#). Senior officials of both forces also received trips to the PRC for courses.

China-Guyana relations today

With the return of the PPP in 2020, those who pioneered Guyana's relationship with China have returned to power with more resources at their disposal than before, thanks to the nation's oil bonanza. Many of the key actors doing business with the PRC, such as National Hardware and China Trading, remain the same. Beyond the Pegasus, six or more other major chains have new construction or expansion projects planned in the country, with China Harbour, as one of the largest construction firms in the area, reportedly positioned to capture a significant share of the work. The government has also advanced a smart cities surveillance initiative with the Chinese contractor Huawei, after the APNU-AFC created an initial plan.

In infrastructure, Chinese involvement on Amaila Falls is likely just the beginning. Significant improvements to the road connecting the Guyanese coast at Georgetown and Berbice to the interior city of Linden, and from there to the Brazilian border at Lethem, is a pending project that will likely be contracted out to a PRC-based company. According to [studies](#) by China State Construction and Engineering Corporation and China Dalian from

in Berbice could transform the port into a deepwater logistical hub for Guyana's petroleum sector, and possibly for its sugar and rice exports.

How should the United States respond?

In Guyana, as in other parts of Latin America, the United States should not attempt to block the government or others from doing business with the PRC and its companies, but rather, to continue to insist on transparency, the rule of law, and competent government institutions that can make well-informed and equitable decisions in awarding contracts, approving acquisitions, and enforcing labor, environmental, and other laws for all firms operating in the country. Alternatives to Western sources of investment are desirable, insofar as the country is currently benefitting from a petroleum-fueled economic boom. The U.S. Development Finance Corporation is a logical tool to channel U.S. investment toward Guyana, if the focus of Guyana's current opportunities in the petroleum sector does not conflict with the desire of the current U.S. administration to focus on "green" projects.

The United States' relationship with Guyana's current government is more positive than ever before, at a time when other governments in the region are turning in a notably less cooperative direction. It is appropriate for the United States to presume that the PPP government is acting in good faith with respect to its dealings with China. Nonetheless, across the Guyanese political spectrum, the vulnerabilities that come with increasing economic dependence on China, and the potentially corrupting impact of Chinese companies, businesspeople, and their money are well-understood. There are already worrisome signs of the power of PRC leverage over the new government. In its first months in office, the PPP government announced the establishment of a commercial representative office by PRC rival Taiwan, only to abruptly reverse that announcement within hours,

If the United States, through frank, respectful dialogue can maintain a healthy relationship with Guyana, as it simultaneously benefits from Chinese investment in the context of transparency, rule of law, and healthy institutions, it will be a positive example for the Caribbean Basin and beyond.

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“Like elsewhere in the developing world, China’s growing role in Guyana has brought controversy. A symbiotic relationship with China will require Guyana’s government to safeguard its own interests against a potentially overwhelming Chinese presence.”

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