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Energy, Politics and Power: Guyana's High-Stakes Ascent

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ExxonMobil's deepwater discoveries in Guyana's Stabroek Block have transformed the country from a marginal player to one of the most promising oil frontiers globally. The block holds over 11 billion barrels of recoverable reserves, placing Guyana among the largest new offshore producers.

Since 2022, Guyana's GDP growth has been the fastest in the world, averaging above 30% annually and projected to sustain double-digit expansion in the medium term, according to the IMF. This scale of economic acceleration is unprecedented in the Western Hemisphere outside of post-conflict reconstruction contexts.

The boom has unfolded relatively quietly on the global stage, overshadowed by Middle Eastern production and US shale output. Yet for energy security strategists, Guyana's light sweet crude offers geographic diversification and stable Atlantic basin supply, an increasingly valuable proposition as geopolitical risks mount in other producing regions.

This transformation introduces challenges beyond production volumes. Governance strain, infrastructure bottlenecks and the need to balance local content development with foreign investor requirements, are already shaping policy debates. Geopolitically, Guyana is navigating heightened interest from the US, China and regional actors, while seeking to ensure oil wealth is channelled into long-term development rather than short-term political gain.

Political stability under oil wealth pressures

Guyana's democratic institutions have generally maintained stability since the return to elected government in 1992, but the pace and scale of oil-driven change are testing that record.

Political competition remains closely tied to ethnic affiliation, with the two main parties historically rooted in Afro- and Indo-Guyanese communities, a fault line that can intensify when resource rents become the main prize.

Indicators associated with the "*resource curse*" are emerging. Local and international watchdogs note recurring concerns around contract transparency and procurement oversight. The original petroleum agreements, signed under outdated laws, drew criticism for granting operators terms far more favourable than those secured by more experienced producer states, limiting early fiscal gains.

To tighten control over the sector, the administration has created a petroleum regulator and revised the Natural Resource Fund law, giving parliament greater oversight. It is also working with the IMF and other partners to set clearer fiscal rules and curb corruption.

The run-up to the 2025 elections is a pressure point. Campaign spending promises or contested results could unsettle investors, particularly if they hint at policy wobbles. The main business risk is the gradual erosion of institutional checks if oil wealth dominates politics. Stable investment depends on predictable regulation and keeping resource management free from political influence.

Deepwater projects and infrastructure capacity

With three FPSOs (Floating Production Storage and Offloading), Liza Destiny, Liza Unity and Payara Prosperity already online, installed output reached roughly 650,000 bpd before the next phase of developments came into view. The Yellowtail development's *ONE GUYANA* FPSO arrived in April and targets about 250,000 bpd, with Uaru slated next (2026) and Whiptail following (2027). Each are designed around similar nameplate capacity, effectively lifting Guyana toward the one-million-barrel mark as vessels ramp up. Sector reporting also notes the basin's recent pattern of bringing FPSOs online ahead of schedule and exceeding nameplate rates, though execution risks remain.

Offshore momentum is outpacing onshore capacity. Constraints include Georgetown port limitations, finite shore-base and fabrication space, and housing pressure for skilled workers; factors that can stretch timelines and raise costs if not addressed. The Gas-to-Energy program aims to cut electricity costs and support industrial users, improving project economics beyond the upstream segment.

Execution bottlenecks are being compounded by global supply-chain tightness and weather-related disruptions, including flooding on low-lying coastal corridors. Contractors must lock in logistics early (berthing space first and local infrastructure), then focus on inventory or any site-specific infrastructure that could hold up operations.

Local content and workforce development

Guyana's Local Content Act (LCA) 2021 set clear parameters for integrating domestic firms and workers into the oil and gas value chain. The law defines sector-specific procurement targets, such as 90–100% local provision for catering and transportation, and lower thresholds for technically specialised services. It also stipulates that a qualifying "*Guyanese company*" must be at least 51% locally owned. Compliance failures can draw fines of up to GY$50 million.

The framework has spurred growth in Guyanese-owned service providers and expanded participation in support functions, from logistics to maintenance. International operators report a rising share of nationals in their in-country workforce, with recruitment and training initiatives beginning to feed skilled positions.

Despite progress, skills shortages remain a constraint. Gaps persist in engineering, project management, regulatory oversight and other specialised fields. Many contractors rely on expatriates for high-skill roles, slowing full compliance with the LCA's higher-end targets. This shortage has also opened the door to "*fronting*" practices, where foreign firms partner nominally with local entities to meet legal requirements without transferring capabilities. To close these gaps, capacity-building measures are expanding. Industry-led apprenticeships and government-backed vocational training are underway.

Geopolitical balancing – US, China and regional dynamics

As Guyana's oil output accelerates, it has become a strategic pivot for both the US and China. US Secretary of State, Marco Rubio's 2025 visit, underscored Washington's commitment to Guyana's energy independence and sovereignty, including enhanced security co-operation amid tensions with Venezuela.

China, however, remains a long-standing development partner, deeply embedded in infrastructure projects (from the Demerara River Bridge to regional hospitals) with annual trade exceeding US$1.4 billion. Beijing expressed discontent when Guyanese leadership signalled preferential ties with the US, emphasising its historical role in the nation's transformation.

Regionally, Guyana's rising profile is reshaping Caribbean dynamics. As a new energy-exporting democracy, it may become a linchpin for US interests in the hemisphere. Yet, oil wealth also intensifies the longstanding territorial dispute with Venezuela over the Essequibo region, currently before the International Court of Justice. Rather than choosing a side, Guyana has navigated a complex path, welcoming US security ties while preserving Chinese infrastructure links. For executives, that flexibility enhances foreign policy resilience and widens opportunities for cross-border collaboration.

Oil revenue allocation – development or distortion?

Guyana's Natural Resource Fund (NRF), established to manage petroleum revenues, is governed under amended legislation that shifted operational control to the Ministry of Finance, while expanding parliamentary oversight through mandatory audits and public reporting. Withdrawals have accelerated to finance the Public Sector Investment Programme, raising concerns about whether long-term savings are being compromised for short-term spending priorities.

Budget allocations have concentrated on large-scale infrastructure such as transport corridors and the Gas-to-Energy project, alongside targeted spending on education and healthcare. Diversification efforts include picking up agriculture and manufacturing capacity, and advancing low-carbon development projects to offset dependence on oil rents.

Transparency challenges remain an issue. Civil society organisations and watchdogs point to limited competitive tendering, and weak enforcement of disclosure requirements. Equity concerns also continue, with rural and hinterland communities trailing Georgetown and coastal regions in service access and infrastructure delivery.

The IMF warns of "*Dutch Disease*" risks if the exchange rate appreciates and erodes competitiveness in non-oil sectors. Avoiding this outcome will require broad-based economic diversification.

Conclusion – strategic takeaways for business and policy leaders

Guyana's oil boom is large and moving fast, but it depends on strong governance and matching infrastructure growth. Businesses should watch elections and revenue use to assess stability. Port and power gaps need early co-investment to keep projects on schedule. Local content rules should be used to build skills and partnerships, not just meet minimum compliance.

Work with both US and Chinese partners to limit the impact of political shifts. Back transparency and competitive procurement in other sectors to reduce reliance on oil. Companies that match national goals while keeping operational flexibility will be more likely to endure.