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Beyond Crude: Reframing Guyana’s Refinery Debate within a Changing Global Energy Order

Thought Leadership Series

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Key Messages

- ▶ The consideration of an oil refinery in Guyana should be framed as a strategic positioning decision within Western Hemisphere energy security, not merely as a domestic fuel supply issue.
- ▶ Commercial viability will depend on scale, bankability, and configuration; sub-scale refinery concepts are unlikely to attract serious investor participation.
- ▶ Guyana’s access to light sweet crude and its current development trajectory create a potentially differentiated downstream advantage relative to regional peers.
- ▶ The immediate next step is not commitment to construction, but a disciplined, investment-grade evaluation of market fit, optimal scale, financing structure, governance, and risk allocation.
- ▶ Small-scale refinery models premised on domestic demand are unlikely to attract private capital; in the absence of sufficient local financial and technical capacity, such projects would require foreign partners—thereby subjecting them to commercial scale, return benchmarks, and investor discipline.

I. Background

In recent years, Guyana has emerged as one of the most consequential new oil producers globally. Yet, while upstream production has advanced rapidly, the question of downstream industrialization—specifically refining—remains insufficiently interrogated within a structured strategic framework. The issue is not whether Guyana should build a refinery. Rather, the more critical question is whether refining, at the appropriate scale and configuration, constitutes a strategic instrument capable of advancing Guyana’s long-term economic, geo-economic, and energy security objectives.

II. Core Thesis

Guyana's refinery strategy must be grounded in commercial reality: projects that do not achieve sufficient scale will not attract private investment or meet bankability thresholds. While small modular refineries may serve domestic energy security objectives, they are unlikely to be commercially viable without substantial government capital support, particularly given the limited financial and technical capacity of the local private sector. In practice, any viable development pathway will require foreign capital and operational expertise, which in turn imposes strict requirements on scale, return economics, and global investment benchmarks.

III. The Changing Energy Context

The global energy system is undergoing structural shifts characterized by geopolitical fragmentation, supply disruptions, and tightening refining capacity. Despite the energy transition narrative, demand for refined petroleum products remains resilient. Refining capacity is increasingly being viewed not merely as industrial infrastructure, but as a strategic asset tied to national and regional energy security.

IV. Guyana's Strategic Position

Guyana benefits from several structural advantages. Its access to light sweet crude enhances processing efficiency and reduces capital intensity. As a relatively new entrant, the country retains strategic flexibility absent in more mature producers. Additionally, Guyana is positioned to move more rapidly than regional peers, given its current development trajectory and institutional environment.

V. The Problem with the Current Debate

The current discourse is constrained by an overemphasis on domestic demand and small-scale refinery concepts, neither of which achieve the scale required for investor participation or long-term commercial viability. If the policy objective is instead to pursue a small modular refinery solely for domestic energy security, **it must be explicitly framed as a strategic, state-led investment—requiring substantial government capital commitment.** This is particularly the case given that the local private sector lacks both the financial capacity and technical capability to independently develop and operate such an asset. In practice, delivery would necessitate foreign partners for both capital and operational expertise, at which point commercial considerations—scale, return economics, and benchmark investment thresholds—become unavoidable.

Absent sufficient scale, the project is unlikely to achieve bankability. Scale is therefore not optional—it is the central determinant of commercial feasibility.

VI. Reframing the Refinery Question

The refinery must, therefore, be evaluated within a broader Western Hemisphere energy security framework. This shifts the investment logic from domestic consumption toward servicing regional supply gaps. Such a reframing aligns the project with global investors' expectations and introduces the scale necessary for economic viability.

VII. National Implications

A properly structured refinery has the potential to enhance energy security, improve foreign exchange retention, and catalyze industrial development. However, these benefits must be weighed against capital intensity, execution risks, and governance requirements, underscoring the need for disciplined evaluation.

VIII. Towards a Structured Evaluation

The refinery debate is not a binary decision but a strategic question requiring rigorous analysis. This includes market dynamics, scale optimization, financing structures, and risk allocation. The immediate priority is to establish a structured evaluation framework that supports informed decision-making.

IX. Conclusion

Guyana's refinery ambitions must be anchored in a clear distinction between commercial investment and strategic state infrastructure. Projects that do not achieve sufficient scale will struggle to attract private capital or meet bankability thresholds, particularly in a context where the local private sector lacks the financial depth and technical capability to independently deliver such assets. Any credible pathway will therefore require foreign partners for both capital and operations, bringing with it the discipline of global return expectations and scale requirements. If the national objective is energy security through a small modular refinery, this should be pursued transparently as a strategic, state-led initiative, with the government prepared to assume a substantial share of the capital burden. Absent this clarity, sub-scale proposals risk remaining conceptually appealing but commercially unviable.

X. Call to Action

Guyana faces a pivotal policy decision regarding its refinery ambitions. The government must clarify whether its goal is commercial export or domestic energy security, as each requires different financing, scale, and risk management. A commercially viable facility needs sufficient scale to attract foreign investment and meet industry standards, while a smaller plant for energy security should be treated as a strategic public project with proper fiscal planning. Early collaboration with credible international partners is crucial to assess feasibility and prevent policy delays that could hinder investment. Clear decisions in these areas will determine if Guyana's refinery plans become reality or remain unrealized.

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