

**SECTORAL ACTIVITIES PROGRAMME**

**Working Paper**

**Prospects for micro, small and medium-sized enterprises  
in the food and drink industries in Guyana**

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to stimulate discussion and obtain comments



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## Preface

The ILO Sectoral Activities Programme is composed of 22 sectors, one of which is the food, drink and tobacco sector.

In order to consolidate its research base on developments in the food and drink industries, studies have been conducted on the food and drink sector in Burkina Faso, Costa Rica, Guyana, and Nicaragua. This comprehensive study brings into focus the key role which the development of micro, small and medium-sized enterprises can play in mobilizing the potential of the food and drink sector as an engine of economic growth in Guyana.

Each subsector comes under scrutiny: staples, marine products, beverages (distilled and soft drinks), livestock, and dairy. Investment patterns are also examined, in particular mergers as well as acquisitions of smaller companies by larger ones. While certain initiatives have brought returns by way of job creation and infrastructure, for instance the opening up of the Intermediate Savannahs, the prospects of attracting domestic and foreign investment still remain dim since no vertical integration has yet occurred between primary production and processing, and financial institutions are unwilling to finance primary production. The importance of shifting away from primary production to value-added products is underlined: ideas for such products abound in the country, and there have been some encouraging projects launched. However, their sustainability will depend on whether or not a comprehensive sectoral policy is set in place to facilitate coordination, incentives, the development of cooperatives, marketing, and funding.

The study identifies the strengths and weaknesses of the different subsectors, their articulation with backward and forward linkages, and their comparative advantage within the process of regional integration and globalization, particularly with regard to the opportunities which will come in the wake of the new regional groupings in Latin America and the Caribbean basin. Case studies are provided, causes of project failure pinpointed, and the way forward is charted. The steps which Guyana needs to take to improve the food and drink sector are clearly spelt out. In particular, emphasis is placed on the role which social dialogue can play in bringing all stakeholders together to develop and implement a common agenda. Similarly, the need for better governance is underlined if the sector is to benefit from the opportunities available.

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Norman Jennings,  
Acting Director,  
Sectoral Activities Department.

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## Executive summary

This study argues in favour of supporting and developing the food and beverage processing sector as an engine of growth in Guyana. The findings confirm that it is a sector with comparative advantages and potential for economic development and is contributing significantly to the national economy.

Available statistics reveal that in 2002, the food and drink sector accounted for approximately 47 per cent of total investment and 31 per cent of all new jobs created. They do not, however, represent a holistic picture as they only reflect data captured by the country's investment services, and in addition do not include traditional agricultural products such as sugar and rice.

Significant new investment inflows in 2003 further accelerated the sector's contribution to gross domestic product (GDP) and cemented its position as a major contributor to national economic development. The mainly large-scale projects which were launched in 2003 included the US\$2.5 million tropical juice processing plant by the Demerara Distilleries Ltd., a US\$16 million poultry processing plant established by DIDCO, and a US\$1.5 million fruit juice production plant established by Continental Industries Ltd.

The establishment of these large processing operations suggests the emergence of development models appropriate to the diverse nature of production in Guyana. Significant numbers of small farmers have found sustainable markets for their produce, while others have been accorded financial and technical assistance by the larger entities in lieu of raw material supply.

A significant new development in the fresh food sector has been the opening up of the Intermediate Savannahs and with it some 600,000 acres. This has added a new dimension to fresh food production in relation to the successful cultivation of crops new to the country. These include cauliflower, broccoli, honey dew melon, cucurbits and rambutan (also known in Asia as "rambutan", a red, plum-sized prickly fruit). The Intermediate Savannahs project is characterized by plantation scale agricultural production and holds the prospect for industrial scale processing investments.

The processed food sector has been characterized by unparalleled new product development. New products expected to emerge within the near term include pepper powder, pepper jelly, diabetic jams and jellies, sweet potato fries, coconut-based products such as cream, cream tablets, and milk, acerola nectars, packaged pasteurized milk, and canned coconut water.

A significant evolution in the food and beverage sector has been the tendency for medium and large manufacturers to enter into agency agreements with foreign companies to distribute imported foods and beverages so as to diversify their businesses and to complement the range of goods they themselves manufacture.

In spite of significantly new product development, the sector remains grossly underrepresented in key food categories including preserved foods, pre-cooked foods, herbal products, baby foods, dairy products and fancy foods. While there are a wide variety of ethnic foods, there has been no concerted attempt to develop an export market.

Development within the food and drink sector has been characterized by fragmented growth largely achieved by un-coordinated private sector initiative rather than as a result of a structured national development policy dedicated to the effective integration of the sector. On a parallel basis, organization within the sector is severely lacking. Except in a

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few instances such as the Poultry Rearers' Association and the National Cattle Farmers' Association, there are no subsectoral formations.

The absence of a national sectoral policy is symptomatic of a number of ills afflicting the sector and constraining its ability to achieve its fullest potential. These have been identified, among others, as follows:

- infrastructural deficiencies, including expensive and unreliable electricity;
- sporadic supply of low quality water;
- lack of access to affordable financing;
- high shipping costs;
- deficient market information;
- inappropriate technologies;
- inadequately prepared human resources; and
- inadequate participation of the social partners and civil society in the decision-making process.

Nor has any comprehensive national database of agro-processors and raw material producers been set up: while crop and livestock reporters stationed in the various administrative regions provide information on the areas under cultivation (and on crops cultivation and livestock husbandry), that type of information does not specify how the harvested produce is marketed (fresh as against processed), nor does it detail the volumes which are used on the domestic market (as against the volume of exports). This study therefore represents the first attempt at an overall mapping of developments within the sector.

A fundamental policy development has been the move towards the formulation of a national organic policy. Currently under way is a national review of the national agricultural organic policy with a view to determining the regulations required to meet international standards. This development has broader implications for the sector against the background of an increasingly health-conscious market.

There is an extensive regime of legislation affecting employment and employment practices within the sector. Industrial relations are extremely stable within the sector.

Guyana benefits from a number of preferential trade arrangements which will enhance the sector's competitiveness in an increasingly globalized marketplace. Preferential trade arrangements are in force with CARICOM, the European Union, Canada, Colombia, the United States, and Venezuela.

The sector can interface with a number of regional economic groupings in order to enhance its competitiveness. These include the Caribbean Community (CARICOM) through its CARICOM Single Market and Economy; the Free Trade of the Americas (FTAA); **MERCOSUR**; and the Organization of Eastern Caribbean States (OECS) which is a vital market for fresh produce.

An extensive regime of fiscal and industrial incentives is in place to facilitate both agricultural development and agro-processing.



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A number of technical agencies are actively engaged with the sector. National agencies include the National Agricultural Research Institute (NARI), the Institute for Applied Sciences and Technology (IAST), the New Guyana Marketing Corporation (NGMC), and the Regional Programme for Animal Health Assistants (REPAHA). International agencies include the Inter-American Institute for Cooperation on Agriculture (IICA), the Food and Agricultural Organization (FAO), the Organization of American States (OAS), the Cariforum Agribusiness Research and Training Fund (CARTF), and the Centre for the Development of Enterprise (CDE).

The sector is well regulated and is served by a number of agencies including the Guyana National Bureau of Standards (GNBS), the Government Food Analyst's Department, the Food and Drugs Department, the Veterinary Department of the Ministry of Health, and the Food Handlers' Department of the Municipal Authorities. These institutions are aggressive in their regulatory functions. However, local standards are still well below those required by the international markets.

An overall appraisal of the sector shows that it is currently realizing only about 20 per cent of its potential as a producer and distributor of quality food and drink. To help the sector realize its true potential, there needs to be collaboration between the public and private sectors.

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## List of acronyms

ACS	Association of Caribbean States
ACP	African, Caribbean and Pacific States
ADLC	Agro-entrepreneurs Distance Learning Centre
AIDS	Acquired Immune Deficiency Syndrome
AMCAR	Amazon Caribbean Ltd.
CAA	Caribbean Agribusiness Association
CARDI	Caribbean Agriculture Development Institute
CARICOM	Caribbean Community
CARTF	Cariforum Agribusiness Research and Training Fund
CARIBCAN	CARICOM-Canada Trade Agreement
CCL	Caribbean Containers Ltd.
CBI	Caribbean Basin Initiative
CDE	Centre for the Development of Enterprise
CET	Common External Tariff
CIDA	Canadian International Development Agency
CFIA	Canadian Food Inspection Agency
COTED	Council for Trade and Economic Development
CPEC	Caribbean Programme for Economic Competitiveness
CSME	Caribbean Single Market and Economy
DDL	Demerara Distilleries Ltd.
DFID	Department for International Development (Government of the United Kingdom)
EU	European Union
EMPRETEC	United Nations Development Programme's Entrepreneurial Programme
EPA	Environmental Protection Agency
FAO	Food and Agricultural Organization
FTAA	Free Trade Association of the Americas
GAFDD	Government Analyst's and Food Department
GAIBANK	Guyana Agricultural and Industrial Development Bank
GDP	Gross domestic product
GDDP	Guyana Dairy Development Programme
GMA	Guyana Manufacturers' Association
GNBS	Guyana National Bureau of Standards
GOG	Government of Guyana
GO-Invest	Guyana Office for Investment
GPA	Guyana Poultry Association
GSA	Guyana School of Agriculture

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GTA	Guyana Training Agency
HACCP	Hazard Analysis and Critical Control Point
HIPC	Heavily indebted poor country
HRD	Human Resource Development
IADB	Inter-American Development Bank
IAST	Institute of Applied Sciences and Technology
IICA	Inter-American Institute for Cooperation on Agriculture
ILO	International Labour Organization
IMF	International Monetary Fund
IPED	Institute for Private Enterprise Development
ISO	International Standards Organization
MOA	Ministry of Agriculture
NARI	National Agricultural Research Institute
NCFA	National Cattle Farmers' Association
NDDP	National Dairy Development Programme
NGMC	New Guyana Marketing Corporation
NGO	Non-governmental organization
OAS	Organization of American States
OECS	Organization of Eastern Caribbean States
PA	Partners of the Americas
PROINVEST	European Union Technical Assistance Project
PSC	Private Sector Commission
RCC	Rural chambers of commerce
REPAHA	Regional Programme for Animal Health Assistants
SARD	Sustainable Agricultural Rural Development
SMEs	Small and medium-sized enterprises
USAID	United States Agency for International Development
UG	University of Guyana
WTO	World Trade Organization

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## Methodology

### Data collection

#### 1. *Interviews*

Interviews were conducted with key sectoral players across the broad spectrum of the industry in order to ascertain their perspective and access critical information.

#### 2. *Research – primary and secondary*

Reviews of relevant literature from NGOs, Government sources, donor and academic sources;

Internet research and downloads; press articles.

#### 3. *Field visits*

Field visits were undertaken to farming and agro-processing enterprises.

### Definition of terms

*Manufacturing, or secondary processing* entails transforming agricultural and seafood commodities through: cooking; the addition of extra ingredients; or some other form of enhancement which generally increases the value and marketability of the product.

For the purposes of this study, the following interpretations apply:

Agricultural products – food, beverage and other edible products commercially grown or reared on land-based agricultural enterprises.

Seafood products – foods and other edible products from the seacoast and inland fisheries as well as from aquaculture operations.

Manufactured foods – food, beverages and other products not containing agri-food or seafood raw materials.

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## Introduction

Guyana, a member of the African, Caribbean and Pacific (ACP) grouping and the Caribbean Community (CARICOM), has been seeking to diversify its narrow agricultural base and promote value-added activities as a means of increasing exports to more developed countries. Traditionally, rice and sugar were the main agricultural products that were exported. More recently, however, with the implementation of the World Trade Organization (WTO) guidelines and the associated dismantling of trade barriers, Guyana, like many other ACP and CARICOM countries has had to intensify efforts to diversify its agricultural base through the pursuit of value-added activities.

The importance of the food and beverage sectors to the economic development of Guyana is reflected in a number of significant factors, not least the commissioning of a US\$3 million tropical fruit juice plant by Demerara Distillers Limited (DDL) in June 2003. The significance of this development lies in the fact that it represents the largest single investment in the manufacturing sector by a domestic company within the last decade, and confirmed a marked shift towards the food and beverage sector as the leading productive sector within the economy.

Prior to the DDL investment, earlier confirmation of the sector's emerging role was reflected in the ranking of the top three companies within the manufacturing sector (Bank's DIH Ltd., Demerara Distillers Ltd., and Sterling Products Ltd.) which are all located within the food and beverage subsector. These companies comprise the leaders in all segments including export sales, employment, value of total assets, and are currently the only Guyanese companies ranked within the top 100 companies in the CARICOM Community. With an identified G\$4 billion in investments earmarked for 2002-03 (based on projects considered by the Guyana Office for Investment), the food and beverage sector is poised to make an even greater impact on the economic landscape.

On a parallel basis, the opening up of the Intermediate Savannahs to agricultural production and with it some 600,000 acres is a significant new development that enhances the vertical integration of the two sectors. It also confirms a policy shift by the decision makers in terms of promoting plantation-scale cultivation. With the generation of stand-alone (integrated) projects as an added dimension, the impact on the food and beverage sector is projected to be enormous.

The integral link between the future of the food and beverage sector and the future of the agricultural sector is self-evident. Already the DDL investment envisages the processing of approximately G\$300 million (US\$1.56 million) of tropical fruits between 2003 and 2004. This represents a tremendous boost to the fruit subsector, but given the enormous capacity of the agricultural sector, it hardly represents a challenge.

The outstanding performance of the food and beverage sector is brought into starker focus against the unprecedented levels of bankruptcies that have characterized business development over the past decade. While bankruptcies have been instrumental in the collapse of the timber, bauxite, rice and large segments of the light manufacturing sector, it is noteworthy that the food and beverage sector has attracted the greatest level of investor interest and has led in all categories including the number of projects (19 per cent), employment created (25 per cent), and value of investment (32 per cent), pointing to a high degree of confidence in the future of the sector.

Probably the most significant feature in the evolution of the sector has been in the area of new product development. Of parallel importance has been the tendency for food and beverage manufacturers to enter into agency agreements with foreign companies to distribute imported food products so as to diversify their businesses and to complement the

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range of goods that they themselves manufacture. These will be dealt with elsewhere in this paper.

According to the Guyana Office for Investment (GO-Invest), approximately 72 per cent of the investment in the processed food sector was owned by local investors. The significance of this development lies in the fact that it sends a powerful signal to foreign investors and could possibly lead to greater foreign participation in the sector, further consolidating its position in the economy.

A fundamental policy development has been the move towards developing a national organic food policy. A review of Guyana's organic food policy is currently under way with a view to identifying the more and more stringent regulations required to meet international standards, inter alia the SPS (Sanitary and Phyto-Sanitary Standards). Recent international research shows that developing countries have room for manoeuvre and that there is scope to utilize higher SPS standards and capacities to improve their competitiveness and market access.<sup>1</sup> With the growing demand for organically produced foods, the results of the review are expected to have a profound impact on the sector.

The food and beverage sector will naturally thrive within an enabling environment where the major elements include the availability of a regime of fiscal and industrial incentives; technical assistance (originating from both domestic and foreign sources); a number of preferential trade arrangements and a regulatory framework which addresses industry standards; food safety production regulations; infrastructure; as well as occupational health and safety.

## 1. A historical perspective

Guyana's manufacturing and agro-processing sector developed against a background of official policy and mechanisms employed to encourage the establishment of light industries for import substitution in the late 1950s and early 1960s. Production by essentially small-scale enterprises was targeted solely for the domestic market, which was and still is relatively small.

Some producers enjoyed protection under a regime that either restricted the importation of locally produced commodities or discouraged importation through tariff measures. A regime also provided encouragement for investment and offered generous fiscal incentives. Furthermore, infrastructure and institutional arrangements for the establishment of industries were provided. In keeping with this strategy there was a concerted effort to make the country self-sufficient in processed foods and everything was done to sustain this sector by a policy of import substitution under a protective tariff regime.

The policy spawned a generation of locally produced goods over a wide category including snack foods, cereals, food preparation and preservatives, canned and bottled juices, canned and bottled foods.

The raw material inputs to manufacturing were mostly imported and financed by foreign exchange generated mainly from the exports of sugar, bauxite and rice. The decline of these exports during the 1970s and 1980s, accompanied by adverse macro-economic policies, led to the virtual collapse of the local manufacturing sector.

<sup>1</sup> See *Food safety and agricultural health requirements: Challenges and opportunities for developing country exports*, a synthesis report of various case studies, World Bank, Jan. 2005.

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## 1.1. Caribbean cooperatives

Compounding those factors was the failure to establish and run cooperatives successfully. However, the ILO has recently been active in the region, prior to and following the adoption of the Promotion of Cooperatives Recommendation, 2002 (No. 193) (see paragraph 3.2 and Annex 1).

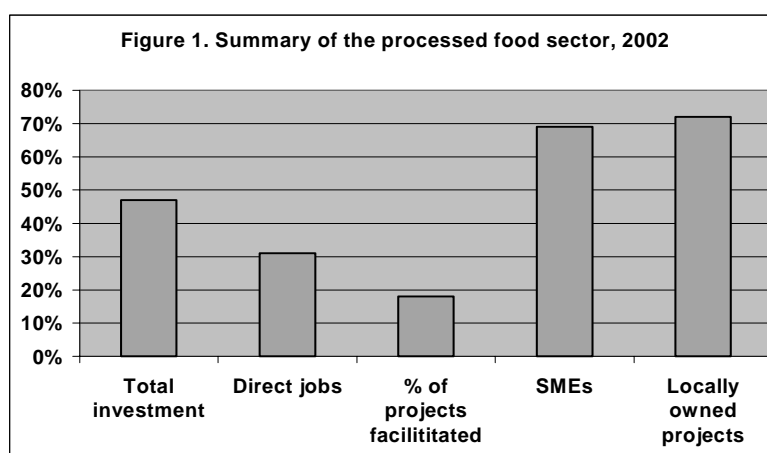
A more recent development was the signing of a Memorandum of Understanding between the ILO and the International Cooperative Alliance to promote decent work. Such synergies open the way for a review of policies with regard to the development of food and drink processing cooperatives and training in the management of such cooperatives in Caribbean countries.

## 2. The current relative status of the food and beverage sector

### 2.1. Contribution to national economic development

Processed foods account for approximately 25 per cent of the country's GDP. Allied with the fact that merchandise exports of agricultural goods and services account for between 70-80 per cent of the country's total exports, the overall impact of the food and beverage processing sectors is obviously very significant to national economic development.

Indicators in an economic summary established by the Guyana Office for Investment (see figure 1) provide a fair indication of the growing importance of the sector to the national economy.



Source: Guyana Office for Investment.

In 2002, the sector accounted for and was characteristic of the following:<sup>2</sup>

- 47 per cent of total investment;
- 31 per cent of all direct jobs;

<sup>2</sup> These developments do not reflect the overall picture as they represent only those instances involving the participation of the Guyana Office for Investment.

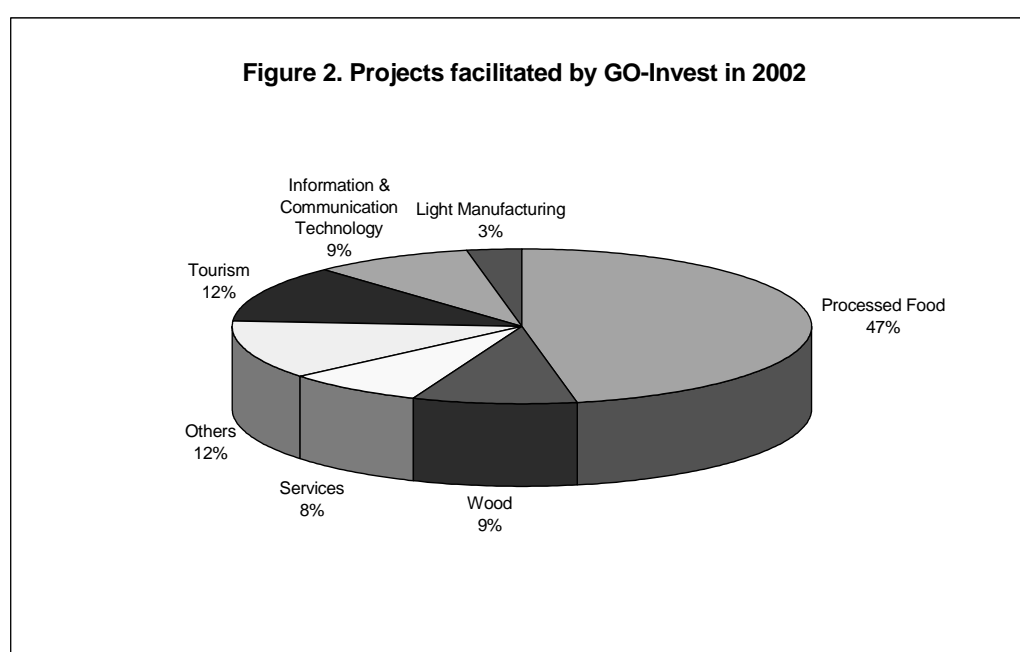
- 18 per cent of all projects facilitated by the Guyana Office for Investment;
- 18 per cent of all foreign investments;
- 69 per cent of the enterprises were small and medium;
- 72 per cent of the businesses were locally owned; and
- projects were spread over seven of the country's ten administrative regions.

**Table 1. Number of projects facilitated, jobs created and value of investments, June 2002-03**

Sectors	Projects	Projects	Jobs	Jobs	Value of investments	Projected value of investments
	2002	2003	2002	2003	2002 (G\$)	2003 (G\$)
Processed foods	29	38	532	642	5 322 000	4 000 000
Tourism	21	20	156	333	1 300 000	4 900 000
Wood	21	26	228	237	1 023 000	956 000
Information technology	9	11	293	620	998 800	2 600 000
Services	11	15	98	267	845 000	1 600 000
Light man.	13	18	42	184	307 500	1 700 000
Others	60	65	353	603	1 388 700	2 000 000
Total	164	193	1 702	2 886	11 185 000	17 756 000
Share/processed foods (%)	17.6	19.6	31.2	22.2	47.6	22.5

Source: Go-Invest, Stabroek Business, p. 2, June 2003.

Investment trends covering the period 2002-03 as outlined in figure 2 suggest that this sector is set to increase its share of GDP and assume an even more important position in the national economy.



The food and beverage sector leads in every category of development with the exception of the projected value of investments for 2003, where revenue from tourism was



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expected to be greater (see table 1). That situation is likely to change significantly given more recent industry developments such as the aforementioned US\$3.5 million fruit juice investment by the Demerara Distilleries Ltd.; planned investments by Goldfield Inc. which has approximately 10,000 acres under mixed fruit and vegetable cultivation and is currently seeking financing of US\$10 million to establish industrial processing facilities; and Amazon Caribbean Ltd., which currently exports heart of palm to the European market and is pursuing financing for a US\$2 million pineapple processing plant.

The growth of the tourism sector is expected to generate further development of the food and drink sector which is an important supplier of goods and services. An important indicator in Table 1 points to the fact that the overall performance of the food and beverage sector in 2003 improved over that of 2002, with the exception of jobs created which could be attributed to a higher level of technological application to the sector. These results could also be attributed to a higher level of processing activity as compared with agricultural production.

The importance of these indicators and of the food and beverage sector as a whole should be viewed in terms of the sector's performance in relation to that of the rest of the economy and the impact of those developments. New investments and expansion within the food and beverage sector contrast with that of massive failure in the mining sector which lost some 8,000 jobs over the past five years, including over 2,000 in June 2003 alone, the timber sector which lost some 10,000 jobs, and the light manufacturing sector which experienced over 1,000 bankruptcies over the past decade. Recent developments in food and beverage processing suggest that the sector will be able to absorb much of this unemployment, in addition to bridging the country's foreign exchange deficit.

Further indications of the sector's growing importance lie in its contribution to regional economic balance: food-related industrial activity is fairly evenly spread across the country, and not only has it led to development balance but in the process contains the incidence of urban migration. In its economic development summary of 2002, the Guyana Office for Investment (Go-Invest) pointed out that 41 per cent of new businesses in the food processing sector were located away from Georgetown, the capital city. The indicators show that investments in the food and beverage sector were spread across seven of the country's ten administrative regions. Recognition of the importance of the sector has also come as a result of the conversion of rice lands to fruit and vegetable cultivation.

## **2.2. Subsector perspective**

While a number of issues and constraints are common to the subsectors, each has its own unique problems. Hence, it is proposed to examine briefly each of the subsectors in order to evaluate its relative importance to national economic development.

### **2.2.1. Processed foods**

Guyana boasts an extremely wide cross-section of foods which are locally manufactured for both export and domestic consumption. While sugar and rice production continue to form the basis of sectoral productive activity, their importance has significantly diminished as a consequence of recent international developments.

In both cases, the preferential tariff arrangements previously enjoyed under trade arrangements with the traditional European Union markets has been challenged at the level of the WTO by major world producers, including Australia and Brazil. In the meantime, non-traditional products are increasingly holding their own against the influx of foreign products that has resulted from liberalized trading policies.

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On the contrary, the demand for non-traditional products has consistently outstripped supply for both domestic and export markets. The volume and value of non-traditional exports have consistently risen (for example, from 2,102 tonnes in 1993 to 4,662 tonnes in 1995), with the value of exports totalling approximately US\$3.1 million in 1995.

### **2.2.2. Beverages**

This subsector, which includes the distilling and manufacture of soft drinks, is becoming a very significant contributor to the manufacturing sector. Within recent years, a greater degree of competition has been infused into the subsector with the two giant operators (Demerara Distillers Ltd. and Banks DIH Ltd.) introducing beverages of international brand names on a regular basis. The value to the beverage sector lies in the fact that a significant percentage of the foreign brands is produced under patent licences, thus adding value to the sector in terms of employment and distribution. Nevertheless, domestic brands in terms of both hard and soft beverages account for approximately 80 per cent of the total market share.

From all indications, the manufactured products of the sector are mainly devoted to import substitution whereby the relatively high volume of imports of exotic beverages will be partly replaced by their manufacture on the domestic market, basically under patent operations.

This subsector contributes significantly to the employment profile of the country with the two leading companies, Banks DIH Ltd. and Demerara Distilleries Ltd., employing a total of 2,619 persons (1,500 and 1,119 respectively).

### **2.2.3. Marine sector products**

The marine subsector has been the cornerstone of the economy and has been exporting for a number of years. The subsector encompasses harvesting in the offshore and coastal zones as well as inland fisheries, plus processing and export.

While Guyana's rice and sugar industries struggle to survive in the increasingly globalized market place, exports of seafoods have shown a threefold increase in production since 1994, reaching almost G\$9.025 billion (US\$47 million) in 2002. The special virtue of the industry is that it needs far fewer imported inputs than, for instance, rice or sugar, meaning that it represents greater net value in the economy.

According to Charles et al (1996), the economic importance of the subsector has gained ground in recent years, even more so since in 2002 the subsector strove to enhance its prospects of penetrating the demanding European Union (EU) market. Technical assistance was sought from the EU with a view to considering and analysing the current performance and potential of the country to export seafood products to the EU. It was anticipated that full compliance with EU regulations would be achieved by the end of 2003. As a consequence, the seafood subsector is expected to become one of the country's top two foreign exchange earners (after sugar).

There is considerable scope for aquaculture in terms of the commercial cultivation of prawns and fish. Private investments in this sector are assuming substantial proportions. As of December 2000, there were over 100 aquaculture farmers culturing over 2,000 acres. Developments within the aquaculture sector will further enhance the performance of the sector as a whole.

The factories directly employ some 3,000 workers, but taking into account approximately 2,000 small-scale fishermen and other workers in related industries

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including boat-building, net-making, and supply and repair, the subsector is estimated to employ some 10,000 persons (Fisheries Department Annual Report, 1999).

#### **2.2.4. Livestock**

The poultry subsector is an important element in achieving the national objective of food security. Chicken is the meat most consumed by Guyanese: about 45 million pounds per year or 64 pounds for every inhabitant. Satisfying this demand has always been difficult for local producers. Competition from cheap imports has been a thorny issue in the sector. Recent developments within the poultry sector can be considered extremely significant in terms of its impact on the sector as a whole, the national agribusiness economy, and the consumer.

Of the entire meat subsector, the poultry sector has shown the greatest level of development over the past five years. In all categories including levels of investment, job creation, production, and profitability, this subsector has shown significant improvement over the others. The development of the livestock sector would benefit from the experience of the poultry sector.

The recent investment of US\$16.6 million by Didco is a reflection of the levels of investment which have marked developments within the subsector. The plant has the capacity to produce 1.8 million pounds per month, which would constitute approximately 50 per cent of the total volume consumed locally. This trend points towards the development of an export market, which in turn will constitute a significant reversal since as recently as 1999, imports accounted for approximately 40 per cent of total consumption (domestic production of 26.7 million kg, in addition to 16.8 million kg of imports). Imports have now dropped to single digits, thus contributing to foreign exchange savings.

The Guyana Poultry Association is one of two organized bodies within the agribusiness sector (the National Cattle Farmers' Association is the other), and has been functioning efficiently. The Association has been able to determine that the subsector provides more than 17,000 jobs, with an investment of approximately G\$1.8 billion (US\$9.3 million) and an average annual turnover of G\$3 billion (US\$15 million). The sustainability of the industry has been guaranteed with the recent commissioning of a G\$100 million (US\$0.5 million) hatchery. Capacity is expected to reach 350,000 baby chicks per week, adding significantly to the national capacity.

Guyana was once a beef exporter in the 1950s and 1960s. Following serious outbreaks of foot and mouth disease in the mid 1990s, the sector has since recovered full self-sufficiency. Meat production has been on the increase overall. The combination of dedicated cattle ranches, stocks from mixed farms, and the encouragement of urban dairying has led to self-sufficiency in the production of beef, and the same applies to mutton and pork.

#### **2.2.5. Dairy**

In a recent competitiveness analysis of non-traditional crops and livestock activities conducted by the Canadian-funded Caribbean Economic Competitiveness Project (CEPEC), it was determined that milk production in Guyana (and Suriname) showed the greatest potential for successful and competitive production in the region.

The dairy sector has been re-gaining ground over the past five years, following a period during which the industry was sorely put to test as a consequence of the foot and mouth disease. Since then, some significant developments have taken place, including the commissioning of a plant to produce pasteurized milk for the domestic market. The Danzig Milk plant is a joint venture between the Government of Guyana and the Food and Agricultural Organization (FAO). It is envisaged that the plant will become a model for

dairy farmers throughout the country. The establishment of the plant has been instrumental in promoting linkages with cattle farmers.

Additional institutional recognition of the potential of the dairy sector has come from the Inter-American Institute for Cooperation on Agriculture (IICA) which in 2001 awarded a three-year grant of US\$800,000 to the sector for the promotion of good agricultural practices, marketing, and agricultural health and food safety. Domestic institutional support is provided by the Ministry of Agriculture, the Guyana Dairy Development Project (GDDP), and the National Dairy Development Programme (NDDP).

**Table 2. Food and drink subsector growth, 1996-2002 (GDP at constant factor 1998 prices (G\$ million))**

Sector	Share of sector (%)	2002	2001	2000	1999	1998	1997	1996
Sugar	53	1 024	880	846	994	790	854	864
Rice	9	177	199	180	225	209	210	206
Livestock	7	125	119	116	111	109	111	105
Fruits and vegetables	15	285	281	278	275	272	255	242
Seafood	8	159	165	164	143	162	146	135
Processed food and drink	8	150	124	124	140	131	-	-
<b>Total</b>	<b>100</b>	<b>1 920</b>	<b>1 768</b>	<b>1 708</b>	<b>1 888</b>	<b>1 673</b>	<b>1 576</b>	<b>1 552</b>

The National Cattle Farmers' Association was launched in October 2001. The institution was established to develop, promote and maintain a harmonious relationship through networking with cattle farmers and groups around the country to further develop the industry. Since then the Association has overseen the formation of approximately 44 Cattle Farmers' Associations of approximately 70 which need to be established.

Self-sufficiency in margarine, butter and ice cream has been achieved as a result of the performance of Sterling Products Ltd., the country's leading dairy products manufacturer. The company is currently ranked seventeenth in the Caribbean and is the top public company in Guyana.

In spite of these gains, the subsector continues to face significant competition from commercial milk imports, particularly in the cases of powdered milk and value-added products such as yogurt, cheese, margarine and flavoured milk.

As indicated in table 2, the various subsectors have achieved steady if not spectacular growth over the past decade. This is reflective of several factors including the inability of several subsectors to export following outbreaks of foot and mouth disease, pink mealy bug, and a general economic slowdown due to adverse political developments and an upsurge in crime. Those developments have not only had a negative impact on both the fresh and processed food sectors, but have generated notable bankruptcies and closures including leading manufacturers such as Chin's Manufacturing Ltd. and Vinelli Industries Ltd. The important rice sector was also severely affected and continues to feel the effects of the El Niño drought.

Table 2 shows that the contribution of non-traditional food production to overall food production is in the range of 37 per cent. This is a significant development given the historical role of rice and sugar in the sector. This share is expected to increase given the shrinking value of these two major commodities and the new investments in the food processing sectors.

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### **2.3. Sectoral interlinkages**

Very little interlinkage occurs within the food and beverage processing sector. While the sector comes under the umbrella of the Guyana Manufacturers' Association (GMA), there is very little subsectoral organization apart from the Guyana Poultry Association and the National Cattle Farmers' Association, a situation not unique to the food and beverage sector but typical of the entire business community as a whole.

While there is recognition of the obvious relationship between the agricultural and processing sectors, there is no formal link between the two. As a consequence, there is a growing tendency towards greater vertical integration. In this sense, processing entities are establishing their own cultivation capacity. The underlying rationale for this development has to do with establishing raw material reliability, in addition to price stability.

Probably the best example of the positive impact of interlinkage is found within the poultry industry where Didco Trading Company has recently (2002) established a US\$16.5 million processing facility. The company is supplied by a number of small producers which it has supported by way of start-up financing and ongoing technical assistance. The viability of this company points to the success of the strategy, which is unfortunately not replicated across the subsector.

The establishment of a central packaging facility in October 2002 was a consequence of the recognition of poor packaging as a contributor to poor exports market penetration. The facility has been instrumental in helping the fresh produce subsector to enhance its international competitiveness through standardizing the export of fruits and vegetables in line with international requirements. Caribbean Containers Ltd., which manufactures corrugated carton boxes, was established primarily to cater to the canned food and beverage subsector. The company has since moved to expand output through the establishment of a new plant that utilizes waste materials.

The recent commissioning of a US\$3.5 million tropical juice plant by Demerara Distilleries Ltd. represents an example of how collaboration between small and large companies can result in substantial investments. The new company evolved from that of a cottage industry set up by an independent operator some ten years ago and it is hoped that this trend will continue.

There is obvious potential for greater sectoral and inter-sectoral linkages that could result in greater efficiencies and significant improvements in the performance of the food and beverage sector. However, there needs to be a national recognition of this fact. The first step would be to formulate a national policy to address this issue.

### **2.4. Industrial relations in the food and beverage sector**

The food and beverages sector, like every sector of organized economic and commercial activity, is subject to the provisions of the Trade Union Recognition Act. The act provides for union representation to be granted at any site of employment once a poll or survey conducted by the Ministry of Labour, Human Services and Social Security determines majority representation; or management may, by its own volition and without a survey or poll, proceed to recognize a trade union of the workers' choice.

The trade union, which has won bargaining rights, will then negotiate a collective bargaining agreement with the employer. That agreement usually provides for rates of pay, benefits, and other conditions of work. The Ministry of Labour is empowered to conciliate and/or arbitrate in an industrial dispute.

Organized industrial relations are in the main embraced by two categories of operations: those pertaining to large industrial-scale operations, and those found closer to

the urban environment. In this sense, large processing operations (beverages, fruits and vegetables) are affected.

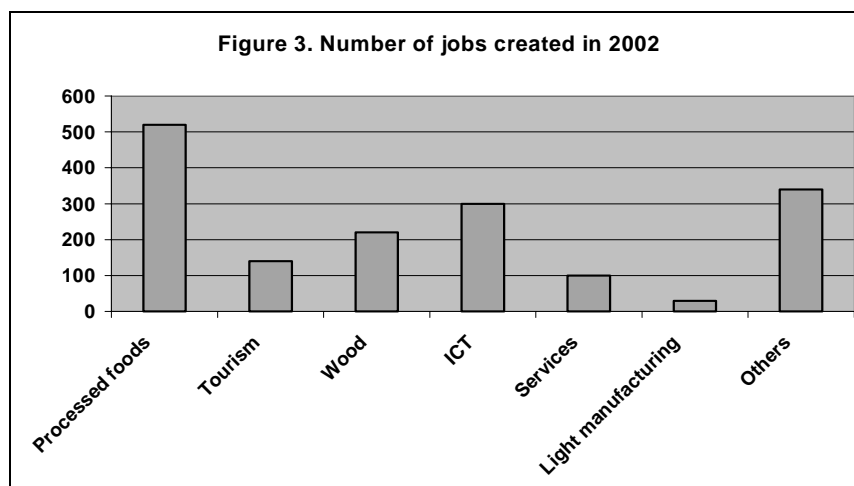
The operations least likely to embrace organized industrial relations are those micro and small enterprises across all food and beverages subsectors which consist essentially of family-owned businesses. In many respects this is due to cultural practices which eschew external interventions. In cases of dispute, the parties have recourse to the conciliation machinery of the Ministry of Labour.

The food and beverage sector operates under an extensive regime of legislation governing employment and employment practices, with which employers are required to comply. Chief among those is legislation relating to discrimination. The legislation in question aims to protect workers against direct discrimination which may be considered 'less favourable' treatment of an employee on grounds of sex, race or marital status; indirect discrimination against an individual or group of individuals; and discrimination by way of victimization which may occur when an employee brings proceedings, lodges a complaint against an employer, or alleges a violation which supports allegations of discrimination on the part of the employer.

The Labour Act provides for the establishment of a Department of Labour for the regulation of the relationship between employers and employees and for the settlement of differences. It makes provision, inter alia, for the regulation of wages and the rights of employees, the duties and obligations of employees, the payment of wages and deductions therefrom; and the hours of work of employees.

The National Insurance and Social Security Act provides pecuniary payments by way of old age benefits, survivors' benefits, sickness benefits, maternity benefits and funeral benefits. The Factories Act provides for the registration and regulation of factories. The Accidental Deaths and Personal Injuries (Damages) Act provides for compensation in cases of accidental deaths in general and in cases of injury of workers. The Accidents and Occupational Diseases (Notification) Act provides for the notification of accidents and occupational diseases to the Chief Labour Officer responsible for the administration of the Act. The Employment of Young Persons and Children Act gives effect to the international labour Conventions ratified by the Government of Guyana, namely the Minimum Age Convention, 1973 (No. 138), and the Minimum Age Convention, 1973 (No. 138). The Holidays with Pay Act provides for annual holidays with pay. The Public Holidays Act is one which makes provision for public holidays and respecting obligations to make payments and carry out other transactions on such holidays.

Except for the sugar subsector, the food and beverages sector enjoys a remarkably stable industrial relations climate. The prevailing climate of consensus reflects the relative success of the sector where workers generally enjoy incomes and working conditions above average.



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## 2.5. Employment and working conditions

The common law requires that all employers provide and maintain a safe workplace, a safe system of work and safe plant and equipment. The Occupational Safety and Health Act, 1997, was brought into force on 15 September 1999. It provides for the registration and regulation of industrial establishments and for occupational health and safety of persons at work. Every person who is an owner or employer of an industrial establishment must, within 30 days of the coming into force of the act, file an application to the Occupational Safety and Health Authority in the prescribed form for registration as an industrial establishment.

Of all the productive sectors, the food and beverage sector is probably the most highly regulated in Guyana. The sector is subject to stringent control by a number of agencies including the Municipal Public Health Department (for operations located within the city), the Guyana National Bureau of Standards, the Public Health Department of the Ministry of Health, the Government Analyst, the Food and Drug Department, and the Veterinary Public Health Unit. As a consequence of such extensive regulation, the level of industrial accidents within the food and beverages sector is well below the national average, which in itself is negligible.

## 3. The potential for the development of SMEs in the sector

### 3.1. SMEs – A strategy for job creation and poverty alleviation

The development of SMEs can play a major part in alleviating poverty and strengthening the macroeconomy. SMEs generally employ more people than larger enterprises, supply local markets, utilize local raw materials and expertise, can readily change to meet market demands, are more innovative, and act as a training ground for new entrepreneurs and for the establishment of larger firms.

Table 3. Beverage production

	1990	1994	Increase (%)
Rum (litres)	12.5	25.3	102.4
Beer (litres)	10.5	10.0	(4.7)
Aerated (cases)	1425	3449	142.0
Malt (cases)	200.4	203.8	2.0

Recent statistics from the Guyana Office for Investment (GO-Invest), as outlined in figure 3, confirm that the processed foods sector is developing as a leading source of employment.

Further evidence of the sector's employment-generating capacity is observed in table 4. The statistics reveal that exports by the non-traditional food sector are either significant or very significant, which is indicative of a high level of value added, either by way of improved packaging for fresh foods or secondary and tertiary processing.

**Table 4. Subsectoral contribution to Guyana's economy**

Category of activities	No. of	Employment operators	Export markets	Value added
Food and food processing	35	30,000	North America, CARICOM	Significant
Beverages – alcoholic/non-alcoholic	10	2,500	Europe, North America	Very significant
Livestock	1,000	5,000	–	Significant
Subtotal	1,045	37,500	–	–
Other sectors	515	39,500	Export-oriented	Significant
Total	1,560	77,000	–	–
Participation of food and beverage sector(%)	66.9	48.75	–	–

Source: Bank of Guyana and the Bureau of Statistics.

In accounting for approximately 49 per cent of total employment and 67 per cent of operators respectively, the sector shows its high capacity to absorb the country's growing numbers of unemployed. These enterprises also make a significant contribution to the economy through foreign exchange earnings, backward and forward linkages to the productive sector, and the distributive and tourism sectors. They also contribute to overall social and economic stability, particularly in rural areas.

The sustainability of these enterprises in the fully liberalized markets is a challenge that is facing both economic planners and operators alike. In the case of the former, very little has been accomplished in terms of articulating a vision for the future development of the sector. In response, as indicated earlier, the tendency has been for the latter to enter into agency agreements with foreign companies to distribute imported food and beverage products so as to diversify their businesses and to complement the range of goods that they themselves manufacture.

Guyana has the unenviable status of being categorized as a Heavily Indebted Poor Country (HIPC). Such a status is clearly unacceptable for a country that has been identified as the breadbasket of the Caribbean. With a food import bill of some US\$3 billion per annum, the CARICOM market alone represents an opportunity for Guyana to fulfil this obvious potential. The relative growth of the food and beverages sector, allied with recent investment inflows, suggests that the sector could have an even greater impact on the agribusiness sector as well as on the overall national economy, not to mention the spin-offs in terms of easing both unemployment and poverty in general.

Achieving this objective would, however, require a fundamental shift in the way the sector is perceived and organized. At the present juncture, the sector is characterized by a general lack of any concerted direction for SMEs. The sector suffers from a critical deficiency: a formal institutional structure. Apart from the poultry and cattle sectors there is no sense of either sectoral or subsectoral organization. There will thus have to be a systematic thrust towards uniting the sector and subsectors in an institutional way.

### **3.2. An institutional framework**

Institutional organization will provide a framework for the development of the different subsectors right through the production and processing chain from raw materials to marketing of finished products. Such a framework will address some of the most critical issues facing the sector, chief among which are the paucity of data and other pertinent information from which decision-making can be validated. Institutional structuring will



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also afford an opportunity to address the following additional facets of SME development in the food and beverage sector:

### ***Coordination***

Currently, a plethora of institutions provide development support to the SME sector, but their efforts are largely uncoordinated. In this sense, institutional organization will mean both coordination and greater effectiveness in rendering technical assistance to the sector, a dire necessity if long-term positive effects are to be achieved in terms of SME development.

### ***Integration***

Such a framework would serve as a coordinating mechanism between target groups of SMEs and producers, ensuring that both are included in development activities. The recent merger of the cottage enterprise Topco with the giant beverage company Demerara Distilleries Ltd. is a case in integration between the SME and the industrial sector, illustrating how such mergers can have significant implications for the overall sector. Topco was a small enterprise that had developed a marketable tropical juice line. The success of the business had outstripped the management capability of the enterprise and it was absorbed by the larger enterprise, resulting in a US\$3.5 million investment. The new enterprise will demand over US\$1.5 million (G\$300 million) in fruits over the next year, creating new jobs in the fruit subsector, the packaging and transportation sectors and others, and will sustain existing ones. That merger should serve as a precursor to similar arrangements between and among domestic producers, and between foreign and domestic investors.

### ***Joint ventures and mergers***

Relatively recent developments have shown that conglomeration has proved a successful strategy in terms of linkages and employment creation. As indicated earlier, the two largest beverage manufacturers, Banks DIH and Demerara Distilleries Ltd., have successfully ventured into the food business. Banks not only manufactures alcoholic and non-alcoholic beverages, but has ventured into bread, biscuits, cereals, snack foods, and tomato ketchup. DDL, which is the major exporter of rum (both bulk and packaged), has ventured into the seafood business, assuming a major shareholding in BEV Processors Inc., one of the country's leading seafood companies, and fruit processing (jams, jellies, cake mixes).

### ***Market joint ventures***

Bounty Farm Ltd., another relatively large poultry company, was established in collaboration with Banks DIH, the country's largest beverage manufacturer with interest in restaurants and fast foods. Market linkages between SMEs and buyers would be expanded. This is currently the responsibility of the New Guyana Marketing Corporation (NGMC). However, the scope of the NGMC is limited to selected CARICOM markets. Given the potential of the sector, a marketing joint venture could be arranged to facilitate wider market access. The government can also reserve some market opportunities for SMEs through influencing demand from state institutions.

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## **Niche markets**

On a parallel basis, the promotion of value-added activities aimed at satisfying niche markets could be pursued. The production of cottage cheese, yoghurt, and margarine will not only create jobs, but also provide cheaper and healthier alternatives to rural markets where the level of poverty is more pronounced.

## **Appropriate incentives**

Guyana's food processing industry is only likely to survive to the extent that locally produced goods and services are cost competitive. In this way there needs to be a commitment on the part of the Government to direct appropriate incentives to the sector by supporting more liberal lending policies. Tariff arrangements will be one of the determining factors in the industry's survival.

## **Cooperatives**

The promotion of cooperatives among SMEs could achieve greater economies of scale, greater efficiencies both in the use of resources (through bulk purchases) and in relation to marketing produce. However, while cooperatives have been hugely successful in developed countries and in selected CARICOM countries, Guyana does not boast a successful record of cooperative institutions and still smarts somewhat from its failures in that area. Nevertheless, with government guarantees such an approach could be successfully incorporated into a dynamic sectoral policy.

## **Attracting financing**

SMEs and the financial institutions would be strengthened. The financial institutions are currently loath to finance primary production. However, if farming enterprises are locked into the processing sector, where their markets are more secure, the prospects of attracting financing appreciate significantly.

Further to a Caribbean Subregional Conference of Ministers of Cooperatives (Saint Lucia, 23-26 May 2000), the ILO organized a Caribbean Subregional tripartite meeting) to strategize on cooperative development in the twenty-first century (Tobago, 23-25 October 2002). With regard to legislation and policy, the meeting agreed that the Governments of the respective countries should take urgent steps to:

- modernize and harmonize the Cooperative Act (i.e. to develop a level playing field for cooperatives as exists for other businesses);
- streamline the functions relative to supervision, examination and regulation of cooperatives;
- strengthen institutions (government departments) to facilitate the effective performance of their supervisory role; and
- adopt special measures to encourage cooperative development among disadvantaged groups.

The meeting recommended that an action plan be developed to facilitate the implementation of the principles and policies enunciated in the Promotion of Cooperatives Recommendation, 2002 (No. 193). In developing such a plan, the respective roles of the stakeholders would be as follows:

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(a) Roles of cooperative organizations:

- Put greater emphasis on strategic alliances, mergers, human resource development and educational institutions;
- Pay greater attention to cooperative entrepreneurship, competitiveness and productivity;
- Establish synergistic linkages with special interest groups such as trade unions, private sector organizations; and
- Develop appropriate financial and social audit systems for their members.

(b) Roles of employers:

- Extend membership to cooperatives wishing to join them;
- Provide appropriate support services on the same terms and conditions applying to other members;
- Promote best practices among cooperatives;
- Participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on cooperatives;
- Promote tripartite discussions at local, regional and international levels to consider economic and social issues;
- Assist and participate in programmes for cooperatives aimed at improving their productivity;
- Undertake any other activity for the promotion of cooperatives, including education and training; and
- Promote equal opportunity in cooperatives.

(c) Roles of workers:

- Advocate mergers of small cooperatives to form new cooperatives;
- Extend common bond of membership;
- Regional cooperative leagues to provide information to the trade unions for dissemination among membership; and
- Promote both financial and non-financial cooperatives.

(d) Roles of governments:

- Ensure a safe, sound and enabling legal, policy and institutional environment for cooperative operations;
- Educate and inform the citizens about the benefits of cooperation;
- Train the boards, committees, members, staff/employees in areas of organization and management;

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- Supervise and regulate the operation of cooperatives;
  - Facilitate the registration of cooperatives; and
  - Enable the formation of cooperatives among marginalized groups and encourage the purchase of goods and services produced by them.

(e) Role of educational institutions:

Where appropriate, to integrate cooperative practice, research and teaching at all levels of the educational system (secondary and tertiary), and to provide accreditation training in cooperative and related disciplines.

(f) Role of international organizations:

International organizations and specifically the ILO to continue to provide assistance towards cooperative development.

### **3.3. Value-added projects**

The pursuit of value-added activities is gaining momentum though much more needs to be done at the policy level in terms of facilitating the environment for growth. Wherever value-added projects have been pursued, they have had the effect of creating both employment and linkages.

Value-added projects have been pursued in the areas of cassava by-products (chips, starch, casareep, bread, farina, and tapioca) within the framework of a joint project between Guyana and Brazil. A Belgian NGO has established a fruit cheese operation in one of the hinterland communities. The project has created employment for the previously unemployable, created links to small fruit farmers, and has established a viable domestic market. The milk pasteurization plant at Danzig has not only added value to fresh milk, but has also created links to small cattle farmers supplying fresh milk. Several other project proposals have been mooted including the production of cottage cheese and yoghurt. Among the new product ideas which are under consideration are the potential of breadfruit as a staple food ingredient, and the bottling of coconut water. Generally, however, it is imperative that a more structured approach be adopted for promoting added value in the food and beverage sector.

### **3.4. Need for a comprehensive sectoral policy**

The foregoing highlights of the food and beverage sector stress the need to pursue a comprehensive sectoral policy and formulate a strategic approach with a view to setting in place appropriate structures and linkages favourable to sectoral integration. In order to achieve that end, a national initiative (for instance in the form of a workshop) bringing together all sectoral players in the food chain, would prove timely: given that SMEs are part of a larger system, participants will of necessity include those from the primary agricultural and processing sectors, related government institutions, research institutions, both foreign and domestic investors, input suppliers, wholesale and retail distributors, transportation and finance companies, exporters, international experts, etc. Such an approach would produce an in-depth analysis, both descriptive and prospective, of the sector, on the basis of which policies and strategies could be formulated.

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## **4. Factors in favour of the sector**

### **4.1. Development and industrial policies**

The establishment of the Ministry of Fisheries, Crops and Livestock in December 1997 was a sign of recognition by policy makers of the growth of the non-traditional sector and its potential to contribute substantially to the growth of the national economy. Since then, the Ministry has promoted the development of the sector to a position where it is only second to sugar in terms of its contribution to GDP. It is likely that the food and beverage sector will assume the top position given the difficulties being faced by sugar in the traditional markets.

Operators in the sector can access a range of fiscal and industrial incentives designed to encourage investment in the sector. They include the following:

- income tax holiday for pioneering activities, such as farming in difficult terrain or for new product development;
- duty-free importation of a wide range of machinery and equipment (zero duty for agricultural machinery and equipment);
- a waiver on import duty and consumption tax on packaging materials for fruits and vegetables to be exported;
- allowances for expenditure incurred in developing and improving land for cultivation purposes, such expenditures being written off as an expense when calculating net profits;
- export allowances for non-traditional or agricultural products exported outside of CARICOM. It is granted as a percentage of export profits and varies from 25 per cent to 75 per cent. In addressing the needs of both the primary production and processing sectors, the Government has made long-term land leases (99 years) available in all administrative regions of the country. At the same time, several industrial estates have been recently established (Coldingen, Eccles and Lethem);
- institutional support to the sector is fairly comprehensive. The New Guyana Marketing Corporation (NGMC) is responsible for advising farmers on production, processing, and marketing of non-traditional agricultural products. The NGMC is also responsible for the operation of the Central Packaging Facility which has been credited for contributing to the increase in non-traditional exports. The establishment of the Guyana Office for Investment (GO-Invest) with its mandate for investment promotion has led to significant new investments in the food and beverages sector;
- the privatization of Government-owned assets has been a major industrial policy furthering the development of the sector. The subsequent successful development of the palm oil and stockfeed industries is reflective of the general trend.

### **4.2. Competitive advantage of the sector within the globalization process**

Globalization threatens Guyana's slender manufacturing base by increasing competition from imports in a small domestic market and by potentially reducing tariffs from export markets where Guyana enjoys preferential access. The challenge for companies would be to improve quality, lower costs and form strategic (preferably international)

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alliances in order to survive within increasingly competitive markets. The sector stands to benefit from a number of preferential tariff arrangements designed to provide the competitive edge in the globalized marketplace, as follows:

- Common External Tariff (CET)

The Caribbean Community (CARICOM) is a customs union with a Common External Tariff. The CET includes the lowering of tariff rates of member States of the Caribbean Community.

- CARICOM - Colombia

An agreement between the Caribbean Community and the Government of Colombia on trade, economic and technical cooperation, in its trade section, provides for duty-free treatment of a wide range of exports of agricultural and manufactured goods from CARICOM member States into Colombia.

- CARICOM – Venezuela

An agreement between the Caribbean Community and Venezuela provides for one-way duty-free access of specific products and duty reduction. Duty-free access is offered for products such as certain fresh fruits, spices, and processed foods. Products subjected to phased reduction of duties include fish, vegetables, pineapples and mangoes. The exception list includes such products as beef, dairy products, rice, and vegetable fats.

- CARIBCAN

CARIBCAN is a trade preferential arrangement between the Caribbean Community and Canada. One of the main features of the preference under CARIBCAN is the extension of preferential duty-free access to the Canadian Market for most imports from CARICOM countries.

- Caribbean Basin Initiative (CBI)

CBI is a non-reciprocal preferential arrangement between the United States and other developing countries including CARICOM member States. In relation to the food and beverage sector, the arrangement provides for duty-free access to all CBI exports to the United States market with the exception of canned tuna and sugar.

- Cotonou agreement

Guyanese beverages are exported duty-free to the lucrative EU market under this agreement. Competing beverages from Latin America are subjected to EU tariffs and this reverses the price advantage. Guyana would undoubtedly lose significant revenue if EU preferences were eroded. There is no reciprocity: Guyana levies tariffs on imports of EU beverages. As a result, locally produced rum enjoys a significant price advantage in the domestic market. In relation to Guyana, there is a zero rating for preserved fruits and vegetables and fishery products (although quota are applicable to tuna). All food processors are legally bound to have an HACCP plan or they must be in the process of setting in place such a system.

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### **4.3. Supportive legislative and regulatory environment**

Core labour and industrial relations begin fundamentally with recognition of trade unions. Legislation enacted in 1997 compels an employer to recognize a trade union provided certain procedures are tested and there is ample evidence that the union is the organization of choice by the workers. It is believed that the Trade Union Recognition Act will encourage wider involvement of trade unions in all enterprises with unions shifting their attention to non-corporate entities.

Although the influence of the ILO has been a key factor in encouraging social dialogue on the shop floor, a large section of the employers merely relied on common law principles which permitted them to eliminate or reduce the influence of workplace trade unions. As a consequence, the pace of related legislation has appreciably gained momentum over the past two years (2002-03). Over this period the Government enacted five labour laws: the Trade Union Recognition Act, the Occupational Health and Safety Act, the Holiday with Pay Act, the Severance and Redundancy Pay Act, and the Equal Opportunity Act.

The sector is well regulated in terms of compliance with product standards and the integrity of the operating environment. The Environmental Protection Agency (EPA) actively pursues compliance with environmental standards within the food sector. The Guyana National Bureau of Standards (GNBS) is active in the area of product standards. The agency recently held a national symposium on the role of standards in the development of the processed foods industry in Guyana. The Government Analyst, Food and Drug Department, polices the sector to facilitate compliance with Food and Drugs Regulations.

### **4.4. Regional economic groupings**

As non-traditional products become more and more visible in international trade, issues of compliance in terms of product standardization, food safety and quality assurance are issues for determining the competitiveness of agricultural exports. Moreover, these issues will also become more important at the regional level with the establishment of the Caribbean Single Market and Economy. The ability of the agricultural production and agro-processing sectors to establish and implement the required standards depends heavily on institutions at the national, subregional and regional levels. As the move towards a single market and economy gains momentum, it is becoming increasingly clear that coordination has to be effected at the regional level through institutions such as the CARICOM and the OECS (Organization of Eastern Caribbean States) Secretariats.

At the regional level, the CARICOM Secretariat commissioned a study on competitiveness in 2002. The Inter-American Institute for Cooperation on Agriculture (IICA), through its Caribbean Regional Centre, drafted a Caribbean Differentiation Strategy (CDS 2000- 2001) which covers, inter alia, sustainable development, competitiveness with equity, and public-private sector collaboration.

At the domestic level, the formation of the Regional Chambers of Commerce, while initially thought of as a useful development, has so far not proved effective in furthering the cause of business in general and by extension the food and beverage sector.

### **4.5 Strong actors and stakeholders**

SMEs are part of a larger system which includes input suppliers, producers using different technologies, wholesale and retail distributors, transport and finance companies,

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exporters, etc. There are many commercial relationships that take place among these actors in the process that takes raw materials through production transformation to the ultimate consumer.

Within this framework, the following institutions and entities could be regarded as key subsector stakeholders:

- Packaging sector: packaging is known to be very effective in promoting or positioning the image of a country in the perception of consumers in overseas markets. The central packaging facility was primarily set up to facilitate the export of non-traditional goods and services.
- Tourism Association: the integral link between the agribusiness and tourism sectors is of great interest within the context of the emerging tourism sector in Guyana.
- Most of the agricultural production is located in the riverine and hinterland communities. As agriculture is the main and in very many cases the only economic activity, the development of the agribusiness sector is critical to the livelihood of those people and the overall development of those communities.
- A substantial number of agro-processors form the constituency of the Guyana Manufacturers' Association.
- The Private Sector Commission represents many of the larger operators, particularly in the processing sector.
- The Regional Chambers of Commerce has as its constituency many of the small farmers.
- The Aircraft Owners' Association plays a key role in providing freight services to the sector.
- The financial institutions have invested significant resources in the sector and require its success in order to sustain its viability.
- The New Guyana Marketing Corporation (NGMC) was established with the specific mandate of facilitating the export of non-traditional produce. The NGMC has now established a sales outlet for the output of both farmers and manufacturers.
- A key player is the very active Ministry of Fisheries, Crops and Livestock which was specially set up to develop the non-traditional sector. The hands-on, aggressive approach of the Ministry has been largely responsible for sectoral strides.

#### **4.6. Backward and forward linkages – Agricultural associations, cooperatives, infrastructure, markets**

In spite of its relative success, the sector is highly unstructured. The unorganized nature of the sector is reflected in linkages which are unilateral rather than the result of any structured approach. There are, however, some examples of deliberate linkages as in the poultry sector where the large processors have invested in the farming business thus generating a secure supply chain. This policy, in spite of its obvious success, is not widespread and most processors acquire their raw materials on the basis of an open market arrangement. This has tended to generate production instabilities and lower than expected (sectoral) performance levels.



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Further contributing to this environment has been an extremely low level of subsectoral organization. Apart from the poultry and cattle sectors, there has been no other form of subsectoral organization (for example in the categories of fancy foods, snack foods, honey, fruit, vegetables, indigenous foods, etc.); nor has the sector found it possible to organize along the lines of cooperatives owing to incidents of gross mismanagement of cooperatives by the sector in the 1970s.

Although the agricultural sector receives the largest share of budgetary allocations, increasing expenditure in infrastructure in the agribusiness sector has been registered over the past decade. Growth areas have been farm to market roads, drainage and irrigation, packaging, quality control and technical assistance. The scattered nature of the country's farming communities, however, reduces the effectiveness of this programme. A noted deficiency has been in the area of transportation. This has created a situation where a significant amount of produce fails to reach markets and processors. Linkages are therefore certainly possible between investment in transportation (by processors) and farmers.

The New Guyana Marketing Corporation was established to facilitate export marketing for the non-traditional sector. While the agency is rising to the challenge, its own lack of resources, particularly that of understaffing, has limited its effectiveness. For SMEs, an alternative strategy for market penetration is to use an export consortium which is a joint cost-sharing venture among a number of enterprises to finance an export marketing manager for a period of time (not less than one year), for the purpose of approaching international markets. The lack of organization within the sector means that operators cannot, for instance, apply for subsidies (from government and international agencies) to offset expenses.

#### **4.7. Potential to attract local financing**

In a relatively recent (1998) survey of the SME sector conducted by the Inter-American Development Bank (IADB), the constraint ranked as most problematic was the lack of affordable financing. In assessing the significance of complaints regarding finance, one would necessarily have to take into account the closure (in 1992) of the country's lone development bank – the Guyana Agricultural and Industrial Development Bank (Gaibank). The lack of development financing and the resultant relationship with the commercial banking sector have exacerbated the financial difficulties experienced not only by the sector but by businesses in general.

Currently, the Institute of Private Enterprise Development (IPED) and the recently established Small Business Development Fund (established in the last quarter of 2002) are the only institutions from which small companies can access credit. The interest rate charged by these institutions is 25 per cent. While the interest rates at the commercial banks are lower (20 per cent), the requirement for collateral is much more stringent. In addition, the loan programme of the former institutions has a developmental dimension. Recently, IPED lowered its loan threshold from G\$48 million (US\$249,609) to G\$25 million (US\$130,000). While the operational scope of these institutions is countrywide and they collectively operate within a large client base, a more comprehensive financial system is required to effectively meet the needs of the sector.

More recently (June 2003), it was announced that a small business development fund aimed at providing various forms of assistance to micro-enterprises would soon be established. This will be dependent on the passing of the Draft Small Business Act of May 2003, which includes the fund as part of its initiative. The fund will provide loan guarantees to help small businesses access financing.

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Generally, SMEs in agriculture and agro-industry need to be strengthened with respect to financial management and overall small business management. Current weaknesses in these areas often make SMEs ineligible for consideration for funding by commercial financial institutions. Addressing these issues requires the use of effective loan appraisal mechanisms by financial institutions; the development of capacity (factory assistants) to work in-plant with SMEs in order to streamline production and financial management systems; and the rationalization of training courses in agri-business and small business management provided by various institutions.

While financing appears to be available for the larger, more successful SMEs, the issue of cost remains a major hurdle, with the result that many companies have become heavily indebted to the financial institutions. Conflict of interest situations have actually arisen in terms of the relationship between the financial institutions and the two leading food and beverage processors – Banks DIH has acquired the Citizens Bank and Demerara Distilleries Ltd. is a major shareholder in Demerara Bank.

There has been a call for government intervention to facilitate the disbursement of low cost credit to farmers. Such a measure, however, if implemented, still does not constitute an integral part of a structured policy to engineer an all-embracing programme of financial assistance to the sector which provides the raw materials for the food and beverage industry.

#### **4.8. Networks**

The full extent of the sector's network cannot be determined as there has been no impact assessment from which to glean appropriate information. However, recent developments suggest that the degree of networking is fairly satisfactory and the scope for wider networking quite promising. Following are some typical examples:

- Organic cocoa

The project recently launched to cultivate organic cocoa (early 2002) was a result of the collaborative effort among the National Agricultural Research Institute (NARI), the Inter-American Institute for Cooperation on Agriculture (IICA), the British Department of International Development (DFID) and the Ministry of Fisheries, Crops and Livestock. Implementation followed a survey (2002) by British soil expert John Myers which concluded that there was great potential for sustainable cultivation of organic produce.

- Pineapple

A pilot pineapple processing plant was recently commissioned (2002) as a collaborative effort between the Canadian Industrial Development Agency (CIDA) and Amazon Caribbean Ltd. (AMCAR). AMCAR is the country's largest exporter of canned vegetables and was chosen on the basis of its track record of working with hinterland communities. Results from the pilot project have led to further efforts: the implementation of a US\$2 million plantation-scale cultivation and industrial processing project by AMCAR.

- Peanut

Peanut farmers in the Rupununi have been receiving technical assistance (2003) in a collaborative effort involving the Inter-American Institute for Cooperation on Agriculture (IICA), the United States International Development Agency (USAID), the National Agricultural Research Institute (NARI), and the Beacon Foundation, a local NGO.

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- Poultry

The Poultry Association received training (2003) leading up to the Quality Control Certification which is related to compliance with safety and nutritional requirements. The programme was sponsored by the Caribbean Economic Competitiveness Project (CPEC), the Canadian Food Inspectorate Agency (CFIA) through the auspices of the Canadian Industrial Development Agency (CIDA), the Ministry of Health, and the Ministry of Fisheries, Crops and Livestock.

#### **4.9. Training capacity/skill levels**

The development of human resources should feature as a central concern of all operators in the agribusiness sector and, by extension, those involved in the food and beverage sector. They include agricultural producers, entrepreneurs, technicians, and public servants already involved in, or planning to be involved in the sector. As a pre-requisite, human resource development (HRD) should envision a new model of Entrepreneur/Service Provider who can adapt to the global process and who is capable of adjusting rapidly to changing conditions.

The key challenge to human resource development is to deliver training in the most cost-effective way, facilitating access to state-of-the-art technologies and education. In this respect, through increasing computer usage, the Internet has become an economical mode of delivery.

Given the wide geographic spread of SMEs, the use of CD-Rom based courses is an economical tool for distance learning, with the added advantages of being portable and easily available for self-training and education. The IICA has developed the Agro-Entrepreneurs Distance Learning Centre (ADLC) for farmers in rural areas. In addition to the delivery of short-term training, the ADLC can also be used for conferences and seminars in specialized areas.

Several key HRD opportunities are available to increase competitiveness in the sector. A recent National Consultation Workshop was organized by the Caribbean Regional Human Resource Development Programme for Economic Competitiveness (CPEC). Its main focus was to identify ways to maintain domestic market share in the face of increasing imports and more quality-conscious consumers. Subsequent consultations and needs assessment showed that solutions were required in the following areas:

- establishing and applying a regime of quality standards;
- on-site training for management and technicians;
- willingness on the part of entrepreneurs to receive training and to participate fully in employee training;
- enhancing operators' knowledge in different areas of quality control, i.e. the development of private sector capacity to strengthen ISO and HACCP training;
- fostering closer collaboration with the Government Analyst's Department to develop good manufacturing practices;
- sensitizing farmers to the needs of agro-processors in the area of post-harvest handling and raw material development;

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- encouraging the use of modern financing techniques to enable small operators to develop their own business plans;
  - enhancing computer literacy; and
  - meeting peripheral needs in mechanical, electrical and refrigeration technology and maintenance.

Training resources available to the sector are multifaceted and fairly comprehensive. Providers may be listed as follows:

- The Cariforum Agribusiness Research and Training Fund (CARTF) is a European Union funded initiative designed to stimulate and support commercial research and training in agriculture/agribusiness. The food and beverage sector has successfully accessed some G\$80 million (US\$350,000) over the three-year life of the project, due to terminate at the end of 2004.
- The Guyana Training Agency (GTA) is a project sponsored by the European Union in collaboration with the Private Sector Commission (PSC) and the Government of Guyana (GOG). The agency provides a user-friendly, modular framework which offers scope for flexible training to industry through the adoption of skill standards.
- The Guyana School of Agriculture (GSA) has been providing technical training to the agricultural sector for over 40 years. The institution offers a two-year diploma programme, which combines both theoretical and practical approaches to agricultural production.
- The University of Guyana's Faculty of Agriculture offers a degree in agriculture.
- The Regional Educational Programme for Animal Health Assistants (REPAHA) provides training for the livestock sector.

#### **4.10. Research and technology institutions and services**

Research and development institutions have been playing a key role in raising the standard of development within the sector. The National Research and Development Institute (NARI) has been in the forefront of new product development and improved cultivation techniques. The institution runs a weekly agribusiness advisory service.

Other domestic institutions include the Faculty of Agriculture of the University of Guyana, the Guyana School of Agriculture and the Regional Educational Programme for Animal Health Assistants (REPAHA).

The Caribbean Agricultural Development Institute (CARDI) is collaborating with the food and beverage sector under the Cariforum Agribusiness Research and Training Fund (CARTF).

#### **4.11. Consultancy services**

Opportunities for accessing private consultancy services by SMEs are limited on account of the costs associated with accessing such assistance. Generally, the business sector views such costs as an expense rather than an investment strategy in pursuing greater competitiveness.

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Consultancy services are generally secured through bi-lateral agreements which help to subsidize costs considerably. In this way, SMEs, whether as individual enterprises or groups, are able to access high-level consultancy services from individual as well as institutional consultants. Currently, the food and beverage sector is benefiting from consultancy services through the auspices of the following agencies:

- Cariforum Agribusiness Research and Training Fund (CARTF);
- Food and Agricultural Organization (FAO) milk pasteurization project;
- Centre for the Development of Enterprise (CDE) — herbal foods and industrial fruit processing; and
- Caribbean Export Competitiveness Project (CPEC).

#### **4.12. International donors and NGOs already involved in the sector**

The FAO is integrally involved in the dairy sector and was instrumental in the establishment of the pasteurization plant in Danzig.

The Organization of American States (OAS) has been the prime mover behind the opening up of the Intermediate Savannahs, a relatively new agricultural project that has made available some 600,000 acres of land that has already spawned some of the most important developments in the sector over the past decade.

Partners of the Americas (PA) is a United States based non-profit organization whose mandate is the transfer of technical resources from the United States to the agribusiness sector in Guyana. The organization is currently involved in the implementation of the Guyana Dairy Development Project. It is also involved in the non-traditional sector through a farmer-to-farmer programme.

The Inter-American Institute for Cooperation on Agriculture (IICA) is active in promoting and supporting hinterland agriculture. The agency has the added dimension of working with the indigenous segment of the population as well as with women's groups. Within a broader perspective, IICA has initiated the establishment of an enabling environment and an institutional framework within which the agricultural sector could be better organized and managed. In this regard, IICA has brokered the formation of the Caribbean Agribusiness Association (CAA) whose purpose, inter alia, is to foster dialogue among agro-entrepreneurs (including farmers).

## **5. Constraints**

### **5.1. Causes of project failure**

Research spearheaded by IICA's Cooperation Agency in Guyana (GuyCA) found that the six most often cited causes for project failure were:

- inadequate participation of the social partners and other stakeholders in the decision-making process;
- inadequately prepared human resources;

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- unavailable, uncertain, or inaccessible markets
  - non-competitive production;
  - inappropriate technology; and
  - misuse of natural resources.

The same research found that the occurrence of any one of these factors is sufficient to result in unsustainable activities and, consequently, project failure. Generally, the barriers and constraints faced by the food and beverage sector are not unlike those generally experienced by SMEs. The specific constraints faced by the food and beverage sector include:

- *Lack of access to affordable credit.* At the institutional level, interest rates hovering between 17 per cent and 25 per cent and the general cost of financing have proven to be onerous to SMEs. In consequence, the banking system is awash in liquidity (currently estimated at G\$65 billion, or US\$340 million) while the rate of bankruptcies is increasing, numbering over 800 companies over the past five years. The conclusion to be drawn at this juncture is that new investment has not occurred at levels commensurate with the absorptive capacity of the sector. The result is that low-level technology applications continue to prevail across the sector which is basically operating at less than optimum efficiency (the sector is estimated to be operating at an efficiency level of about 40 per cent, whereas it needs to be increased to about 80 per cent).
- The *high cost of financing* is compounded by the absence of a development bank and the lack of institutional capacity to evaluate and appraise agricultural projects effectively and generally to offer the long-term assistance required by the sector, particularly to those entities which are vertically integrated.
- Generally, *lending agencies do not seek out business in rural areas* and are unaware of the financial needs of farmers.
- At the enterprise level, the *high-risk nature of agricultural production* in an environment that is not supportive of its development (poor extension services, low-level production technologies, praedial larceny, droughts and floods, poor infrastructure, land tenure insecurities, lack of collateral, etc.) is not conducive to the procurement of lines of credit from the commercial banking system. At the same time, poorly defined property rights do not allow the use of assets as collateral.<sup>3</sup>
- *Infrastructural deficiencies* as reflected in the inefficient provision of government infrastructure services continue to prove detrimental to the development of the sector. Infrastructural deficiencies are manifest in poor water management, electricity supply, deteriorated feeder roads and land fragmentation.
- *Water supply.* The current situation in the water sector could be categorized as critical. The decline within the sector has so deteriorated that the company has recently enacted measures designed to cut back on the supply of this critical commodity. Such measures will have a serious negative impact on sectoral profitability as manufacturers are forced to disburse additional expenditure to acquire water storage and distribution capacity. The forecast is that the situation will worsen over the medium term. Though

<sup>3</sup> See H. de Soto: *The mystery of capital*, Basic Books, 2000.

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significant progress has been achieved over the past decade, the agricultural sector continues to be plagued by inadequate drainage and irrigation facilities.

- *Electricity supply.* As a consequence of poor electricity supply and increasing costs, many companies have been forced to pursue self-generation, further adding to production costs and affecting profitability. Despite foreign intervention in the sector, conditions have worsened considerably over the past three years and the forecast is that the situation will continue in the long term.
- *High shipping costs/inadequacy of port facilities.* It has been estimated that Guyana's competitiveness from international trade is significantly reduced as a result of high shipping costs brought on by inadequate port facilities. A recent study points out that the average cost of shipping goods from Guyana to the United States (a principal market) is equal to 11.5 per cent of the value of goods, compared to 3.3 per cent for goods from all other sources, and 5 per cent from countries in the Caribbean basin. The study found that the inadequacies of Guyana's ports account for a 30 per cent increase in the cost of production of the country's exports.

The *inadequacy of port facilities* is reflected in the following features:

- The shallowness of the vessels coming into Guyana with or without cargo have to ensure that they have certain draught to safely enter the main Demerara port. Ships coming from the Far East usually discharge their cargo for Guyana at transshipment ports in other states (for example, Trinidad and Tobago). Smaller feeder vessels bring the cargo to Guyana from these transshipment points, thereby increasing freight and associated costs.
- Shipowners are inclined to raise their chartering rates on account of the risks involved when their vessels come to Guyana. Marine insurance companies are also inclined to do the same for cargo destined for Guyana.
- Vessels may be "topped up" with additional cargo at an anchorage in the river before departure. However, this increases the operational costs because of the need to hire barges and tugs as well as the time involved in the operation.
- The inability to use larger vessels (which would be cheaper to charter) means that smaller vessels have to be chartered which increases the cost of both imports and exports. Larger vessels are able to carry much more cargo while consuming less fuel, thereby making such imports/exports cheaper.
- The lack of cargo-handling facilities also increases the rates for shipping containers and conventional cargo: the faster a ship is able to discharge cargo and hence decrease the turnaround time, the less money the company chartering the vessel has to pay.

An official of one major shipping company is of the opinion that too many ships are competing for cargo coming into Guyana. In his opinion, even if the inadequacies are to be successfully addressed, the current volume of exports may not necessarily justify the efforts and costs involved to update Guyana's port facilities.

The construction of a deep-water harbour is under consideration for Guyana and is likely to be financed by a consortium of investors secured by Guyana and Brazil as part of the Guyana/Roraima integration project. It is expected that this port would provide overseas access for Brazilian goods at cheaper rates, which would mean full use of the port.

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## 5.2. Food safety

From a technical perspective, while food production is in a healthy state, a new constraint on food trade has arisen, that of food safety. Insufficient food safety practices are viewed as an impediment to Guyana's exports of vegetables and processed products. The Government Analyst's Department, faced with several constraints (finances, laboratory facilities, staffing), lacks the necessary capacity to effectively oversee all stages of food production, and the staff of that department seems to concentrate its activities on microbiological surveillance of retailed food.

Although the Guyana National Bureau of Standards (GNBS) is the body responsible for ensuring that food producers adhere to internationally accepted practices, the food production subsector remains largely self-regulated. However, quite often, international requirements for locally produced processed foods are higher than the GNBS mark. Local plant capacity is too small to afford the capital outlay that would be needed to satisfy the requirements for stringent international standards. If the country is to become a significant player in the international food trade market, it must establish food safety institutions and policies that reflect the consumer interest of the importing countries.

## 5.3. Post harvest

Better organization in the agricultural sector will reduce post-harvest losses. Post-harvest technology is still in the rudimentary stage, a situation which makes it difficult for Guyana to compete in a globalized environment.

## 5.4. Ineffective marketing

From a marketing perspective, taking into consideration, first, that CARICOM's annual food import bill has been estimated at approximately US\$3 billion and, second, that Guyana's market share is insignificant, only underlines the ineffectiveness of the food sector in marketing its products. Export volumes of non-traditional crops are channelled mainly through the initiatives of small farmers rather than through organized, adequately financed operations. The traders often negotiate prices with farmers on a shipment-by-shipment basis, an arrangement that does not encourage large-scale and long-term investment. This means that the subsector is largely self-regulated and is also robbed of the benefits to be derived from adhering to internationally accepted quality control standards.

The lack of market intelligence and limited exposure to export markets have not allowed the sector to achieve its full potential. Even though the NGMC provides an important service in helping companies access international markets, it is itself limited institutionally to reach beyond a limited marketing range.

Recent developments sound an urgent note with regard to the need to generate greater market information and the capacity of the sector to access such information. Market surveys covering fresh produce, agro-processing, fish and seafood, and meat have been developed through the collaborative efforts of the Guyana Office for Investment, the NGMC, and the United States Agency for International Development (USAID). Under the GEO (Global Environment Outlook) Project, reconnaissance surveys have been completed for Toronto, New York City, London, Barbados, Trinidad and Tobago, St. Lucia, Antigua, Guadeloupe, Martinique, St. Martin and northern Brazil. The results of these surveys have been widely disseminated across the country. An impact assessment will need to be conducted in order to determine the effective use of the information.



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## **5.5. No control over cost of inputs**

From an operational perspective, farmers have no control over the cost of many vital inputs in the agricultural sector (fertilizers, pesticides, fuel, energy and power, tools, machines and transportation).

## **5.6. Dumping**

From the perspective of the globalized marketplace, rich countries continue to use non-tariff barriers to protect their farmers, particularly in the form of subsidies. Consecutive domestic administrations have failed to add value to agricultural products and have therefore borne the brunt of the long-term and steady declines in prices of agricultural commodities. After ten years of structural adjustment policies imposed by the International Monetary Fund, locally produced food and agricultural commodities receive very little or no subsidy or support from the Government. As a consequence, the richer countries dump their cheaper commodities on poor countries like Guyana. The huge subsidies allocated to farmers in the rich countries make it very difficult for Guyanese farmers to export agricultural commodities to those countries or to prevent surpluses generated by such subsidies from being shipped to Guyana with damaging effects on the agricultural sector in that country.

In its country strategy report for 2002-05, it was noted by the Inter-American Development Bank (IDB) that “a major obstacle to the development of the private sector was the weakness of the legal regime.” In the bank’s estimation, policy reforms are urgently required to reduce transaction costs; promote trade, investment and competitiveness; and foster private sector participation, opportunities and diversification, while ensuring the sustainable use of natural resources. The report contends that significant investment would only materialize if legislation and contracts were enforced and business practices, regulations and incentives clear and predictable. To address this issue, the Bank plans to provide technical assistance for the establishment of a commercial court in Guyana.

## **6. Implications for trade and investment in terms of policies and requirements of economic groupings**

A recent CARICOM study (focusing on changes in the Common External Tariff (CET) for agricultural products in CARICOM) indicated that intra-CARICOM trade continued to comprise a small share of intraregional agricultural trade of all groupings in the Latin American and Caribbean region. At the same time, processed food imports constitute a significant share of the CARICOM food import bill. The implications for trade and investment in the sector have to be evaluated against the background of the current food import bill of CARICOM, estimated at between US\$2 billion to US\$3 billion and the huge opportunities for investment in the agricultural and agro-processing sectors in Guyana. Herein lie tremendous opportunities for the sector to capture a significant share of this relatively huge demand, while at the same time opening up opportunities for investment, both domestic and regional in developing the productive capacity of the sector to meet this demand.

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## 6.1. Caribbean community (CARICOM)

One of the principal economic organs of the Community is the Council for Trade and Economic Development (COTED) which was established primarily for the promotion of trade and economic development of the Community and which oversees the operation of the CARICOM Single Market and Economy (CSME) which will be discussed in detail later. The formation of COTED followed concerns regarding the continued entry of extra-regional goods into the Community which could be produced in the region. The specific mandate of COTED is to take all reasonable steps to remove any restrictions on goods of Community origin. Among the regime of actions designed to address impediments are:

- member States are required to submit a plan of action with regard to removing restrictions;
- member States are invited to report on action taken by them to remove restrictions on goods of Community origin;
- member States are subject to audit in order to determine their capacity to meet market demands;
- appropriate waivers are considered;
- mechanisms have been put in place for member States to seek redress for trade infractions, and dispute resolution is pursued through the good offices of the CARICOM secretariat;
- application of sanctions to member countries applying restrictions with respect to intraregional trade; and
- member States are urged to implement regional standards.

## 6.2. Country initiatives

The following developments attest to the effectiveness of COTED as a mechanism for levelling the playing field in the region's economic space:

- Grenada has taken action to effect the removal of the discriminatory environmental tax on bottled water.
- Belize has reported on action to remove the discriminatory revenue replacement tax on fruit juices and ice cream.
- Guyana has been pursuing the removal of discriminatory environmental tax on non-returnable beverage containers.
- Saint Vincent and the Grenadines has been pursuing the removal of import licensing regime in respect of malt and stout. The Council explained that review of the relevant legislation fell within a tariffication process which was under way and that Saint Vincent and the Grenadines had been working towards ensuring compliance with its decision.

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### 6.3. The CARICOM Single Market and Economy (CSME)

The CARICOM Single Market and Economy (CSME) represents a policy instrument that offers a unique opportunity for both trade and investment in the sector in terms of both increasing intraregional trade as well as reducing the food import deficit. The CSME envisages the removal of barriers to trade facilitating the free movement of regional services and goods. By removing barriers to trade in goods and services and opening up new market opportunities for over 6 million (14 million if Haiti is included), the CSME will stimulate growth and add to the potential of the sector.

Increased trade will be facilitated with the total removal of import duties, tariffs and quantitative restrictions on goods of CARICOM origin. In essence, the treatment of intraregional imports will be different from those coming from the rest of the world.

From an investment perspective, the CSME will trigger the removal (by member States) of all impediments that would restrict the access of nationals to land, buildings and other property. This not only opens up new opportunities for intraregional investment, but also opportunities for joint ventures. Furthermore, all citizens of the region, regardless of nationality, will enjoy equal rights to purchase shares in any company in any member State of their choosing and also to have access to property either for residential or business purposes.

Investment incentives under the CSME will be aimed at creating a level playing field, a favourable business environment aimed at attracting investors both regionally and internationally. The regime will achieve those ends through the removal of differences and all restrictions to trade among CARICOM countries. In this respect, previously closed markets will be opened to producers, manufacturers and business people, and they will be subjected to the same taxes as national producers and manufacturers.

For business people the CSME will mean improvements in market access across the board, including agriculture and agro-processing as well as investment facilitation through the removal of bureaucratic barriers (red tape) and non-discrimination in the granting of incentives among Community nationals. There will be harmonizing of national incentives to investment in the industrial, agricultural and service sectors. For business people, the incentive regime under the CSME will include:

- the removal of import duty on goods of CARICOM origin;
- the free movement of capital;
- reduction in the cost of production;
- the removal of tariffs and quantitative restrictions by all member States;
- the creation of opportunities for investment previously unattainable; and
- the establishment of companies in the most favourable conditions for their particular sphere of economic behaviour.

Human resource development issues affecting the investment environment would be facilitated by policy measures relating to the right of workers to enjoy similar benefits and rights as regards conditions of work and employment as those given to national workers in the country of origin.

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From a fiscal perspective, the movement of capital across the region will result in increased investment opportunities and will promote investment. Under the CSME, the regime of options would include: electronic transfers and other financial transactions without having to obtain prior authorization; the easy convertibility of currencies; and the coordination of exchange and interest rate policies.

The free movement of capital will allow investors to diversify portfolios regionally and to share in the best performing firms. These measures will in turn increase the attractiveness of the region as an area for investment by regional and non-regional investors. Generally, no new restrictions can be added and the restrictions that already exist will be removed.

Open trade and investment policies are necessary to create a market-driven and competitive environment. Under the CSME, competition will be promoted and maintained. This will enhance intraregional trade as well as extra-regional trade. Domestic companies will be required to become highly competitive and to meet international standards for quality and performance. Anti-competitive business conduct such as cartels (the fixing of selling prices), artificial dividing up of the market, restriction of supply sources, will be eliminated and procedures set in place to control bid rigging and predatory pricing.

Quality standards within the sector will have to conform to a new dispensation. Provisions will be made for agreed regional standards for the production of goods throughout the region. This will mean that producers and manufacturers will have to aim for high standards of products.

#### **6.4. The Common External Tariff (CET) and the CARICOM Rules of Origin**

The Common External Tariff (CET) and the CARICOM Rules of Origin regimes have a shared objective: the development of regional production and the optimum utilization by CARICOM manufacturers of regionally available materials and inputs in the production process.

Always of importance to member States are the matters relating to intraregional trade in goods, the operation of the CET and the Rules of Origin, the removal of restrictions, and the establishment of standards. Newer issues relating to services, intellectual property, e-commerce and government procurement are increasingly appearing on the CARICOM agenda. The experiences of agro-processors and primary agricultural producers, however, suggest the need for reform, particularly with a view to eliminating a number of inconsistencies between the provisions under the CET and Rules of Origin regimes.

#### **6.5. MERCOSUR**

MERCOSUR is a customs union launched in 1991 by Brazil, Argentina, Paraguay and Uruguay. In 1996, Chile and Bolivia became associate members by signing free trade arrangements with MERCOSUR. MERCOSUR constitutes the fourth largest economic entity worldwide after the European Union, the United States of America and Japan. It has over 200 million consumers and boasts a combined GDP of approximately US\$1 trillion. Guyana signed a Memorandum of Understanding with the economic grouping in 2001.

It would appear that Guyana's private sector has responded enthusiastically to the prospect of closer ties with the economic grouping. This has been made easier by the fact that the country shares borders with two major Brazilian states of Amazonia and Roraima,

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and strengthening links with these two states is viewed as a jump-off point from which to strengthen ties with both Brazil and the economic grouping.

The expanding external agenda of MERCOSUR (which is aimed at strengthening and diversifying its links with other regional groupings and individual countries) is viewed as improving the prospects of an ever-enlarging market, thus providing greater opportunities in terms of trade and investment. Guyana's ability to maximize on trade with MERCOSUR will be improved with the construction of the road to Brazil. Its trade liberalization policies and democratic values are also seen as essential assets.

## **6.6. Free Trade Area of the Americas (FTAA)**

As the CARICOM region becomes more integrated in the wider Caribbean and the hemisphere, it would need to position itself to take full advantage of new opportunities in the emerging, more competitive environment in the wider region. Currently, 50 per cent of CARICOM's exports to North America passes through Florida. It is expected that this trade will grow absolutely and proportionately with the establishment of the FTAA.

The FTAA is an endeavour which strives to liberalize trade within the western hemisphere and integrate the economies of 34 countries. The first Summit of the Americas, held in Miami in 1994, made a commitment to establish by 2005 the Free Trade Area of the Americas which would seek to eliminate barriers to trade and investment in the western hemisphere. The members of the regional grouping agreed to conclude agreements on several issues, including:

- tariff and non-tariff barriers to trade in goods and services;
- agriculture;
- subsidies;
- investment;
- intellectual property rights;
- government procurement;
- safeguards;
- anti-dumping and countervailing duties;
- Sanitary and Phyto-Sanitary (SPS) standards and procedures;
- settlement of disputes and policy on competition;
- competition policy;
- standards and technical barriers to trade;
- smaller economies;
- market access; and
- customs procedures and rules of origin.

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Since measures for the implementation of the FTAA are already under way, Guyana needs to adjust its institutions accordingly. Notwithstanding the importance of the other issues, the major consideration at this time revolves around the relatively small size of the country. The challenge for Guyana is how to develop a set of arrangements which can accommodate the complexities arising from the wide variations in the size of the countries pledging membership to the FTAA, e.g. United States and Guyana. Significant differences also exist between developing countries (e.g. Brazil and Guyana). As the FTAA gradually takes shape, the smaller member countries like Guyana will need to take steps to protect their full sovereign and economic rights as independent economic entities. In essence, the country needs to take urgent steps towards improving its infrastructure and correcting the deficiencies which inhibit the preparedness of small economies to deal with the process of free trade. In Guyana, the private sector needs both assistance with access to credit at reasonable interest rates so as to be able to retool as well as the type of technical assistance which will assist manufacturers to become more competitive in terms of modernization of production, technology, marketing and management.

## **7. The role of social dialogue**

### **7.1. A strategic ILO objective**

As one of the four strategic objectives of the ILO, social dialogue is not only an essential vehicle for good governance but an instrument for participation and accountability for all stakeholders. In practice, social dialogue means all types of negotiation (including collective bargaining), consultation or simply exchange of information between representatives of governments and employers and workers on questions of common interest with regard to social and economic policies.

### **7.2. Ownership of concerns in wider national interest**

The rationale for promoting social dialogue in Guyana has been succinctly defended by noted Guyanese and Caribbean economist Dr. Clive Thomas (Stabroek Business, 1 August 2003) where he declares the inability of the country to achieve sustained economic growth without a national broad-based consensus. Thomas argues that there is an urgent need for a sense of political direction as well as a consensus opinion that would allow the country to develop: one of the virtues of such dialogue is that it affords the partners a chance to take full ownership of their common concerns in the wider national interest. Social dialogue represents a pro-active approach which may have the further advantage of warding off adversarial attitudes or industrial action.

According to Thomas, the inability of Guyana so far to become a significant player in the world economy is a consequence, first, of the inability of the Government to attract substantial foreign investment and, second, the social and political conflicts plaguing the country, stressing that the pre-requisite for the domestic economy to turn around was a national, broad-based consensus at the political level. He advocated a concerted effort to resolve most of the related problems standing in the way of progress before the next elections (due in 2005), since if they remained unresolved the country could well experience another period of debilitating political and economic instability.

### **7.3. A crisis of governance?**

The unsatisfactory state of governance in Guyana was underscored in a recent World Bank report which declares that the country is suffering from a “crisis of governance”. For

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Guyana to return to economic recovery, the Bank says that the country has to pursue policies of “social cohesiveness and political inclusiveness” as well as improve the investment climate. That crisis of governance led to a number of negative consequences, one of which was to discourage investment. At the present juncture, current social dialogue in Guyana is a major attempt at consultation to broaden the discourse on the challenges of development and social stability in the country. The primary objective of such dialogue has been to examine the causes of divisiveness and the establishment of mechanisms to resolve them.

The stage for the current social dialogue process was set in 2000 with the holding of the first and, so far, only Presidential Summit with the private sector. The private sector subsequently sought to play a role of arbitrator in attempting to bridge the divide between the main political factions. This process has evolved to an ongoing dialogue between the Government and main opposition party and is embodied in a communiqué signed between the country’s President and the leader of the opposition party.

The major stakeholders overseeing this process include representatives from the international and bilateral donor agencies, the Commonwealth Secretariat, and civil society organizations including the Guyana Bar Association, the Private Sector Commission, the Guyana Trades Union Congress and major religious bodies. That the process has been established and is proceeding somewhat smoothly is a significant step forward in an environment which only too recently bordered on anarchy.

#### **7.4. Guyana’s social dialogue agenda**

- *Political instability* ranks as the greatest single impediment to social and economic progress in Guyana. This has led to demands for and the subsequent generation of constitutional changes leading to greater inclusiveness in governance issues. The Government and political opposition have established the mechanisms for continued dialogue at the highest levels.
- One area which will increasingly attract attention in Guyana is that of *economic governance*. A recent IMF report on the shadow economy has alluded to more than substantial levels of corruption in the economy. The latest World Bank report (23 June 2003), seen as a watershed report, has painted a damning picture of economic governance in the country. The report emphasizes the importance of the dialogue process and will no doubt influence its acceleration.
- Studies conducted by the World Bank and the International Monetary Fund (IMF) have pointed to *weaknesses in the management of aid* disbursed to Guyana. In this sense, government procurement policies and transparency issues related to the operation of the Tender Board have surfaced as major national issues.
- The Investment Bill currently before the National Assembly is a prime example of the fact that *investment and trade issues* are viewed as critical by the architects of the process and that the social dialogue process is functioning. The Bill was effectively cleared by civil society (the Private Sector Commission) and has been referred to a Select Committee which is an outcome of the process of constitutional change. Business analyst, Christopher Ram (Stabroek Business, pages, 31 August 2003), quite correctly observes that while an Investment Act is no guarantee of investment flows, it will bring some measure of certainty to an approval process which has so far been largely politically driven and therefore largely unsuccessful.
- The establishment of an Ethnic Relations Commission is seen as an attempt at addressing issues of *social instability* that have served to destabilize an already fragile

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investment climate. Persistent ethnic-related problems have led to communal violence and other anti-social developments. The Commission is a direct outcome of a communiqué between the President and leader of the opposition.

- The alarming incidence of *money laundering* fuelled in large measure by a flourishing illegal drug trade and its relationship to the underground economy has led to the enactment of the Money Laundering Prevention Act. A recent study by former IMF official Ebrima Faal estimated that the underground economy is almost equal to that of the country's GDP. As a result, official statistics become unreliable, if not meaningless, making policy setting a difficult task. While social dialogue is not expected to eliminate the underground economy, the implementation of policies to reduce the size of that parallel economy is an anticipated outcome.
- The relationship between *employment and human resource* development is of major concern to the social dialogue stakeholders, particularly against the background of globalization. Job creation and employment opportunities have therefore surfaced as key issues. Youth development and skills upgrade projects have been agreed upon by the social dialogue partners.
- Guyana has been reported as having the *second highest level of HIV-AIDS* among CARICOM member States (after Haiti). This development has galvanized the social dialogue process into addressing this debilitating pandemic. The high and growing incidence of the disease is seen as having a negative impact on the country's ability to meet its future employment demands, given that the most vulnerable group is found in the 20-35 years age category.

Generally, the social dialogue process in Guyana is seen as a major attempt at consultation with the private sector, trade unions and other non-state actors to broaden the discourse on the challenges of development and social stability facing the country. Among other objectives, it hopes to explore the role of civil society (Ethnic Relations Commission) in designing and implementing strategies to ensure the realization of the goals of integrating the society into the changing global environment while examining the causes of divisiveness and establishing mechanisms for resolving them.

## **8. Short-, medium- and long-term strategies to promote the development of the sector**

Within the next decade, the food and drink sector has the potential to become the largest contributor to the country's gross domestic product (GDP). The new global trade arrangements will inevitably lead to a decline in the sugar and rice sectors which currently benefit from preferential tariffs in the EU market and are currently under pressure from the WTO, in addition to the fact that the bauxite sector has already suffered a debilitating reversal and is unlikely to resurface as a major industry. Those considerations apart, the country possesses some comparative advantages that would influence its achievement of the said objectives. They include:

- the availability of significant amounts of cultivable lands for the cultivation of agricultural raw materials and for animal husbandry;
- a tradition of producing and manufacturing food for the export market;
- a generous incentive regime;
- underutilized factory space; and



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- high-level (regionally recognized) technical agencies, particularly on the cultivation side, in addition to access to networks of international technical assistance.

## 8.1. Short-term considerations

Guyana is rich in resources, with a solid skill base of SME producers in the food and drink sectors. However, the lack of a substantial policy for SME development does not augur well for the development of the sector. While there are many actors and stakeholders who are in a position to provide support, they are neither coordinating their efforts nor sharing their resources. To achieve that end, a key policy formulation measure would be the constitution of an appropriate forum aimed at putting the sector on an organized footing, institutionalizing commercial and production linkages. This objective could be pursued within the framework of a national workshop, bringing together, among others, the following constituents:

- farmers;
- manufacturers;
- chambers of commerce;
- government representatives (from the related ministries and agencies);
- domestic and international financial institutions;
- marketing institutions;
- international distributors and marketers;
- local and international technical assistance agencies;
- shipping agencies;
- food certification bodies; and
- international standards bodies;
- bilateral funding and international organizations (e.g. Centre for the Development of Enterprise, Proinvest, ILO, OAS).

Funding for such a forum, which could be sourced from a number of donors through their technical cooperation programmes, will inevitably have long-term positive effects on the development of SMEs if the following issues are first addressed:

- Subsectoral organization is a highly desirable objective at this juncture in the sector's development. Because the subsectors are largely unorganized, they are unable to take advantage of available resources, both financial and informational, which could enhance overall efficiencies and open up new market opportunities.
- At the present juncture, SMEs are confronted with an "image" problem as viewed by society in general. For the most part, SMEs are not viewed as "serious" business. A concerted media campaign may help to enhance the image of the subsector and at the same time allay the fears of those who are hesitant to start businesses on account of their perception of the sector as burdened with high risks and problems.

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- As non-traditional agricultural products become more and more visible in international trade, issues of compliance in terms of product standardization, authenticity, food safety and quality assurance are assuming increasing importance for certification and approval of imports by major markets, and for determining the competitiveness of agricultural exports. The key determining factors lie in the integrity of the source raw materials, in terms of traceability to sources of supply, consistency and quality of harvests, the use of pesticides and other agricultural chemicals. Such traceability will carry significant implications for fresh produce and processing plants in terms of compliance with premises and operations in conformity with international standards of good manufacturing practices and compliance with environmental standards. The sector therefore needs to pursue policies that would enhance knowledge in the areas of quality control, i.e. the development of private sector capability to strengthen ISO and Hazard Analysis and Critical Control Point (HACCP) training. The ability of the agricultural and agro-industry sectors to establish and implement the required standards depends heavily on the existence of institutions which are well equipped to provide the necessary technical, legislative, policy, education, training and marketing support at all levels. As such, there is a critical need to strengthen capacity in research and technology development for new and innovative agricultural crops and processed commodities.
  - Technical assistance to SMEs would include:
    - support for product design, development and production;
    - ensuring that orders are produced in a timely manner; helping source cost-effective raw materials and production credit; grouping producers to fulfil large orders;
    - proper order fulfilment;
    - providing cost and price estimates;
    - quality control;
    - safe and attractive packaging;
    - shipping and customs procedures; and
    - ongoing communication and customer service.
  - Given that the small and micro enterprises lack the resources to meet the cost of establishing international standards such as HACCP and ISO, a useful interim measure would be to strengthen the Government Analyst's Department so as to develop good manufacturing practices.
  - Special incentives to encourage the pursuit of organic agricultural production. This will help the country establish some comparative advantage in the natural foods market through niche marketing. Organically grown raw materials will also contribute towards improved quality and profitability within the beverage subsector. The focus of the sector on high value, niche commodities targeted at specific markets is consistent with the recommendations of numerous studies conducted within recent years on the state of competitiveness of the country's agriculture.
  - Efforts should be directed at improving the productivity of farmers by:

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- providing assistance in appropriate and profitable farming methods and by helping farmers have access to high and robust varieties and animal breeds;
  - encouraging long-term investment by the private sector;
  - ensuring that farmers have a higher proportion of the final price through improvements in post-harvest techniques and group buying and selling;
  - increasing market access by improving the road and transportation networks; and
  - preventing the development of monopolies.
- The compilation and publishing of a Food Products Directory for regular distribution would not only represent a historical precedent, but also a critical component of the sector's restructuring and an important marketing resource.
  - Bringing the sector closer to centre stage would also be facilitated by heightening the awareness of the public sector (employees and officials) about the peculiarities of the sector: officials at the Customs Department are sometimes unaware of the sterile condition of products guaranteed to buyers when conducting routine examination of exports.
  - SMEs in agriculture and agro-industry need to be strengthened with respect to financial management and overall business management. Specifically, encouragement should be given to the application of modern financing techniques to enable small operators to develop their own business plans, enhance computer literacy and accounting training.
  - The state, as a major procurement agent, should set aside a percentage of its annual requirement for food and beverages to SMEs. That would represent a substantial income stream for small operators in both the food and the beverages subsectors. Demand sources include hospitals and health centres, the armed forces, school feeding programmes, penal institutions, etc.

### Case study No. 1

#### The case of the coffee growers at Wakapoa

Five years ago the community at Wakapoa, located five hours from Georgetown and accessible only by small boat, was a typical economically dormant village in the north-western region of Guyana. Uncertain markets and non-competitive prices led to the virtual abandonment of the Liberica coffee farms. Today, the village of some 2,500 persons has developed a coffee producers' association, two wet processing coffee plants with drying floors, a ground coffee processing unit, trained farmers, and are rehabilitating some coffee farms. Wakapoa Gold, their brand of ground coffee, is currently sold in Georgetown's supermarkets and in the United States.

The metamorphosis of this agro-community was achieved through a number of interventions. Assistance was provided in studying and understanding the production and marketing systems in Guyana and identifying local and external markets for Liberica coffee. A marketing specialist attached to the Inter-American Institute for Cooperation on Agriculture (IICA) visited the community and took samples for roasting and test-marketing in the United States. The results were positive and the first, relatively substantial orders were secured at premium prices. IICA also provided support in transferring processing technology and equipment and training in production technology.

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## 8.2. Medium-term considerations

A major plank of survival in the global marketplace will be the ability to supply the market in a sustainable manner with innovative and creative products. In terms of specific crops, the current production of broccoli, cauliflower, carrots, honeydew melon, cantaloupes, rambutan and cucurbits represents new crop development, but so far this has been the result of private initiatives and not a consequence of a sectorally driven policy.

In terms of what is processed, Guyana's agro-products are similar to those produced in many other Caribbean countries, but domestic producers do not invest in new product development. The provision of special incentives to encourage the pursuit of product development and value-added production, particularly in the area of secondary product development (waste utilization) would represent a useful strategy.

### Case study No. 2

#### The poultry industry

The poultry industry in Guyana is currently valued at approximately G\$2 billion and growing rapidly. However, the industry is only a primary producer of meat and eggs. There are no other value-added activities nor any policy in place to encourage them. As a consequence, major by-products such as sausages are imported in large volumes. The sector can also increase its value through the production of glue, feedstock/meal and handicrafts.

### 8.2.1. Foster linkages

Policy formulation to foster linkages between the cultivation and manufacturing sectors should be vigorously pursued. As a first measure, farmers should be sensitized to the needs of agro-processors in the area of post-harvest handling and raw material development. This task could be completed with inputs from the NGMC, the Guyana Manufacturers' Association, and the Ministry of Agriculture.

### 8.2.2. Transport

Particular attention and encouragement should be directed to promoting investment in the area of agricultural transport. A gross deficit in this area has meant extreme disconnection between the areas of cultivation and the end users, often resulting in significant year-round losses.

### 8.2.3. International markets

Many companies declare that their objective is to gain access to international markets. However, they require financial and other forms of support to pursue that objective. As a policy measure, some appropriate form of subsidy could be offered to motivate companies to establish export consortiums. Such consortiums would facilitate the formation of strategic alliances for more effective marketing. Such alliances would achieve economies of scale and strategic advantages with respect to:

- achieving a market presence;
- marketing a product mix which is diverse and innovative;
- purchase of raw materials;

- design and customization of packaging materials and labels which meet the regulatory requirements of the diverse markets which agro-processors currently supply;
- strengthening the subsectors; and
- creating intersectoral linkages.

Because the food and drink sector is poised to grow more rapidly in the near future, more detailed information is required on SMEs operating in the subsectors in order to facilitate their development. Establishing a national database for the food and drink sector would make it possible to address issues including the number, types and structure of operations in each sector, both cultivation and processing. A survey would first need to be conducted to investigate constraints affecting them, to determine whether regulation is limiting their ability to prosper, and specific financial issues, among others.

### 8.3. Long-term considerations

First, a deliberate policy should be formulated to promote the development of plantation-scale production by the private sector, essentially as a means to establish vertically integrated operations or as a means of marketing to established manufacturers. In this sense, the Government will need to undertake agro-climatic surveys that will provide information on production conditions. That information should be made available to investors.

#### Case study No. 3

##### Why projects fail

Concerned with the difficult conditions in the hinterland and the fact that too many "development" projects fail, IICA's Cooperation Agency in Guyana (GuyCA) focused on why they fail. Over two hundred causes were identified and listed in six categories: political, institutional, social, economic, technological and environmental. Based on the many causes of project failure and these six categories, in 1994 the GuyCA began work on the development of a model for Sustainable Agricultural and Rural Development (SARD) in Guyana.

The establishment of information centres would address directly the problem of supplying information to SMEs, which is a national phenomenon. Although there is much that the entrepreneur should be aware of, there are no solid conduits for the information related to assistance, market opportunities, regulations, new technologies, etc. Information centres would act as clearing houses for written and electronic information and could provide signposting: they would be able to refer the entrepreneur to an agency, organization or person who is the source of the information needed. The most likely possibility would be to develop the centre from an existing organization, and in the future the centre could evolve into a self-sustaining, independent body that can provide a wider range of services to SMEs.

There is a definite need for cold storage facilities especially since critical air transport is extremely deficient. Investment could be encouraged in that area.

Second, the imposition of some import controls and/or changes in import tariffs for vertically integrated operations should be considered. Such protection may have a finite period during which the protection will be scaled down.

The timeframes suggested for the pursuit of development strategies have been based on the following considerations:

- the ability to finance the actualization of recommendations;
- the gestation period between recommendation and compliance (allowing for some flexibility of enterprises); and

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- the time required to enact appropriate legislation.

The key issue remains formulating a national strategy to facilitate the integration of the thousands of cottage and small enterprises into a single, national structure which would support the overall development of the food and beverage industry.

## 9. An overall appraisal of the situation prevailing in the food and drink sector

A conservative measure of the state of the current situation in the food and beverage sector is one where the industry could be deemed to be operating at approximately 20 per cent of its full potential as a producer and distributor of quality goods and services. Much of this “progress” has been achieved as a result of private sector initiative rather than as a result of carefully designed and implemented policy measures. Clearly, the food and beverage sector within Guyana’s SME sector cannot rely solely on market forces for its development: policy intervention is required. The sector is struggling and is in dire need of concerted efforts for its development. Lessons may be learnt from the case of the Australian food and beverage sector.

### Case study No. 4

#### The competitiveness of the Australian food and beverage industry

The Australian Academy of Technological Sciences and Engineering conducted a series of studies on the competitiveness of Australian industry, one of which is the processed food and beverage industry.

The study revealed that joint Government and industry initiatives over recent years have significantly contributed to increasing awareness within the food industry, and have increased commitment to improving the industry’s performance, for example in innovation, quality and management, and pursuit of international best practice. The Federal Government’s Agri-Foods Strategy is a key factor in efforts to achieve a target of \$7 billion in highly processed food exports by the end of the 1990s. Most importantly, the Agri-Food Strategy and the Agri-Food Council have provided a vision for the industry and a focus around which progress can be made and issues addressed.

Case study No. 4 highlights the need for a concerted effort of collaboration between the public and private sectors, the articulation of a clearly defined strategy, and the need for a long-term vision for the sector.

The absence of a collaborative effort between the Government and private sector and the lack of a clearly defined vision has resulted in a situation where the degree of added value is extremely low. This situation is even more pronounced given the extreme importance of agriculture to the Guyanese economy.

It has been estimated by the Guyana Office for Investment (GO-Invest) that secondary food processing accounts for approximately 10 per cent of overall food processing. This is reflected in the limited range of products available for both the export and domestic markets. Indeed, the range of products has actually declined significantly from that of the import substitution era of the 1970s.

### 9.1. Range limitation

The current product range is limited in two senses.

The first has to do with range limitation within specific product groups. The example of jams and jellies is illustrative of this type of limitation: although the sector has been

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traditionally producing fruit jams and jellies, there has been no attempt at mixed fruit jams or, say, marmalade. Packaging has been essentially in glass jars. There has been no attempt at packaging for market niches such as hotels and airlines. This case is reflective of a general trend: for instance, no secondary processing is done with seafood (to produce pâté, shrimp cake, etc.) or bread products (white and whole wheat are the two main varieties produced and distributed locally). The second type of limitation further extends to the absence of products from traditional food groups such as fancy foods, pre-cooked foods, baby foods, and health foods.

There has been a recent noticeable movement towards the reversal of this trend based on the number of new product proposals which have been proposed for either grant or loan financing. They include:

- coconut cream;
- coconut cream tablets;
- sweet potato fries;
- mushrooms;
- cauliflower;
- broccoli;
- honeydew melon;
- rambutam (an exotic fruit, the pulp of which is used in the preparation of ice creams and drinks);
- ham and bacon;
- cheese;
- fruit cheese;
- cashew nuts;
- pasta;
- guava cheese; and
- herbal teas.

## **9.2. Scale of competition**

The beverage sector is very competitive. However, its competitiveness is not generated by domestic competition, but largely by commercial imports, particularly from Trinidad and Tobago. In addition, the major domestic producers have even been augmenting their own brands by adopting brand representation. Further evidence of the scale of competition has been attributed to that of consumer preference for the non-returnable form of packaging rather than the returnable, and the unit cost increased due to the additional cost of packaging (attributed to the Chairman of the DDL Group of Companies, one of the two largest beverage manufacturers).

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While there has been a slight shift towards increasing domestic output (such as the recent commissioning of a US\$2.5 million juice plant and a new beverage line by Continental Agencies Ltd.), such a level of competitiveness is likely to remain over the coming decade. This forecast is based on the consideration that domestic producers are likely to target the export market given the saturation on the domestic market, the lack of a vibrant tourism sector, and the liberalization of the Guyanese economy. The beverage sector seems set for continued development. The commissioning of the DDL and Continental projects seems to have generated a trend for medium to large-scale investment. Potential projects include industrial-scale operations for mixed tropical fruit juices, pineapple juice, acerola nectar products and canned coconut water.

### **9.3. Product development**

There is no reason, given the country's broad agricultural base, why rapid expansion within the food products sector cannot be achieved over the medium term. Potential products include:

- rice by-products (cakes, cereals, baby food, flour, biscuits, seasoned rice);
- banana by-products (sweets, candy);
- plantain (chips);
- pre-cooked foods;
- milk-based products (yogurt, cheese, flavoured milk);
- health foods, e.g. eggs with lower cholesterol, leaner pork and poultry, more healthful vegetable oil;
- exotic juices, e.g. soursop juice; and
- fruit wines.

Product development will depend heavily on the ability of the Government to direct the relevant incentives to the sector in order to encourage the pursuit of value-added activities. Since there is currently no export marketing strategy or any marketing strategy for that matter, this should spur marketing initiatives required to introduce these new products to a discriminating market.

The fact that the country is a marginal producer of certain agricultural commodities should further influence product development activities. Bananas fall into that category: the country is never going to be a major player on the fresh market for bananas. Thus value-added would seem to be a logical way forward.

### **9.4. From niche markets to high value**

Currently, the sector could be regarded as niche-oriented. Entrepreneurs engaged in local agro-processing are generally motivated by identifying niche markets, particularly in the Caribbean and North America. However, greater emphasis ought to be placed on high-value products and corresponding plans and programmes to capture significant market share outside niche markets. Additionally, market research ought to focus on "off-season" produce in North America and Europe. Mexico, Central America and Kenya have



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effectively utilized that strategy to export tomatoes to the United States and vegetables to Europe during seasonal “windows”.

Generally, fruit and vegetable production is an important part of the farming system in Guyana and provides both food security and income through the marketing of fresh and processed products. Processing of fruits and vegetables is being undertaken, albeit in a fragmented way. Despite the fact that most of the processing is done at home or in a cottage type environment, there does seem to be a solid base of expertise in processing of fruits and vegetables throughout Guyana. However, the food and drink sector is in need of industrialization. The sector needs to recognize its true potential and the opportunities available to it and organize appropriately.

## **9.5. Below optimal capacity**

The competitiveness of the sector is affected by the lack of economies of scale owing to the small size of the domestic market. For the larger plants, most companies are operating below optimal production capacity because almost any optimal plant size is too large for the domestic market. The only option for the food and beverage sector is to adjust to the export market. In so doing, the sector will have to embark on joint ventures or local manufacturing agreements with global players. This will have the effect of facilitating the penetration of regional and international markets using existing plant workforce and assets, utilizing the leverage afforded by established research and development and advertising budgets.

The study therefore advocates that the issues in the food and beverage sector as outlined be addressed within a short-, medium- and long-term perspective in view of its development as an engine of growth in Guyana. Further, the findings of the study confirm that the sector has comparative advantages and considerable potential for development.

A recommended key short-term strategy would be to convene an all-embracing forum involving players, both domestic and international, so as to chart a national development policy for the sector. In parallel, a practical and urgent step would be to set up a national food processing database. A key medium-term strategy would be to encourage the continuation of new product development through the provision of special incentives, while a long-term strategy would be to promote investment in large-scale plantation agriculture and industrial-scale processing operations, preferably as vertically integrated projects.

## **10. Summary of field research**

As part of the methodology, the consultant undertook a number of field visits, conducting interviews and discussions with key persons in the sector.

Interviews were conducted with the following sector operatives:

Mr. Gobin Dwarka, owner of a 10,000-acre fruit and vegetable farm who is pursuing an industrial processing project. Mr. Dwarka provided some insight on the difficulties involved in raising development capital on the domestic market.

Mr. Lennox Joseph, owner of Alliance Farms, a 200-acre fruit and vegetable farm. As a supplier of fruits to the new DDL industrial juice processing plant, Mr. Joseph provided useful insights into the operation of the emerging model of small farmers integrating their units with the new large operations.

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Mr. Gerard Mekdeci, owner of Savannah Premium Products, provided useful insights into new product development and its implications for the development and international image of the agribusiness sector. His farm produces cauliflower, broccoli, honeydew melon and other non-traditional vegetables.

Mr. Fitzroy Fletcher, owner of Adventure Manufacturing Ltd., a major producer of fruit juices, provided useful insights into new product development and the implications for the development of the beverage sector. Adventure Manufacturing is in the process of developing new products for the export market.

Mr. Maurice Wilson, Agricultural Economist with the Caribbean Agriculture Research Institute (CARDI), was instrumental in providing a perspective on developments in the agribusiness sector from a Caribbean and Central American perspective.

Mr. David Yankana, Executive Director of the Consultative Association of Guyanese Industry (CAGI) and an expert on labour issues, provided perspectives on industrial relations. Mr. Yankana is an expert on ILO matters.

Mr. Roger Rodgers and Ms. Yolanda Lowell of the Ministry of Foreign Trade and International Cooperation were able to provide pointers on the Caribbean Single Market and Economy (CSME).

A general paucity of current data and statistics was a common feature of the interview process, a deficiency applicable to the business sector as a whole.

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## Annex 1

### Promotion of Cooperatives Recommendation, 2002 (No. 193) (substantive provisions)

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#### I. SCOPE, DEFINITION AND OBJECTIVES

1. It is recognized that cooperatives operate in all sectors of the economy. This Recommendation applies to all types and forms of cooperatives.
2. For the purposes of this Recommendation, the term “cooperative” means an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.
3. The promotion and strengthening of the identity of cooperatives should be encouraged on the basis of:
  - (a) cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others; and
  - (b) cooperative principles as developed by the international cooperative movement and as referred to in the Annex hereto. These principles are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.
4. Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, in order to assist them and their membership to:
  - (a) create and develop income-generating activities and sustainable decent employment;
  - (b) develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training;
  - (c) develop their business potential, including entrepreneurial and managerial capacities;
  - (d) strengthen their competitiveness as well as gain access to markets and to institutional finance;
  - (e) increase savings and investment;
  - (f) improve social and economic well-being, taking into account the need to eliminate all forms of discrimination;
  - (g) contribute to sustainable human development; and
  - (h) establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community.
5. The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members’ needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion.

#### II. POLICY FRAMEWORK AND ROLE OF GOVERNMENTS

6. A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector. It is in this context that Governments should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles set out in Paragraph 3, which would:
  - (a) establish an institutional framework with the purpose of allowing for the registration of cooperatives in as rapid, simple, affordable and efficient a manner as possible;
  - (b) promote policies aimed at allowing the creation of appropriate reserves, part of which at least could be indivisible, and solidarity funds within cooperatives;
  - (c) provide for the adoption of measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy, and are in accordance with national

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- law and practice, and which are no less favourable than those applicable to other forms of enterprise and social organization;
- (d) facilitate the membership of cooperatives in cooperative structures responding to the needs of cooperative members; and
  - (e) encourage the development of cooperatives as autonomous and self-managed enterprises, particularly in areas where cooperatives have an important role to play or provide services that are not otherwise provided.
7. (1) The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the pillars of national and international economic and social development.
- (2) Cooperatives should be treated in accordance with national law and practice and on terms no less favourable than those accorded to other forms of enterprise and social organization. Governments should introduce support measures, where appropriate, for the activities of cooperatives that meet specific social and public policy outcomes, such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include, among others and in so far as possible, tax benefits, loans, grants, access to public works programmes, and special procurement provisions.
- (3) Special consideration should be given to increasing women's participation in the cooperative movement at all levels, particularly at management and leadership levels.
8. (1) National policies should notably:
- (a) promote the ILO fundamental labour standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever;
  - (b) ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises;
  - (c) promote gender equality in cooperatives and in their work;
  - (d) promote measures to ensure that best labour practices are followed in cooperatives, including access to relevant information;
  - (e) develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills, of members, workers and managers, and improve their access to information and communication technologies;
  - (f) promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society;
  - (g) promote the adoption of measures that provide for safety and health in the workplace;
  - (h) provide for training and other forms of assistance to improve the level of productivity and competitiveness of cooperatives and the quality of goods and services they produce;
  - (i) facilitate access of cooperatives to credit;
  - (j) facilitate access of cooperatives to markets;
  - (k) promote the dissemination of information on cooperatives; and
  - (l) seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.
- (2) Such policies should:
- (a) decentralize to the regional and local levels, where appropriate, the formulation and implementation of policies and regulations regarding cooperatives;
  - (b) define legal obligations of cooperatives in areas such as registration, financial and social audits, and the obtaining of licences; and
  - (c) promote best practice on corporate governance in cooperatives.
9. Governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the "informal economy") into legally protected work, fully integrated into mainstream economic life.

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### III. IMPLEMENTATION OF PUBLIC POLICIES FOR THE PROMOTION OF COOPERATIVES

10. (1) Member States should adopt specific legislation and regulations on cooperatives, which are guided by the cooperative values and principles set out in Paragraph 3, and revise such legislation and regulations when appropriate.  
  
(2) Governments should consult cooperative organizations, as well as the employers' and workers' organizations concerned, in the formulation and revision of legislation, policies and regulations applicable to cooperatives.
11. (1) Governments should facilitate access of cooperatives to support services in order to strengthen them, their business viability and their capacity to create employment and income.  
  
(2) These services should include, wherever possible:
  - (a) human resource development programmes;
  - (b) research and management consultancy services;
  - (c) access to finance and investment;
  - (d) accountancy and audit services;
  - (e) management information services;
  - (f) information and public relations services;
  - (g) consultancy services on technology and innovation;
  - (h) legal and taxation services;
  - (i) support services for marketing; and
  - (j) other support services where appropriate.  
(3) Governments should facilitate the establishment of these support services. Cooperatives and their organizations should be encouraged to participate in the organization and management of these services and, wherever feasible and appropriate, to finance them.  
  
(4) Governments should recognize the role of cooperatives and their organizations by developing appropriate instruments aimed at creating and strengthening cooperatives at national and local levels.
12. Governments should, where appropriate, adopt measures to facilitate the access of cooperatives to investment finance and credit. Such measures should notably:
  - (a) allow loans and other financial facilities to be offered;
  - (b) simplify administrative procedures, remedy any inadequate level of cooperative assets, and reduce the cost of loan transactions;
  - (c) facilitate an autonomous system of finance for cooperatives, including savings and credit, banking and insurance cooperatives; and
  - (d) include special provisions for disadvantaged groups.
13. For the promotion of the cooperative movement, governments should encourage conditions favouring the development of technical, commercial and financial linkages among all forms of cooperatives so as to facilitate an exchange of experience and the sharing of risks and benefits.

### IV. ROLE OF EMPLOYERS' AND WORKERS' ORGANIZATIONS AND COOPERATIVE ORGANIZATIONS AND RELATIONSHIPS BETWEEN THEM

14. Employers' and workers' organizations, recognizing the significance of cooperatives for the attainment of sustainable development goals, should seek, together with cooperative organizations, ways and means of cooperative promotion.
15. Employers' organizations should consider, where appropriate, the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions applying to other members.
16. Workers' organizations should be encouraged to:

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- (a) advise and assist workers in cooperatives to join workers' organizations;
  - (b) assist their members to establish cooperatives, including with the aim of facilitating access to basic goods and services;
  - (c) participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on cooperatives;
  - (d) assist and participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;
  - (e) assist and participate in programmes for cooperatives aimed at improving their productivity;
  - (f) promote equality of opportunity in cooperatives;
  - (g) promote the exercise of the rights of worker-members of cooperatives; and
  - (h) undertake any other activities for the promotion of cooperatives, including education and training.

17. Cooperatives and organizations representing them should be encouraged to:

- (a) establish an active relationship with employers' and workers' organizations and concerned governmental and non-governmental agencies with a view to creating a favourable climate for the development of cooperatives;
- (b) manage their own support services and contribute to their financing;
- (c) provide commercial and financial services to affiliated cooperatives;
- (d) invest in, and further, human resource development of their members, workers and managers;
- (e) further the development of and affiliation with national and international cooperative organizations;
- (f) represent the national cooperative movement at the international level; and
- (g) undertake any other activities for the promotion of cooperatives.

#### V. INTERNATIONAL COOPERATION

18. International cooperation should be facilitated through:

- (a) exchanging information on policies and programmes that have proved to be effective in employment creation and income generation for members of cooperatives;
- (b) encouraging and promoting relationships between national and international bodies and institutions involved in the development of cooperatives in order to permit:
  - (i) the exchange of personnel and ideas, of educational and training materials, methodologies and reference materials;
  - (ii) the compilation and utilization of research material and other data on cooperatives and their development;
  - (iii) the establishment of alliances and international partnerships between cooperatives;
  - (iv) the promotion and protection of cooperative values and principles; and
  - (v) the establishment of commercial relations between cooperatives;
- (c) access of cooperatives to national and international data, such as market information, legislation, training methods and techniques, technology and product standards; and
- (d) developing, where it is warranted and possible, and in consultation with cooperatives, employers' and workers' organizations concerned, common regional and international guidelines and legislation to support cooperatives.

#### VI. FINAL PROVISION

19. The present Recommendation revises and replaces the Co-operatives (Developing Countries) Recommendation, 1966.



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## ANNEX

### EXTRACT FROM THE STATEMENT ON THE COOPERATIVE IDENTITY, ADOPTED BY THE GENERAL ASSEMBLY OF THE INTERNATIONAL CO-OPERATIVE ALLIANCE IN 1995

The cooperative principles are guidelines by which cooperatives put their values into practice.

#### Voluntary and open membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

#### Democratic member control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

#### Member economic participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative.

Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

#### Autonomy and independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

#### Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

#### Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

#### Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

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## Annex 2

### Major food and drink manufacturing and distribution companies in Guyana

#### *Primary foods*

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Alesie Ltd.	Parboiled rice
Guyana Sugar Company (GUYSUCO)	Organic sugar
BB Exotic Farms	Rambutan
Kayman Sankar Ltd.	Packaged rice
Premium Products Ltd.	Cauliflower, broccoli, honeydew melons
Prettipaul Singh Investments	Seafood*
BEV Enterprises	Seafood*
Noble House	Seafood*
MB Enterprises	Seafood*

\*Exporters

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#### *Beverages*

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Adventure Manufacturing Ltd.	Fruit juices, Acerola nectars
Banks DIH	Rum, wines, aerated drinks, bottled water
Continental Agencies Ltd.	Fruit juices
DDL	Rum, vinegar, aerated drinks, liqueur, bottled water
Republic Soda Factory Ltd.	Lemonade
Verdun Soda Factory	Lemonade
Weiting & Richter Ltd.	Bottled water

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#### *Snack foods*

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Amazon Caribbean Ltd.	Heart of palm
Banks DIH Ltd.	Pastries
Chin's Manufacturing Ltd.	Corn curls, Cheese balls
Edward B. Beharry & Co. Ltd.	Sweets
KFC	Fried chicken, hamburgers, seafood**
NP's	Fried chicken
Pizza Hut	Pizza**
Popeye's	Fried chicken, seafood**
Royal Castle	Fried chicken**
Salt & Pepper	Fried chicken, seafood
VIP Pizza Plus	Pizza

\*\* Foreign franchises

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## **Dairy products**

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Danzig Ltd.	Bottled pasteurized milk
Sterling Products Ltd.	Ice cream

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## **Processed foods**

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Alliance Fruits Products Inc.	Jams and jellies
Anisa Inc.	Pasta
Arrowhead Enterprises	Tomato ketchup
Banks DIH Ltd.	Tomato ketchup, bread, biscuits
Bakewell Inc.	Bread
Bounty Farms Ltd.	Chicken parts
Buddy's Farm	Chicken parts
C&F Ltd.	Ham & bacon
Chin's Manufacturing Ltd.	Chowmein, noodles, food preparations and preservatives
Demerara Distilleries Ltd.	Jams and jellies
Didco Ltd.	Chicken parts
Edward B. Beharry & Co. Ltd.	Pasta
Family D'lite Foods	Preserved fruits
Graham's Ltd.	Bread, pastries
National Milling Company	Flour, roti mix
Omai Ltd.	Peanut butter
Pomeroon Oil Mills	Vegetable oil
Sterling Products Ltd.	Margarine, butter, ghee
Sococo Ltd.	Canned coconut milk
Tandy's Manufacturing Ltd.	Peanut butter, jams and jellies

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## **Condiments**

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Chin's Manufacturing Ltd.	Pepper sauce, black pepper
Edward B. Beharry & Co. Ltd.	Curry, masala, black pepper
Major's Ltd.	Pepper sauce
Ricks and Sari Ltd.	Pepper sauce

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## **Ethnic foods**

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Adventure Manufacturing Ltd.	Guava cheese
Walrond's Enterprises	Plantain chips, chick peas, tamarind balls

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**Food distribution companies****Food**

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Circel	Proctor & Gamble, M&M, Pedigree, Whiskas
HA Snacks	Hills, Hershey's, LCees,
Geddes Grant, Guyana Ltd.	Fearnleaf, Anchor, Goya, Grace
Patsan Trading Services	
Desinco Ltd.	
Weiting and Richter Ltd.	
Didco Trading Co.	Klim

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**Beverages**

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Guyana Beverage Company Ltd.	Busta Soft Drinks and Fruit Juices
Banks DIH Ltd.	Coca Cola
Demerara Distilleries Ltd.	Pepsi

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## Annex 3

### Research and technical institutions serving the food and drink sector in Guyana

#### *Domestic institutions*

National Agricultural Research Institute  
Mon Repos  
East Coast Demerara  
Tel.: 220 – 2841 / 3  
Fax: 220 4481  
e-mail: nari@Guyana.net.gy

Regional Educational Programme for Animal Health Assistants  
Mon Repos  
East Coast Demerara  
Tel.: 220-2864

Ministry of Fisheries, Crops and Livestock  
Regent and Vlissengen Roads  
Bourda  
Georgetown  
Tel.: 592 2261565 / 58310  
Fax: 592 22 72978  
e-mail: minfcl@sdnp.org.gy

Guyana National Bureau of Standards  
Flat 15, Exhibition Site  
Sophia  
Greater Georgetown  
Tel.: 592 22 56226 / 22 77890 22 59013  
Fax: 22 57455  
e-mail: gnbs@networksgy.com

New Guyana Marketing Corporation  
87 Robb and Alexander Streets  
Georgetown  
Tel.: 592 22 68255 / 22 71630  
Fax: 592 22 74114  
e-mail: newgmc@networksgy.com

Government Food and Drugs Department  
Mud Flat  
Kingston  
Georgetown

Guyana Office for Investment  
190 Camp and Church Streets  
Georgetown  
Tel.: 592 22 50654 / 70653  
Fax: 592 22 50655  
e-mail: info@go-invest.info  
Website: www.go-invest.info

Guyana School of Agriculture  
Mon Repos  
East Coast Demerara.  
Tel.: 220 2297  
Fax: 220 2297

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## ***International institutions***

Inter-American Institute for Cooperation on Agriculture  
18 Brickdam  
Georgetown  
Tel.: 226 8347  
Fax: 225 8358

Partners of the Americas  
69 Sophia  
Greater Georgetown  
Tel.: 592 222 2991 623 4263  
e-mail: poa-gddp@networksgy.com

Caribbean Agricultural Research and Development Institute  
University Campus  
St. Augustine  
Trinidad and Tobago  
Tel.: 868 645 1205 / 6 / 7  
Fax: 868 645 1208  
e-mail: business@cardi.org

Organisation of American States  
18 Brickdam  
Georgetown  
Tel.: 22 76229 / 22 76257  
Fax: 22 76219

Caribbean Regional HRD Programme for Economic Competitiveness  
GMA Secretariat  
Exhibition Site  
Sophia  
Greater Georgetown  
Tel.: 592 22 74296  
Fax: 592 22 55615  
e-mail: cpec@solutions2000.net

Cariforum Agribusiness Research and Training Fund  
88 Maraval Road  
Port of Spain  
Trinidad and Tobago  
Tel: 868 628 5404  
Fax: 868 628 1648  
e-mail: cariafp@tsst.net.tt  
Website: www.cafpro.org

Centre for the Development of Enterprise  
Avenue Hermann Debroux 52  
B — 1160 Brussels,  
Belgium  
Tel.: 322 679 1811  
Fax: 322 675 2603  
Website: www.cde.int

United States Agency for International Development  
12 Earl's Avenue  
Subryanville  
Georgetown  
Tel.: 592 2237144  
Fax: 592 22 3714322  
e-mail: geo@chemonica.net