

# **GAWU's presentation to the Government of Guyana on the future of GuySuCo**

February 17, 2017

## **Introduction**

Sugar cultivation was first introduced into Guyana in the 1630s, and the scale of its planting expanded rapidly from the second half of the seventeenth century onward. In succeeding eras, the sugar industry in Guyana played the most important role in the economy<sup>1</sup>.

The sugar industry in Guyana is indelibly linked to our country. It has become a way of life for Guyana, and the industry is firmly implanted in our country and people. It has made many substantial contributions, which are noticeable in very many communities of our country. To this day, it is still playing a monumental role in developing our nation.

We, in the GAWU recognize that the industry is the reason for our country's highly-cherished cultural diversity, and it cannot be detached from our proud heritage. Our habitation of the low-lying coastal belt is made possible by the network of canals, dykes, sea defences and water conservancies which were built primarily for the sugar industry. Economically, the industry's contribution is probably most tangibly felt through the huge resources it has garnered and made available for nation-building.

In contemporary terms, the sugar industry still contributes approximately 5 per cent of GDP, provides direct employment for approximately 16,000 persons (in 2013), supports more than 300 service providers, and is the country's third largest contributor of foreign exchange. It also plays critical socio-economic and environmental role in the predominantly low-income coastal communities where cultivation and processing are concentrated.<sup>2</sup> Also, in view of the lack of other enterprises in sugar areas, entire communities are dependent on and revolve around, the functioning of this industry. The income multiplier plays an important role in sustaining communities and livelihoods

With those significant functions in mind, we are of the firm view that decisions concerning the industry cannot be taken in a perfunctory manner, but, rather, with care and diligence. There should be comprehensive approach, taking all related and relevant factors into consideration, and great thought should precede any and all major decisions made in regard to sugar. Incorrect policy prescriptions can very well cause more harm than the intended good. Among the factors which need to be borne in mind are:-

1. Macroeconomic effects in terms of a reduction of aggregate demand and its spinoff effects;
  2. The reduction in formal employment and its implications for the Guyana Revenue Authority (GRA) and the National Insurance Scheme (NIS); the effects can be debilitating, especially for the latter;
  3. Reduction in workers' purchasing power and its impact on businesses and employment;
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<sup>1</sup> NDS(1996)

<sup>2</sup> CDB (2014)

4. The fact that a decline of economic activity can lead to increased criminality, a rise of suicides, greater destitution in the catchment areas, and other social ills – which will certainly require huge sums and great effort to remedy.

## **The challenges**

We acknowledge that, in recent years, the sugar industry and GuySuCo have been confronting various challenges, which have placed it in the sad state it now finds itself and which, no doubt, have influenced the Government's proposals at this time. In this regard, the GAWU notes that this is not the first time that the industry has faced challenging periods; and, like in the past, we believe that today's challenges are not insurmountable.

From our point of view, the industry's main constraint concerns its agricultural performance. In recent times, we have seen a decline in sugar production, a reduction of productivity, and consequently higher unit costs. We find it strange that GuySuCo has been cultivating canes for such a long period but has been unable to come to grips with its agricultural problems. The science of cane cultivation is well known and established in our context, and hence our perplexity.

Consistently poor productivity since 2010 cannot be simply attributed solely to adverse weather, as average growing conditions have prevailed since 2009. It is apparent that the operating principles established for the preceding years may have been quickly forgotten.<sup>3</sup> To this end, we urge that those principles which are known to yield successful results be pursued. We also urge the adoption of the guidelines as spelt out by the Agricultural Improvement Programme (AIP), which sought to have cane yields similar to those which were obtained in the 2002-2004 period. Research also needs to be furthered with a view to improving existing practices towards increasing cane yields and sucrose content, and reducing costs.

High labour costs have also been a perennial complaint emanating from GuySuCo. But we cannot fail to recognize that the industry is still largely labour intensive due to historical layout, and therefore labour costs as a proportion of overall costs being significant are not unusual. GAWU notes that the employment cost has fallen from 64 per cent<sup>4</sup> of overall costs to about 56 per cent in 2015 (6 per cent accounting for management). We also recognize that higher land productivity lends to improved production and thus increased revenues, while average costs decline in the process. We draw attention to such factors as they serve to illustrate how valuable an improvement in agriculture is to GuySuCo.

The state of the industry gives rise to the obvious question of the capability of its managerial cadre. We hold that the managerial team has been solely lacking, and has shown an inability to grapple with the problems which have been plaguing the industry. It is not unusual to hear, among the workforce, questions as to whether the management is indeed acting in the best interests of the industry. A key ingredient to the industry's success is strong, capable, committed and motivated management. GuySuCo, we believe, already has many of the elements critical to its success, but the glue (the management) to hold it together is in our view obviously lacking. At the same time, we hasten to acknowledge that, over the years, we knew and have worked with several capable managers at the various levels.

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<sup>3</sup> Sugar Col (2015)

<sup>4</sup> GuySuCo (2002)

Variations in the price of sugar have also had an impact on the industry. We recognize that this situation would become more pronounced after removal of the beet sugar cap in the European Union (EU) later this year. On this score, we believe, that our proposals to diversify the industry's product base would serve to mitigate this challenge. The GAWU is also aware of efforts to have, among other things, the terms "Demerara Sugar" and "Demerara Molasses" registered as geographical indicators (GI) relative to Guyana. This direction offers the industry a good means to market its products with the well-known and generally accepted Demerara name, while benefitting from the protection it affords.

The GAWU believes that challenges will ever be present in sugar, but our timely and correct response can help to mitigate and avert any serious consequences. We believe resolve has been lacking in our times but we nevertheless hold that the industry through our combined efforts, the ingenuity of its people, and the dedication of its workers can rise above the challenges and demonstrate its resilience, as it has done time and again.

### **GuySuCo's plans, the Government's proposals – our views and thoughts**

Having received and considered the Government's proposals, we wish to share our views on the major decisions proposed:-

#### **Sale of Skeldon Estate**

The sale of the newest and most modern estate in the industry is promoted on the grounds that there is need for significant capital investment to ensure its optimal operation. While we are aware that there are some shortcomings at Skeldon the Corporation, over the years, has been steadily seeking to correct the defects, and we have been seeing improvements in its performance. It was therefore not surprising that ready interest has been expressed by private investors, who have obviously surmised that with some tweaking it can be made profitable in a short period. The willingness and conclusions of the investors, in our view, undermines the credibility of the assertions made by the Corporation regarding the estate. We believe Skeldon holds great potential and can make a big impact in safeguarding the industry as a whole. We reiterate our proposals in this respect and urge all the relevant authorities to positively consider them.

#### **Closure of Rose Hall and East Demerara Estates**

We remain strongly opposed to the closure of any estate, especially in the absence of any considered study to address the ramifications of such a decision. We are reminded that "[t]he effect of closing any estate without planning and adequate notice to cane farmers has serious consequences, not only for the employees and private farmers, but for the communities as well".<sup>5</sup> Such justifications are further heightened, as the alternative ventures recommended for the already closed Wales Estate remain at a standstill and thousands are affected. Moreover, while closure is so far actively recommended, no study has been conducted at the concerned estates to determine the consequences of closure and the possible ventures, if any, to come on stream. Wales provides a yardstick of what to expect. We are still awaiting a holistic position on production, markets and sales, costs, distribution and other important factors related to Wales currently.

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<sup>5</sup> Sugar Col (2015)

## **Non-sugar diversification**

Our Union posits that it must not be forgotten that some of the ideas advocated have been pursued by GuySuCo in the past. Between 1978 and 1993, the GuySuCo Other Crops Division was, among other things, engaged in the production of rice, cassava, legumes, fish, milk, butter, cheese, and the rearing of beef and dairy cattle. Those ventures came to an end after it was determined that they were not viable.

The re-activation of the GuySuCo Other Crops Division this time around is fundamentally different from the last foray. Now workers will be charged with producing on former sugar lands; whereas, in the past, the ventures were fully controlled, operated and managed by GuySuCo. This shifts the inherent risks of these ventures from GuySuCo to the many poor worker-farmers. This, we think, is a massive challenge and a culture shock for many workers, who will be pushed to become farmers facing the promise of a future filled with real uncertainties and poor prospects for success. Moreover, so far, according to the report, no study or examination has been concluded to determine necessary arrangements regarding farmer participation in the ventures proposed. In fact, as far as we see, there hasn't been any consideration of the plot sizes, the crop mix, land suitability and the cost of production, the revenue potentiality vis-à-vis current and future sugar income, and other important considerations for such ventures, which will involve thousands of Guyanese. In addition, the report lacks details on conditions Government will create for workers to be attracted to farming.

On the specific ventures being suggested, our Union wishes to offer these brief comments:-

### Rice

The 2017 Budget pointed out that rice production was expected to decline by 12.8 per cent last year and growth will be flat in 2017<sup>6</sup>. It is therefore puzzling that GuySuCo is increasing the supply of seed paddy when rice production is contracting. Separately, we have been advised that the venture has not moved very far at Wales, and no paddy has been planted at this time.

### Livestock

We also have concern with this proposal. From data contained in the 2017 Budget, the livestock sector's contribution to GDP was expected to contract by 5.3 per cent in 2016<sup>7</sup>. The current performance of the industry obviously does not repose much confidence in its success. The assumptions with respect to the venture are also of concern. Here we call attention to an absence of thorough market research, except referencing macro data; the absence of clear details regarding the funding, storage and distribution channels; the willingness of intended workers to engage in such a venture; and the need for strong veterinary support, among other important considerations that are imperative to a successful operation.

### Beef Cattle, Pigs, Sheep and Ducks

The report draws attention to the quantum of importation of these meats annually. It seems, from our point of view, that the imports are a result of the taste, preferences and demands of upper middle class and upper class Guyanese as well as foreigners. This, we believe, is an important factor that must be considered. Very little also has been said about the state of the respective

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<sup>6</sup> Ministry of Finance (2016)

<sup>7</sup> Ministry of Finance (2016)

industries being recommended. We did not find any data or information as to the level of production, the number of participants, their location, the willingness and ability to expand or improve quality, etc

These ventures, the report advises, also require a number of important prerequisites to be in place to ensure success. And we are unaware of the implementation of the various measures which are necessary. In terms of the financial assumptions, we must also express our concern in terms of pricing. In our view, they seem high, taking account of current market prices.

### Fruit Crops

Like previously touted ventures, very little is also said about the existing market and the current state of the activity in Guyana. It is assumed that most fruits would be processed into juices. Again, little is said about market demand, prices, quality standards, packaging, etc.

### **Other important considerations**

We believe, too, that some other important matters need to be considered by our decision makers:-

#### Tastes and preferences

Our current economic system emphasizes the notion of consumer sovereignty, which in our view is not significantly addressed, and which, we believe, is a key ingredient to ensuring the success of the ventures being proposed.

#### Existing farmers

We reiterate that insufficient information has been provided about the state of the respective activities proposed. This is important, as expanding production cannot fail to take account of existing production. The finding by the United Nations Food and Agricultural Organisation (FAO) in 2016 that about thirty (30) per cent of food produced in Guyana is not consumed is also important. A more prudent approach to the ventures identified is to work with existing farmers and engage unemployed Guyanese. Our country has sufficient land to allow sugar and the proposed ventures to co-exist. Such an approach allows our country to reach full employment, and is a good basis around which small industrial enterprises could develop.

#### Competition from imports

Our Union notes that Guyana is a small, open economy and the country is party to various agreements which promote free trade. On that score, we cannot ignore the interests of large international firms, which could engage in “*dumping*” in an effort to counter our local products. This possibility needs serious attention, given the harsh economic realities linked to such corporations.

### **Summing up on non-sugar diversification**

Our Union, having reviewed the documentation provided, is not convinced that the possibilities recommended are the best approach to take in the context of GuySuCo. Such apprehension is justified taking into account what we see as many important and essential considerations being absent from the analysis, as well as our previous experiences in the past. It is our belief that at this time more detailed studies and examinations are required to clearly establish that proposed non-sugar ventures are viable business alternatives to sugar, and will not contribute to unemployment.

To close sugar estates and to venture into activities where there is still a great degree of uncertainty is, in our opinion, not a wise policy decision.

### **GAWU's views on safeguarding and promoting a sustainable sugar industry**

The Government has thus far been presented with three options regarding the industry – retaining the status-quo, complete privatization, and estate closure and transition into non-sugar ventures. Having considered the options, we strongly believe that they are not in the interest of the industry, the people linked to its operation and the nation as a whole. Thus, to this end, we wish to offer a fourth option, which we believe will safeguard the industry and protect the well-being of the thousands who are dependent on its operation.

Our Union recognizes that the industry has very good potential to succeed in Guyana, and has many positive characteristics – such as an abundance of arable land, adequate labour, low cost cane transportation, inexpensive irrigation, sufficient fresh water, adequate factory capacity, know-how and technical expertise. These strong pillars, we believe, give our sugar industry a solid foundation and a head start relative to its Caribbean counterparts. Sustainability of the industry, we believe, rests with a paradigm shift from it being an inefficient producer of raw bulk sugar to an efficient producer of direct consumption sugars and other products. In addressing the challenges that confront the industry, we recognize that a multi-pronged approach is necessary to reduce costs and enhance revenues.

Our suggestions have taken account of previous work done by GuySuCo. Those ideas, we are aware, were comprehensively studied and examined by external agencies, and found to hold great value in securing the industry. We believe their value remains undiminished; however, we recognize that some updating to the studies may be required to reflect current day circumstances.

#### **Reducing cost**

We are aware that the industry is confronted by high operating costs and reduction is imperative to ensure competitiveness. Immediately, we urge that a comprehensive review of the various activities, from tillage to sugar and molasses' delivery, should be conducted with a view to identify inefficiencies and wastage, and to come up with innovative ways to do things better along the entire production chain. The Corporation is fully aware of its cane production cost being the largest contributor to total production cost.

Energy, according to GuySuCo, accounts for 8 per cent of overall costs<sup>8</sup> (\$2.8B at 2015 levels). We are aware that an energy audit found that with investments of \$192M in the factories of Uitvlugt, Wales, Enmore, Blairmont, Rose Hall and Albion, savings of \$659M could be realized per annum<sup>9</sup>. We understand that Wales factory implemented a fraction of those measures, which yielded savings by reducing its diesel usage in 2014/2015. Another idea worth pursuing is having services departments offer their services to the open Guyanese market for a fee. The income generated can be used to offset their operating costs, thus reducing dependence on the industry.

The Sugar CoI report also affirmed the view that GuySuCo was not adhering to known and best agricultural practices. The industry should immediately return to those practices which have served

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<sup>8</sup> GuySuCo presentation to Economic Services Committee – January, 2016

<sup>9</sup> TERI (2013)

it well, and thus contribute to promoting improved production and productivity and reducing average costs. Research is also a critical element in the cost-reduction drive, as is the adoption of best practices.

Mechanization of operations has been recognized as a significant plank in the industry's drive to reduce costs. On this matter, our Union has generally been supportive of the process, in keeping with labour attrition. Sugar workers, on the other hand, have also welcomed this development, as it enhances their productivity and consequently their earnings. In 2014, the Corporation, in a presentation to the Economic Services Committee, pointed out that it would require \$14B to mechanise its operations, and that its cost savings would amount to over \$6B per annum (17 per cent of 2015 overall costs). Pursuing this path, we believe, is one way to allow the industry to become more efficient and cost-effective.

### **Increasing revenues through sugar diversification**

For the Guyana sugar industry to prosper, even under efficient management in the future, it is readily apparent that other income earning streams have to be added<sup>10</sup>. Our Union strongly subscribes to the position that the industry needs to transform itself from being a "sugar" industry to being a "sugar cane" industry. This strategy has been employed in many countries and has yielded much success, and the experiences of those countries can serve as a useful guide to us. Moreover, this has long been the strategy of GuySuCo, and various ventures have to this end been studied and examined.

Through our suggestions, the entire sugar cane plant will be utilized to widen the range of the industry's products thus adding a number of profitable revenue streams. Apart from transitioning the industry from a "sugar" industry to a "sugar cane" industry, a sustained modernization programme, taking into account the adoption of realistic ventures, and using sugar products, must be formulated.

- **Cogeneration**

In our view, the main contributor to added-value to sustain the sugar industry in the long term will be co-generation<sup>11</sup>. The lone co-generation plant at Skeldon, in spite of its short comings, has great value. The CoI recommended that the Skeldon Co-Generation Units be returned to GuySuCo, and a reasonable Power Purchase Agreement (PPA) be negotiated with GPL, a view to which we also subscribe. Skeldon Energy Incorporated (SEI), in a recent interaction with our Union, advised that in 2016 it had some U\$45M (G\$9.45B) in energy sales to the Guyana Power and Light Inc (GPL) and Skeldon Estate from its diesel and steam units.

At this time, we are aware that co-generation feasibility studies are ongoing at Albion and Uitvlugt estates. Previously, feasibility studies advised that co-generation was found to be profitable at Blairmont and Enmore estates. A co-generation plant at Albion is expected to cost about G\$7B<sup>12</sup> and with rates similar to those enjoyed by SEI, the investment is very

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<sup>10</sup> Sugar Col (2015)

<sup>11</sup> Sugar Col (2015)

<sup>12</sup> Diversification Options for GuySuCo (2016)

lucrative at the estates where the operation is feasible. We understand that Albion often dumps excess bagasse in open spaces, and resorts to burning as a means of disposal.

- **Refined White Sugar**

There exists a ready market in CARICOM for a total of 200,000 metric tonnes of refined sugar<sup>13</sup>. With improved production levels reaching 331,000 tonnes in 2025<sup>14</sup>, GuySuCo would be able to satisfy this market, for which the Corporation would receive in excess of US30 c/lb<sup>15</sup>. Our research informed us that a 180,000-tonne sugar refinery at Skeldon was found to have an Internal Rate of Return of 28.8 per cent<sup>16</sup> when a price of US23 c/lb<sup>17</sup> was expected.

Higher prices in contemporary times only serve to add to the project's feasibility. The recent indication, through press reports, that an Indian investor is willing to take over Skeldon operations with a view, among other things, to establishing a refinery serves to remind us of the significant sums that can be earned in this venture.

- **Direct Consumption Brown Sugar**

We are aware, at this time, that GuySuCo is capable of packaging 50,000 tonnes<sup>18</sup> of sugar per annum from its Blairmont and Enmore packaging plants. The price received for this type of sugar is approximately US33 c/lb<sup>19</sup>, and represents the Corporation's highest return. GAWU strongly supports the maximization of GuySuCo's existing capacity, along with further expansion in this regard given the profitability of product lines. The opportunities for emergence of new product brands are numerous. Critical to this venture is the need for a robust product development and a marketing programme with clear vision and focus. North American and European markets ought to be pursued with energy. Efforts on the Geographical Indicator will boost marketing of branded products.

- **Bulk Alcohol**

The production of bulk alcohol is also another viable business venture, and another distillery in our country could be established next to a sugar factory. We are aware that a feasibility study was conducted for a distillery at Albion, and the results should be further analyzed to determine viability.

- **Fuel Alcohol**

The majority of GuySuCo's molasses was shipped to the 'Other Island' and Barbados, with DDL placing a significant third<sup>20</sup>. Fuel alcohol production from molasses is also another

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<sup>13</sup> Sugar Col (2015)

<sup>14</sup> GuySuCo (2016)

<sup>15</sup> Sugar Col (2015)

<sup>16</sup> GuySuCo (2007)

<sup>17</sup> Extrapolated from GuySuCo data

<sup>18</sup> Sugar Col (2015)

<sup>19</sup> Sugar Col (2015)

<sup>20</sup> Sugar Col (2015)

opportunity to enhance revenues and reduce imports. An ECLAC study in 2006 pointed out that 50,000 tonnes of molasses per annum was sufficient to meet a 90/10 fuel/ethanol mix. It is an area that requires further examination and consideration, and shouldn't be outside the realm of possible ideas to 'save' the industry.

- **Direct Consumption Dark Brown Sugar**

The Corporation should examine the sale and production of a darker form of brown sugar. In North America, similar sugar is being marketed as a form of health food. Marketing is once again a critical factor to success.

- **Direct Consumption Molasses**

The short-lived sale of bottled molasses as a health food was encouraging. GuySuCo must more seriously examine the possibility of selling (and exporting) molasses in small (400 – 500ml) bottles, with necessary promotion<sup>21</sup>. The difficulties encountered with this venture could be attributed to GuySuCo outsourcing pasteurization and bottling of this product. This challenge and additional production cost can easily be addressed through installation of the Corporation's own operation, based on market studies for volumes.

- **Other Commodities**

Sugar cane has been successfully used to produce animal feed, pharmaceuticals, paper, etc. Such ventures have been undertaken in Cuba, and an examination should be pursued; and if feasible, could be implemented in the medium term. Carbon dioxide, a by-product of fermentation, can be trapped, washed and compressed into dry-ice, which is used for freezing. Vinasse, a by-product from distillation, is rich in fertilizer elements, and can be returned to the cane fields as fertilizer.

## **Financing**

The availability of finance to fund capital works is an important element in improving the industry's performance. GuySuCo has advised that G\$45B<sup>22</sup> was required for capital expenditure in the period leading up to 2020. We believe this figure is heavily exaggerated, and requires close and careful examination. The Sugar CoI advised us that critical factory capital expenditure for 2016 – 2020 was G\$8.1B whereas critical agricultural capital expenditure between 2016 and 2018 was G\$5.6B (including \$1.4B provided by a Caribbean Development Bank (CDB) loan), a grand total of G\$13.7B, or 30 per cent of the Corporation's figure. Here we must express our strong consternation and disbelief that the Corporation has chosen to reject the CDB-funded Sugar Industry Mechanisation Project Loan. We find the Corporation's given rationale to be spurious, especially since the factors referred to by GuySuCo would have been considered, both by the CDB in their assessment as well as by the Sugar CoI. Given the obvious benefit of mechanization to the industry's future, our alarm is not unfounded.

The Corporation also, with regularity, calls attention to its indebtedness. We have examined the data shared with us on December 31, 2016 as at the end of October, 2016, and wish to make the following points:-

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<sup>21</sup> Sugar CoI (2015)

<sup>22</sup> GuySuCo (2016)

- At the end of October, 2016, short-term debt totalled G\$17.16B, and this represent the Corporation's immediately payable debt;
- At the end of December, 2016, ceteris-paribus, the Corporation's indebtedness of approximately G\$4B to the NCB (Jamaica) would have been settled, further reducing its indebtedness
- Of the short-term debt, G\$7.6B (44 per cent) were owed to a Government agency – Guyana Revenue Authority (GRA)
- The loans relating to the Skeldon project were being serviced by the Government, and are included in the figures contained in the Government's Debt Report
- The realisability of the Pension Liability (G\$32.8B), which is about 41 per cent of total debt, is very questionable in view of the high turnover and the mortality of pensioners

The Corporation, according to documents shared, is envisaging selling lands in the sum of G\$35.9B between 2017 and 2020. Such sums, together with some support from the Government, would allow the Corporation to settle its short-term indebtedness, finance its critical capital expenditure, and increase working capital. The income realized on this front can also partially assist in the financing of the modernization programme along the lines we have suggested. The programme, we wish to suggest, could also be realized with injection of private capital through joint venture projects as well as concessional loans.

### **Government support**

We envisage that in the short term the industry would be dependent on Government support, as it seeks to correct its shortcomings and embark on its modernization programme. We wish to point out that Government support in GuySuCo's context is not unique. In fact, our research advises us that all sugar industries throughout the world, in one way or another, benefit from some form of State support. Such assistance takes account of the broader social and economic implications, and not the narrow financial parameters GuySuCo has shared. We surmise that to assess the industry solely on finance can lead us down a perilous path, as it fails to take into account the very important notion of opportunity cost, among other things.

In our case, we believe the CDB in 2014 aptly put the situation in perspective when it said:- *“...it is economically viable for GOGY to continue subsidising and protecting the cultivation and harvesting of sugar cane and processing of sugar for export and local consumption.”* The CDB further said:- *“Projects and programmes that enhance sugar cane cultivation and sugar manufacturing have the potential to earn foreign exchange, but may not be always financially profitable. Consequently, given the importance of foreign exchange to the economy, such operations may, at times, need government's protection and/or support in meeting operating and capital costs”.*

We also recall that the industry in the past provided massive support to the nation in the form of sugar levy, which amounts to about G\$70B in 2015 dollars. That aside, the industry provided other support, some of which continues on to now, such as drainage and irrigation and health services. Moreover, private owners, as we see from the Memorandum of Understanding with D. Rampersaud of Trinidad and Tobago, will require significant fiscal incentives in the form of tax breaks, duty exemptions, etc, and this cannot be forgotten in the overall contribution.

## **Privatisation**

The notion of privatization, which was featured prominently in the Sugar CoI Report and was recommended by GuySuCo, in the case of Skeldon, we do not believe is in the interest of us all. We do not share the expressed view that privatization is the panacea to woes we are currently facing. Moreover, with private owners being driven by profits over people, there is no guarantee or assurance that cane cultivation and sugar processing will continue to take place. Neither is there any guarantee that the thousands of workers will have their gains respected; or, for that matter, there will be improvement in their working conditions and lives.

The experience of Jamaica must be taken into account. Recently, privatized sugar estates owned by a Chinese company became idle after the investors withdrew, forcing the Government to intervene to operate one of the factories there. This experience is instructive, we believe. We are aware that privatization is promoted on the ground that the industry would need a large injection of capital, which maybe the Government can ill-afford. Our Union is not taken in by this reasoning, as it does not take a number of critical factors into account. For example, significant foreign exchange earnings will be repatriated by the overseas based owners, which can result in an aggravation of the economic challenges we face. We recall that then Prime Minister Forbes Burnham, in advancing the case for nationalization, pointed to the repatriation of profits by the then owners, and the lack of investment. Moreover, the private owners would be able to benefit from the number of positive potentialities we have herein identified.

## **Whither a Socio-Economic study**

The sugar industry's importance has remained undiminished, and it is generally accepted that its importance has grown to encompass wider social and economic functions. Given its wide scope, decisions cannot be made in a slipshod manner, as the consequences and repercussions can be serious, if not disastrous, for our people and nation. In view of the obvious, the necessity for a socio-economic study cannot be overemphasized. Such studies are an indispensable tool to policymakers in arriving at sound and well-thought-out decisions which are in the interest of the people. We urge, as we have done before, that the Government positively considers pursuing such a study, especially in view of the ramifications of the proposals that are being floated.

## **Conclusion**

At this stage of our country's development, there are no other developed/developing industries that can readily and easily absorb sugar's large workforce, more so with similar work conditions. We hold that the furthering of farming, while seemingly good on paper, still requires more study and examination, and implementation in a proper and pragmatic way. This is still some time off, and can well be pursued on the vast expanses of available land in our country. It can safely be said that closure and sell out of this industry can very well see many ordinary working Guyanese being pushed on to the breadline, with little hope for the future and increasing desperation to survive.

Such a situation is not in the interest of our country, the Government and most of all our people. For the NIS, the situation can become troubling, as many of the redundant workers would have already qualified for pensions when the contributor base would be shrinking. The contagion in the banking sector is another serious consequence that must be borne in mind, as many workers have been able to secure mortgages and other loans and may be unable to service those debts. The

reduction in income also has deleterious effects for the commercial sector and all in all Government's revenues and employment in our country would be reduced. Another most significant effect we see is the societal issues that would emerge in the form of criminality, destitution, suicides, divorces and other such ills. The education of workers' children could also be affected, and this does not augur well for our future development. These repercussions, among the myriad that would emerge, would require many billions of dollars to correct and remedy.

GAWU believes that sugar, albeit with a change in its outlook, has a successful future. The proposals we have suggested have taken account of work already done by GuySuCo, and are the right step to secure the industry for the future. The production of higher-value income inelastic goods assures of a stable income and markets for the industry's new products. Moreover, they are aligned with the Government's Green Economy thrust, and improve exports while reducing imports, thus enhancing our Balance of Payments' position.

We hold the view that the Government of Guyana, the management of GuySuCo, and the Trade Unions and the workers are all key stakeholders with a common objective for the Industry's economic viability. We strongly believe our joint efforts can return viability to the industry.