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GUYANA SUGAR CORPORATION LIMITED

REPORT AND ACCOUNTS 1980



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OUTSIDE FRONT COVER

From top to bottom
Guyana Sugar Experiment Station
Skeldon - 1980 Champion estate
Oil Palm Development - Wauna

INSIDE FRONT COVER

Port Mourant Training Centre

will continue to be an area of great concern in 1981 if the present trend of falling world sugar prices continues.

SUGAR CULTIVATION

The total average rainfall of 80.69 inches over the sugar belt during 1980 seems to suggest that the weather was ideal for harvesting the crop, since this was over seven inches below the historical average and some nine inches less than that in 1979. This, however, does not reflect the rainfall distribution which was critical to the harvest. Unfortunately, because of the late conclusion of the 1979 second crop and the substantial out-of-crop maintenance required by most factories, full advantage could not be taken of the comparatively dry conditions in January. These reasonably dry conditions only continued until late in March when showers of increasing frequency interrupted harvesting of the 1980 first crop, particularly in the Demerara region. Despite our efforts to take off the crop during the heavy mid-year rains which started in early May, some 7.8% of the projected first crop acreage remained unharvested. Cane

quality, which was consistently lower than normal throughout the crop deteriorated considerably towards the close, notably in the Demerara region.

Farmers' production in the first crop was 28.5% below expectations. This represented a reduction of 5,363 tons sugar on the estimated production. As a result, the shortfall of sugar production in the first crop was some 25,773 tons.

The unfavourable rainfall pattern of the first crop was repeated in the second crop which began in early August in unsettled weather conditions. These conditions continued into September and intermittent showers increased in frequency from mid-October and deteriorated appreciably in December in Demerara where an average of over fifteen inches of rain fell compared with five inches in Berbice. Again, it was not possible to take off all of the projected second crop acreage, although Berbice reaped slightly more than their budgeted acreage.

The result was a total sugar production of 269,634 tons for 1980 compared with a production of 298,268 in 1979. Cane farmers produced 38,786 tons or 14.38% of the total production.

Generally speaking, the average tons cane per acre for 1980 was low, but the heartening results obtained from the two commercial pilot plots established at Uitvlugt and Enmore augur well for the future. The good yields achieved bear testimony to the objectives of the project, which were to demonstrate to the largely inexperienced field staff, the increased productivity which could be obtained by improved supervision, adherence to the established agricultural practices and the timely application of the necessary inputs.

The knowledge and experience gained in total mechanisation practices from the pilot project at Diamond estate should also enable the industry to supplement and eventually replace manual operations on most of the established ridge and furrow cultivation. Such a change over from our present labour intensive harvesting methods would, however, have to be carefully weighed against the possible displacement of labour, and our ability to acquire an adequate number of suitable machines to carry out mechanical harvesting on a shift system to obtain the best results.

Although our cultivation has been freed from the effects of smut disease, the industry has in the process over the last five years lost seven, including one of our best commercial varieties, which had been found to be susceptible to this disease. At the present time we have to rely heavily on B 41227, one of our older varieties, and to a less extent DB 66/113, a variety which although it has only recently been considered as commercial, is regarded as the second major variety in the industry. A close watch is being kept on the recent incidence of rust and yellow spot diseases, and every effort will be made to increase the acreages under the new varieties which are being extended in an attempt to reduce our reliance on too few varieties and hopefully to produce a higher yielding variety than those now in the cultivation.

OTHER CROPS CULTIVATION

In the area of other crops production, the Corporation showed increases in every crop except blackeye peas and cassava flour. The weather pattern did not provide enough time to prepare the land for blackeye and as it turned out great losses were sustained from the limited acreages planted as a result of the unseasonal rains or poor germination. The farmers in the Pomeroon area had reduced their supply of wet cassava roots to the mill at Charity this year. This was largely responsible for the drop in the production of cassava flour. In an effort to encourage increased production, on the initiative of the Central Government, the price paid for wet cassava roots was increased while at the same time higher yielding varieties of cassava from the Corporation's nursery at Enmore were distributed to the farmers. In addition, the Guyana Co-operative Agricultural and Industrial Development Bank had, towards the end of the year, approved of loans to farmers in the area to produce cassava. It is hoped that these inputs will result in greater production of cassava roots in 1981 to increase the utilisation and the cost efficiency of the Charity mill.

The Kaituma mill did not commence operations in 1980 as anticipated because of the inadequate supply of power and tubers in the area. The late start should however result in a more viable undertaking since the Corporation took the opportunity to establish a 200 acre State Farm to ensure a high utilisation of the facilities.

CHAIRMAN'S STATEMENT



FINANCIAL RESULTS

Despite the low level of sugar production, which at 269,634 tons was 19.5% below the original estimated production of 335,005 tons, the anticipated increase in sugar prices made 1980 a year of consolidation in this period of recovery in the industry. The financial results of 1980 are the best so far achieved by the Corporation.

1980 was a year of fluctuating fortunes. Although the industrial relations climate was relatively stable throughout the year, the late start to the crop and unseasonal rains combined to hamper harvesting operations. Like previous years, operational inputs, both capital and routine, reflected the marked impact of inflation generated both locally and overseas. In this situation the great disappointment in 1980, was our inability to grasp fully the opportunities offered by the improved world sugar price.

Our cost of production, inclusive of borrowing charges, continued to increase at an alarming pace. In the circumstances, the improved prices which we obtained for our sugar and molasses were the major factors which contributed to the results of the Group. The comparative figures returned by the Corporation from its inception on 26th May, 1976, are as follows:

	7 months				
	1976	1977	1978	1979	1980
Production (tons sugar)	194,776	241,527	324,805	298,268	269,634
	\$M	\$M	\$M	\$M	\$M
Group Sales	128.6	191.0	261.4	259.2	328.8
Net Income/(Loss) Before Taxation	8.2	(15.6)	4.2	2.0	6.2
Net Income/(Loss) after Taxation	3.1	(15.5)	3.5	1.1	5.3
	%	%	%	%	%
Return on Capital Employed (Income before Taxation)	4.7	-	3.8	1.7	4.8

The return on capital employed, though reflecting an improvement of 3.1% over 1979, is still unacceptable to the Corporation. It is to our credit, though, that the stocks of sugar available were converted into cash more rapidly than in previous years, and this had a big effect in accelerating the flow of foreign exchange into Guyana when this was vital to the nation. In 1980, the Corporation earned \$304.3M in foreign exchange compared with \$234.9M in 1979. In addition, the continued subsidy on the sale of sugar locally, which is borne by the Corporation, amounted to \$27.8M in 1980 compared with \$17.1M in 1979. By itself the subsidy in 1980 reflected a return on capital employed after tax of 15.6% on an historic cost basis. Were the subsidy received as earned revenue, the Corporation's surplus after tax would have been \$24.2M.

Our plans to accelerate the replacement of agricultural equipment, plant and machinery by capital expenditure of \$26.0M in 1980 had a set back from delays, beyond our control, in concluding an agreement for the financing of approximately \$12.3M of this programme. As it was, capital expenditure in 1980 amounted to \$15.5M compared with \$13.3M in 1979. With the finalisation of this agreement, the Corporation hopes to undertake capital expenditure of \$28.0M in 1981 of which \$18.0M has already been contracted.

Our total borrowing position, at the end of 1980, stood at \$89.2M. This represented a reduction of \$0.5M on the borrowing position at the end of 1979 despite the low sugar production, inflation and the high cost of borrowing which amounted to \$14.4M in 1980 compared with \$10.9M in 1979. While the improved sugar prices and tight financial control were responsible for this slight improvement in the borrowing position, the low sugar production prevented us from making a substantial impact on our worrying liquidity position. This

achieving and maintaining the required standards. At the same time, our manpower development programme has regained its momentum and the level of our external training remained at a high level. This year our apprentices not only obtained 100 per cent passes at the City and Guilds Examination, but secured an all time record of 38 distinctions and three bronze medals. The first six female apprentices have now graduated to the work situation, where we hope that they will prove their worth and maintain the high quality of craftsmanship for which our training scheme is known.

Our internal and external communications programmes continued to make progress, and this has helped to maintain staff morale and is reflected in the interest with which the nation follows the fortunes of the industry and is willing to come to its assistance. Continued efforts have also been made to involve the Unions in our worker participation programme.

The Honours Roll Scheme which has been so successful in helping to develop a spirit of pride and cohesion among the workers of each estate, was strengthened by the introduction of the Monthly Production Incentive Scheme to motivate workers to higher production and productivity. We salute the efforts made by the workers of Skeldon which gained them the honour of being declared the Champion Estate for 1980, a title which has been retained in the Berbice region in this the second year of the Scheme.

Keen interest was maintained in the varied sports programme which was successfully run off at the inter-department, inter-estate and inter-regional levels. The Head Office Departments have been provided with suitable recreational facilities at the Club House at Ogle to bring them in line with their counterparts on the estates. The Corporation again participated in the Public Sector Games in which five teams completed this year. Once again, we regret to say the Championship Shield eluded us, but we look forward to unseating Guystac in 1981.

We are very pleased that our efforts to improve the safety in the operation of our vehicles resulted in a substantial decrease in accidents. Regretably, however, three of our workers lost their lives in vehicular accidents, and we sympathise with those families who have lost their loved ones under such circumstances. This was, however, quite a significant improvement on 1979. Sad to say, the lost time accidents increased significantly in both the factory-type premises and the field, and while there was a reduction of man-hours lost in the factory the man-days lost in the field accidents increased considerably over 1979. It is our hope that the Factory Safety Officer charged with the responsibility of improving safety precautions at estate level will motivate the foremen and supervisors to discharge effectively their responsibilities for safety and so put a brake on this wasteful trend.

As envisaged, the safety competitions for awards for Good Housekeeping and Safe Practice, Factory Safety, Field Safety,

Harvesting Accident Prevention and the Guysuco Pennant were resuscitated this year, and for the first time an award was made under the Good Housekeeping and Safe Practice Competition for the most improved estate.

Industrial relations were once again relatively stable in 1980 with a reduction in the man-days lost due to strikes compared with 1979. There has, however, been a marked reduction in labour turn out on week-ends, and the co-operation of the Unions in the industry will be sought in correcting this situation.

THE FUTURE

Although the removal of the large element of speculation in the very volatile world sugar market has resulted in a steady reduction of the L.D.P. in the early months of 1981, the underlying world-wide balance between production and consumption of sugar remains favourable. There is, therefore, every hope that the average world price for sugar in 1981 will remain reasonably firm and that we will achieve better overall prices than in 1980.

After our difficulties in 1977, we have at last been able to restore the agricultural balance between our first and second crops. This will enable us to get the best out of the present varieties of cane in the cultivation until our expanded breeding and selection programmes can produce higher yielding disease resistant varieties to replace those lost to the industry over the last five years because of their susceptibility to sugar cane diseases. In addition, the implementation of our new optimum ratooning policy will enable us to achieve increased productivity from the better soils of certain estates. As far as possible and in the interest of better yields, the cut off dates for planting, which are determined to ensure that an adequate canopy is produced in the field before the onset of the heavy rains, will be maintained. In order to do this and to improve our ability to achieve a 20 percent replant programme to further increase yields, prepared land will be kept under flood fallow to give an early boost to planting at the beginning of each crop.

The Other Crops Division of the Corporation seems poised for a larger contribution of food to the nation. Already yields of over 2,000 lbs. of corn to the acre have been obtained, increased yields of tilapia have been produced from the conventional ponds at Blairmont, and the cassava produced from the State Farms at Kaituma and Somerset and Berks will increase the production of cassava flour and its by-products and improve the efficiency of the mills. There are indications that our improved methods of land preparation and our cultivation practices for blackeye pea will continue to increase yields per acre and the decision to cultivate onions commercially represents an exciting achievement for the Division. We will continue to improve the existing Oil Palm cultivation and the extraction and refining facilities at San Jan and Wauna. However, the Wauna expansion will depend on the assistance of external financial institutions.

Of note in the activities of the Division were the increased yields per acre obtained in the corn crop at Manarabisi; the marked weight gains in the tilapia produced; the experimental work being carried out in aquaculture with the assistance of the International Development Research Centre of Canada; and the decision to extend commercially our experiments in the cultivation of onions. ✂

FACTORY OPERATIONS

Although factory performance was not as good as that anticipated for the year, there were some welcome signs of improvement in utilisation and a lower factory downtime for mechanical reasons compared with 1979.

The poor quality of the cane processed produced a pol % cane of 9.50 which was the lowest ever recorded by the industry. The °pol extraction was also the lowest ever recorded by the industry. This resulted mainly from the extremely high fibre % cane and the effects on throughput which stemmed from this and other factors and the mechanical difficulties experienced. While some of these problems will have to be corrected in the field, the deficiencies in the factories will also have to be corrected to improve recoveries and quality.

Steps have been taken to replace, on a planned basis, the under-sized mill rolls which are in the majority of our factories. The commissioning of the Equipment Conservation Centre at Ogle in 1981 coupled with the increased utilisation of the engineering facilities available in the factory workshops will improve the planned maintenance system of the factories. The training scheme for sugar boilers will alleviate the shortage of competent sugar boilers. And last, but by no means least, the Factory Operations Department has been strengthened by the employment of specialists in processing and engineering to assist estates in achieving and maintaining standards. A Factory Supplies Co-ordinator will also be appointed to ensure that an adequate amount of the required materials and spares is available for reconditioning and servicing the factories,

Continued efforts in energy conservation produced satisfactory savings in fossil fuels by the industry in 1980. There was, however, an increased demand for wood to supplement the short supply of bagasse arising from the intermittent grinding patterns. Steps have been taken to procure bagasse balers to enable us to store excess bagasse from Albion and Rose Hall for use as fuel during the out-of-crop periods and in areas where fuel may be short. Unfortunately, this will mean that the Corporation will have to re-think the proposals to use this material for the manufacture of paper and/or particle board.

MARKETING

As stated elsewhere in the report, 1980 was a year of mixed fortunes in the marketing of Guyana's sugar. On the one hand, world market prices improved considerably and Guyana at last

received G.S.P. treatment for sugar exports to the U.S.A. On the other hand, there were unfavourable developments in the E.E.C. market and because of our low production the opportunities that existed in the world market could not be fully grasped. It should be noted, however, that although the average I.S.A. daily price was U.S. 28.69 cents in 1980 compared with U.S. 9.65 cents in 1979, if this price were deflated in line with the official U.N. cost index of manufactured exports it would shrink considerably.

The biggest hurdles which face the marketing of our sugar arose from the problems which have emerged in recent years in the E.E.C. sugar market, which remains fundamental to our marketing strategy. Some of these are the release of excess sugar from the E.E.C. on to the world market, the price obtained for our sugar in the E.E.C. and the proposed closure of one raw sugar refinery in the U.K. These developments are of concern to us since our export quota in this market gives the industry a secure, long-term outlet for some 55 per cent of our exportable sugar at a price which has been reasonably stable and remunerative over the years. It is the sort of bedrock which the industry must have in order to plan properly to achieve satisfactory financial returns.

In sugar marketing our strength lies in the unity of sugar-export countries. Our links with others in Caricom, with the A.C.P. Group and with the countries of the Latin American and Caribbean Group of Sugar Exporters (G.E.P.L.A.C.E.A.) are therefore vital. In 1980, Guyana and Guysuco representatives continued to be active in maintaining these international links. We played a leading role in the A.C.P. Sugar Committee in Brussels and maintained regular contacts with the I.S.O. Secretariat in London. Our representatives also played a full part in meetings of G.E.P.L.A.C.E.A. held in 1980 in Brazil and Panama to plan export strategy and discuss technical co-operation.

STAFF AND INDUSTRIAL RELATIONS

We regret to report that the continued loss of experienced staff since the establishment of the Corporation became evident in the quality of our performance, both in the field and factory.

While we were able to upgrade staff and to recruit young qualified Guyanese to replace those lost to the industry by death, retirement, or resignation, the rapid mobility of staff through the system did not endow them with that level of experience to enable them to deal adequately with the problems of the industry. Steps have been taken in addition to seminars, to document field practices on each estate and to lay down Commercial Pilot Plots to cope with the problems in the field. In the factory it was necessary to recruit, on secondment, experienced specialist personnel in sugar processing, factory and heavy equipment maintenance to assist the present staff in

The seriousness with which we view our commitment to the Wauna Oil Palm expansion can be gleaned from the fact that two high-powered teams from Guysuco were sent, firstly to the Solomon Islands and secondly, to Malaysia, to study developmental works there. We have learnt much from these visits and, using the knowledge gained therefrom, we believe that we now have a repository of local knowledge to move the project forward.

With the continued increases in the price of petroleum products and our decision to bale and use bagasse to produce electricity on the estates during the out-of-crop periods, it seems clear that we will have to shelve plans for the production of particle board from this material for the time being.

An agri-business like Guysuco's is faced with many challenges from nature to achieve targets set, even when all the necessary inputs are available for timely application and use. Unlike all other sectors of the economy, we have had to cope with these as well as the ever increasing inflationary trends in the price of manufactured goods and petroleum products in the face of fluctuating prices for our produce which do not in any way reflect the increased costs of inputs. We have had our fair share of foreign exchange allocations to help us to cope with the timely acquisition of inputs, but serious consideration needs to be given to helping the Corporation to finance its operations with reduced costly overseas borrowings by enabling it to build up reserves to replace assets and by removing those constraints which put a brake on our strivings for self-sufficiency in financing our operations. In this connection, I believe that we must approach the question of the local selling price of sugar with some degree of cautious optimism.

Guysuco is at the base of other surplus earning enterprises both in the public and private sectors, and the best we can do is to ensure its viability for the future.

1981 is going to be a testing year. It will be a year which will test both our will and ability to manage. I have earlier pointed out the serious marketing problems, the lowering of revenue, the high rate of borrowing, the high cost of inputs, while at the same time everything must be done in order to ensure that we continue to make improvements in both field and factory to secure the future of the Corporation.

I believe that given the will to manage, we can face the challenges of the immediate future. I believe that we are poised for increased production now that we have a better crop balance. Given stability, not only in labour relations but also in weather patterns, the future, notwithstanding the constraints I have noted above, looks reassuring.

Our staff continue to be loyal and committed. We have been successful in recruiting highly motivated and qualified employees and if we can continue to maintain the morale of our people at an increased level, the Corporation would have dis-

charged its responsibilities to the Nation.

I note that we have continued to improve the relationships between ourselves and the communities around us and given the understanding that currently exists, I have no doubt that these ties will be further improved. We must continue to work on the improvement of our relationship with the Unions operating in the industry and, at the time of writing, I can say with confidence that there are hopeful signs that the prospects for this look good. This improvement will certainly redound to the benefit of all.

With the decisions taken to improve and monitor our agricultural practices, I believe that with the discipline and procedures which we have set in train, we are on our way to attaining improvement in yields.

The employees of this Corporation, both managerial and non-managerial alike, appreciate the problems which face Guyana and Guysuco.

We move forward, therefore, with confidence, recognising that notwithstanding the difficulties encountered, the progress recorded in this 5th Annual Report could not have been achieved without the help and assistance given to me and the Corporation by so many persons both nationally and internationally.

To the Ministers of the Government, to the Board of Directors and particularly to our non-executive members for their objectivity and the generous giving of their time and their collective wisdom, to the members of the Management Committee for their continued guidance and support, and above all to our employees, managerial and non-managerial alike, I wish to record my personal gratitude, I believe that this support - evidence of co-operation, commitment, dedication and loyalty - will stand the team in good stead, not only in 1981, but if maintained will lead the Corporation to further progress in the years ahead.



Honoured by the nation in 1980 were: T.O. Ellis, CCH (Honorary); Seelal Rampersaud, MS; H.B. Davis, CCH; Y. Persaud, AA; and S. Bajkhan, MS.

REVIEW OF OPERATIONS

AGRICULTURE

SUGAR

Production : A total of 269,634 long tons of sugar was produced in 1980 compared with a production of 298,268 tons in 1979: 104,307 tons in the first crop and 165,327 tons in the second crop. The estates produced 230,848 tons and cane farmers 38,786 tons or 14.38 % of the total production. Production for the year was 19.5 % below the original target of 335,005 tons.

Yields in the first crop were undoubtedly affected by the early onset of the mid-year rains in 1979. The very wet conditions from mid-March under which the 1979 first crop harvest continued had a depressing effect on ratoon regrowth as well as on the establishment of new plants which were scheduled for reaping during 1980. Additionally, over 9,500 acres of cane were brought forward in the 1979 second crop from the 1980 first crop, with the result that underage cane was harvested throughout the subsequent reaping season. The depressing effect on productivity in the first crop was further aggravated at Wales Enmore, Rose Hall and Albion by the necessity to bring forward over 7,300 acres of young cane to make good the acreage deficit towards the end of the crop.

The early rains in the 1979 first crop coupled with the comparatively late commencement of grinding operations seriously curtailed the land preparation and replanting programmes planned for that time. This resulted in a smaller proportion of the normally higher yielding plant cane in the composition of the first crop.

The incidence of froghopper outbreaks at Enmore and LBI and arson at LBI, Enmore and Uitvlugt, had a further depressing effect on yields.

Yields in the second crop were better than that of the first crop and were fairly close to expectations, the juice quality was, however, decidedly poorer.

The main reason for the Industry's poor production performance compared with the estimates could be summarised as follows:

1. the loss of grinding time during favourable weather conditions due to the late start of the factories during the first crop;
2. the under achievement of the estates' harvesting programmes by 7.0 % of the acreages to be harvested and the shortfall of approximately 10,000 tons sugar from farmers' cane;
3. an overall poorer juice quality resulting in an increase in the TC/TS by 10.5 %; and
4. the short supply of cane to all factories during weekends despite the apparent stable labour relations ex-

perienced.

Rainfall, Moisture Deficits and Drainage Loads : The total average rainfall of 80.69 inches over the sugar belt during 1980 was over 7 inches below the historical average and some 9 inches less than that for 1979. Precipitation in January and February was somewhat similar to that in 1979 and appreciably less than the historical average by 5.86 inches and 4.38 inches respectively. The rainfall in March though less than in 1979 exceeded the historical average by 1 inch, whereas rainfall in April, May and June was less than average and below that for 1979. For the first half of 1980, the rainfall was, therefore, on the whole below average with extremely dry conditions from late January to early March. The total average rainfall during the first six months of the year was 34.87 inches compared with 50.91 inches in 1979 and the historical average of 48.56 inches for the same period.

Although July was wetter than normal, August and September were drier than average. However, the rainfall experienced in October, November and December was in excess of the historical average with November being the wettest month of the year. 45.82 inches of rainfall were recorded in the latter half of the year compared with 39.36 inches in 1979 and 39.39 inches historically.

The calculated mean accumulated moisture deficits were 14.4 inches for the first crop and 12.7 inches for the second crop. These comparatively high deficits produced moisture stress in the cane which was reaped late in the first crop; cane which had experienced similar stress late in 1979. These deficits also produced moisture stress in the second crop cane during its growth period. The mean potential drainage loads for the first and second crops were 34.1 inches and 13.5 inches respectively, indicating that the first crop cane had also been subjected to excessive moisture conditions at some stage in its growth, whereas the effect of excessive moisture on the second crop cane was minimal. The more favourable moisture conditions enjoyed by the second crop cane was partly responsible for the higher tons cane per acre returned in the second crop compared with that of the first crop.

It is likely that the wet conditions, which prevailed in the latter part of the second crop, while promoting growth in the 1981 first crop cane will deleteriously affect the soil tilth of the areas reaped at that time and consequently adversely affect the performance of the 1981 second crop ratoons in those areas.

Mechanical Tillage and Replanting: A total of only 16,273.8 acres or 63.9 % of the tillage programme of 25,480 acres was completed mainly due to:

poor machine availability throughout the year, especially in respect of the old heavy crawler tractors; and

REVIEW OF OPERATIONS Continued

heavy intermittent showers in the latter part of the first crop and early in the second crop, particularly in the Demerara region, which severely hampered progress in the execution of the programme.

Although the Demerara region's performance was better than that in the Berbice region in the first crop, the situation was reversed in the second crop. At the end of the year, Berbice had completed 9,019.7 acres compared with 7,254.1 acres in Demerara.

73.8 % of the planting programme of 24,043 acres was completed during the year: 9,204 acres or 51.9 % in the first crop and 8,529.3 acres or 48.1 % in the second crop. As in mechanical tillage, Demerara performed better than Berbice in the first crop and the situation was reversed in the second crop.

Seminars for field personnel were held during the year to emphasise the strict observance of the established planting standards. In addition, planting operations were closely monitored to ensure that the best available treatment and practices were applied to the plant cane in an effort to attain the established yield potentials.

Commercial Pilot Plots: Two of these plots which had been successfully established at Uitvlugt and Enmore during the 1979 second crop were reaped as plant cane during this year's second crop with the following results:

		TC/A	TC/TS	TS/A
Enmore		42.66	12.37	3.45
Uitvlugt	Infield	51.15	14.49	3.63
	Dambeds	35.47	14.51	2.44
	Average	48.08	14.49	3.32

It is to be noted that the dambded cane was planted at Uitvlugt three months after the infield cane and was therefore reaped before it was fully matured. The good yields achieved from these plots bear testimony to the objectives of the project which were to demonstrate the increased productivity which could be achieved by improved supervision, adherence to the established agricultural practices, and the timely application of the necessary inputs.

Pilot Project, Diamond Estate: The Field Equipment Experimental Unit became increasingly involved in the mechanical harvesting and follow-up activities at the pilot project at Diamond estate. Despite serious weather constraints the Unit gained valuable experience in its activities directed at promoting varying aspects of field mechanisation.

The KTP-1 chopper harvester, on loan from Cuba, and the reconditioned J & L whole stalk harvester were employed at the pilot project as a continuation of the evaluation of the available mechanical harvesting equipment. The operating characteristics of the various harvesting, transport and factory receiving

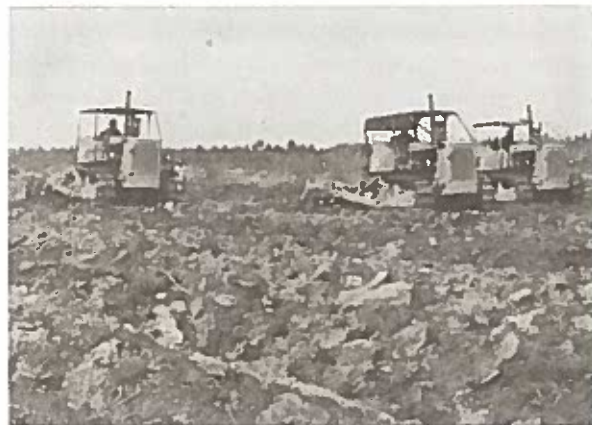
systems were indentified to determine how best these could be related to our normal field and transportation arrangements. While the handling of whole stalk cane has been clearly determined, the difficulties in handling chopped cane are still to be resolved. The main problem with handling chopped cane is the need to use containers which cannot be readily accommodated in our traditional chain-sling-in-punt water transport system.

The results of the mechanical harvesting trials so far carried out indicated that the field layout of the pilot project is suitable. It would be necessary, however, for the drainage system to be modified to allow the land to dry out quicker, since the available machines could not cope with soft soil conditions caused by rain during the harvesting period.

The output of the mechanical harvesting system which has demonstrated an average capability of 25 tons cane per operating hour, is extremely sensitive to irregularities in loading, transporting and off-loading which have to be closely co-ordinated. These operations must also be carried out on a shift system to obtain the best results. This in turn will require an adequate number of machines and an increased number of trained operators and back-up staff.

Because of the unfavourable weather conditions some 60 % of the cane available on the pilot project remained unharvested at the end of the second crop despite the use of manual labour as a back-up to the mechanical harvesters. It is, however, envisaged that the knowledge and experience gained from this project would enable the industry to supplement and eventually supplant manual operations on most of the established 16,000 acres of ridge and furrow cultivation.

Field Equipment: Although some TD 18's and BTD 20's had been replaced by Caterpillars D6SA's and D4SA's, it was found that the maintenance costs of field equipment continued to increase despite stringent controls and central monitoring of spares



D6SA's in operation at Enmore Estate.

REVIEW OF OPERATIONS *Continued*

IH 100D digging drains with a Dondi 65 at Wales estate.

The main reasons for this were the substantial increases in the price of spares which included increased mark-ups by the local agents and the retention of old and obsolete draglines, excavators and wheeled-type tractors. In the light of this, consideration would be given to making provision for the replacement of this type of field equipment in the Corporation's Capital Programme.

The Central Workshop at Albion has continued to reduce the man-hours per unit overhauled and was able to overhaul 27 units during the year.

Breeding and Selection: Adverse weather conditions, resulting in damp flowers, as well as overcrowding in the crossing shed during ideal periods, militated against maximising the number of crosses completed. As a result only 270 crosses were made during the year.

Polycrosses accounted for 44 % of the crosses made, in comparison to 19 % during the last breeding season. This shift in emphasis was based on the principle that a larger number of seedlings are obtained from polycrosses than from biparental crosses for energy expended. Thus polycrosses are expected to contribute to increased seedling production and therefore greater exploitation of the available genetic base.

In the Mutation Breeding Programme two mutants of D141/46 - B 71992 and B 71997 - were among varieties placed in a Latin Square Trial in October. These two varieties will be used in the next Breeding Programme because of their shy flowering and smut resistant qualities and favourable yields.

The problems affecting seedling growth in the greenhouse were compounded by an unidentified disease which resulted in an estimated seedling loss of 20%. It is projected, however, that 35,000 Demerara Seedlings will be potted early in 1981.

A total of 64,665 seedlings comprising 42,923 Demerara and

21,742 Demerara-Barbados 1979 seedlings were planted out in the Chateau Margot fields.

Meanwhile 4,358 varieties were advanced from Stage I to Stage II, 366 from Stage II to Stage III and 31 from Stage III to Stage IV

Twenty-one Stages IV and V variety trials were successfully harvested. Two trials were discarded because of poor growth while three were lost either to arson or lack of notification by estate personnel.

DB 70/172, our most promising variety, was found to be susceptible to Rust. Its disease reaction is under further scrutiny. Three promising varieties, D 70/97 D 70/98 and DB 71/60, are being carefully observed both in field trials and extension plots at the GSES.

Over the last five years 7 commercial varieties viz. HJ 5741, DB 414/60, DB 5/55, B 5780, B 51116, B 60122 and D 42/58 were removed from the annual replant programme because of disease susceptibility. This large loss has resulted in a greater dependence on B 41227 and to a less extent DB 66/113, a variety which although it has only just been considered as commercial, is regarded as the second major variety. Larger acreages of B 63118 were planted on some estates and a small number of other varieties were being extended. Yellow Spot, a third and potentially damaging disease, has been discovered in our cultivation. It will, therefore, be necessary to make a determined effort to increase the acreages under the new varieties which are being extended.

Diseases, Pests, and Weed control

Smut (*Ustilago Scitaminea*): The diseased acreage of commercial stands of smut susceptible varieties has been reduced from 43,700 acres in 1976 to less than 4,000 acres in 1980. The remaining acreage is comprised mainly of DB 5/55 and B 5780 which are being replaced on a planned basis.

A total of 5,575 varieties were in smut screening trials. Results have shown that an overall average of 45% of the clones tested were susceptible. There were wide variations in susceptibility in the different series under test, ranging from 8% for Demerara 1974 series to 77% of the Demerara 1976 series. Evaluation of the effectiveness of the screening programme continues.

Combined plant and ratoon cane results have confirmed that no new race or pathotype of the disease evolved at Rose Hall Estate, where in 1978 whip numbers exceeded 2,000/acre on 8 commercial varieties.

Rust (*Puccinia melanocephala*) syn. *Puccinia erianthi*: In Guyana, unlike the Caribbean Islands, Rust disease exhibited a bi-modal infection pattern related to the two wet seasons. Generally, the disease expression was more severe under dry conditions when growth suppression and death of young tillers

REVIEW OF OPERATIONS *Continued*

were easily visible.

Flood irrigation was tested as a method of managing the disease. This treatment on B 60122 gave an initial upsurge in the infection levels, there was also an increased growth rate compared to the unirrigated plants. The bunching of TVD -1, TVD and TVD + 1 leaves at high infection levels under dry conditions was not seen in irrigated fields.

Commercial varieties susceptible to this disease are B 51116, B 60122 and D 42/58 which together at the end of the year occupied less than 10% of the acreage under cane. Pustules were found, but in low numbers, in B 63118 D 38/57 and B 41227. The results of our Disease Screening Trials indicate that 97% of our clones are resistant to this disease.

The weeds *Sporobolus indicus* and *Imperata brasiliensis* in heavily infected fields showed Rust symptoms with pustule development. The Rust species have not been established but the uredospores were similar in size and shape to *melanocephala*.

Leaf Scald (*Xanthomonas albilineans*): Leaf Scald continued to be found on varieties in the different stages of selection. Efforts to spread the disease with a contaminated cutlass were apparently unsuccessful.

Pests: Research continued in the rearing of *Diatraea centrella* and *Spodoptera frugiperda* and the exotic parasites *Apanteles flavipes* and *Telenomus remus* imported from the Indian sub continent and the Pacific respectively and obtained from the Commonwealth Institute of Biological Control in Trinidad and Tobago. Releases of these parasites were made at LBI, Enmore and Manarabisi but no field recoveries had as yet been made. *Trichogramma japonicum* was also imported in December for rearing and release.

The pests which most affected sugar cane in 1980 were frog-hopper - *Aeneolamia flayilatera* and the leaf eating caterpillar, *Spodoptera frugiperda*. The small moth borers, *Diatraea* spp and the large moth borer, *Castnia licoides* did not exceed the average infestation levels save for the occasional upsurge in the course of the year.

The wet conditions during the year provided ideal conditions for froghopper infestation, and weed growth in the fields encouraged the presence of the leaf-eating caterpillars. Chemical control had to be used against these pests at Skeldon, LBI and Enmore.

There was a sudden change of habit of termites *Nasutitermes costalis* at LBI estate, when instead of building the familiar nest around the cane stool they colonised the cane itself. In every instance entry into the stalk was gained through holes made by moth borers or physical damage to the rind. Two blocks of young B 41227, where stalk infestation exceeded

30% had to be prematurely harvested to avoid further spread of the pest and damage to the stools.

The population levels of *Holochilus brasiliensis*, the savannah rat, were kept in check during the year through vigilance, controlled baiting and hunting.

Oil Palm Pests: *Castnia daedalus* was the dominant insect pest of the oil palm cultivation at San Jan. Control of the pest was effected by the use of Monocrotophos but the minimum effective dosage and the determination of insecticide residues in the fruit and oil were still to be ascertained. The presence of an unidentified disease organism which also seemed to have effected some control over the castnia larvae has delayed trials which were to be set up to determine minimum effective dosage of the insecticide. This new phenomenon will be investigated.

Corn Pests: The corn cultivation at Manarabisi was attacked primarily by *Spodoptera frugiperda*. Other pests were *Anicla infecta*, *Diatraea saccharalis* and *Diatraea centrella*. Releases of *Telenomus remus*, an egg parasite of *Spodoptera* and *Anicla* were made in the crop and adjacent areas in an attempt to reduce the population of these pests.

Weeds: Trials were carried out to evaluate certain chemicals and combinations of these chemicals on terrestrial and aquatic weed control by pre-early, post and medium-post emergent applications to determine their residual effective life, cost studies and phytotoxic effects. Rotation of the triazine group with substituted urea groups of herbicides should minimise weed tolerance/resistance to a particular group of herbicides.

Special control measures were carried out against *Echinochloa polystachya* - Missouri grass, *Andropogon bicornis* - foxtail, savannah grass, *Imperata brasiliensis* - June grass, and *Antidesma ghesaembilla*.

Fertiliser Practices: The upward revision of the nitrogen fertiliser policy to 4 cwts. of sulphate of ammonia per acre as basic dressing for all ratoons, resulted in a slight decrease in the acreage recommended for supplementary nitrogen in 1980 compared with 1979. There was, however, an increase over the previous year in the acreage recommended for supplementary phosphate in 1980. This increase was more than 100% in plant cane and over 30% in ratoon cane, and was no doubt partly due to shortage in supplies of phosphatic fertilisers which had developed from time to time in 1979 and 1980. On the other hand, the acreage which required supplementary potash decreased considerably in 1980 compared with 1979. The areas requiring this treatment were located mainly at Enmore and Rose Hall, two estates where potash is not applied as a basic dressing. A review of this policy will be carried out in 1981.

The final yields of TC/A and TS/A in the trials treated with comparable units of nitrogen from sulphate of ammonia and urea confirmed the trend earlier observed in foliar analyses

REVIEW OF OPERATIONS *Continued*

that under normal conditions urea could be substituted for sulphate of ammonia without adverse results. However, the substantial increases in the price of urea obviated any cost/benefit advantage in the use of urea as a standard basic nitrogen dressing over sulphate of ammonia.

Field experiments in the use of granular NPK Mg compound fertiliser are planned for Uitvlugt, Leonora, LBI and Enmore on areas which are known to be deficient in magnesium. Other magnesium experiments incorporating dolomitic limestone and magnesium sulphate are in progress at Uitvlugt and Enmore.

A Nutrition Agronomist was appointed in 1980 and he will monitor these magnesium fertiliser trials, together with the NPK formal experiments instituted in 1979 to provide the detailed information required to refine or modify the existing fertiliser policy. The Nutrition Agronomist will also be responsible for evaluating the other existing experiments on sugar cane and other crops as required.

CANE FARMING

In 1980, 22,591 acres were under sugar cane cultivation by three private estates at Huston, Versailles and Lochaber, twenty Co-operative Societies (Marketing and Producers) and individual farmers. The acreage in cane in 1980 was reduced by 848.4 acres as a number of farmers in the West Demerara region ceased to plant cane, and some Berbice farmers were seeking the necessary finance to rehabilitate their holdings. 19,368 acres were harvested which together with cane purchased from the Guyana Sugar Experiment Station produced 38,786 tons sugar. This was 5,451 tons sugar less than that produced in 1979. All of the Corporation's estates, with the exception of Blairmont which has no farmers operating nearby, continued to be involved in processing farmers' cane.

The Guyana Co-operative Agricultural and Industrial Development Bank was the main source of finance for developmental, rehabilitation and crop loans to farmers. There were, however, some problems in processing applications expeditiously. In addition, farmers on the East Coast of Demerara in particular suffered from inadequate drainage facilities.

On all estates in the Demerara region persons of the status of Assistant Field Managers have been appointed Cane Farming Liaison Officers to deal with the farmers in their area. Similiar action will be taken to upgrade the status of the Cane Farming Liaison Officers in the Berbice region. In addition, it is proposed to identify a suitably qualified member of the Corporation for appointment as Agricultural Superintendent to deal with the technical aspects of cane farming and to assist in upgrading farmers' cultivations.

The Cane Farmers' Liaison Committee and the National Cane Farming Committee functioned satisfactorily during the year and provided a forum to discuss and deal with farmers' problems at the local and national levels respectively. On the basis of plans drawn up by the Cane Farmers' Liaison Committees,

the Cane Farmers' Rehabilitation Fund was used to finance projects to improve dams, roadways, bridges, drainage and navigation trenches serving the cane farming communities.

The Corporation made available places for the Chairmen and Secretaries of the Cane Farmer's Liaison Committees on its courses dealing with the chairing and conduct of meetings. Places were also made available to farmers to attend estate seminars and courses dealing with cane farming standards and procedures.

OTHER CROPS

Apart from the production of cassava flour and its by-products, the cultivation of corn and legumes; the cultivation of oil palm and the extraction of oil therefrom and the cultivation of fish in flood-fallowed sugar cane fields and conventional ponds; the Corporation's diversification programme embraced experiments in the cultivation of carrot, onion, urid, mung and pigeon pea during the course of the year.

Cassava: The Corporation maintained its milling facilities at Kaituma and Charity. The Kaituma mill did not operate during the year because of the inadequate supply of power and tubers in the area. In order to correct the latter situation, a 200 acre State Farm, which is the largest known cassava cultivation in Guyana, was established with high yielding varieties of cassava. The power supply situation has also been corrected and the stage is set for the Kaituma mill to go into full production early in 1981.

During the course of the year, the price of wet cassava roots was increased to 11 cents per lb. delivered to the Charity mill, and a horse-drawn cart was made available to transport cassava from the river to the mill at 20 cents per bag compared with 50 cents per bag previously charged by private individuals. Although increased supplies of wet cassava roots were delivered to the mill during the period August to December 1980, it was not clear how much of this was due to the increased price and/or the threat of seasonal floods in the cultivation areas. During the last quarter of the year, the Guyana Co-operative Agricultural and Industrial Development Bank approved loans to farmers in the area to cultivate some 71 acres of cassava. It is hoped that this, together with the improved price for cassava, will result in a much larger supply of wet cassava roots to the Charity mill in 1981 compared with that delivered in 1980.

In 1980, the Charity mill purchased and processed 1,616,331 lbs. of wet cassava roots to produce 317,270 lbs. of cassava flour, 3,341 lbs. of starch, 64,865 lbs. of middlings and 173.7 glns. of cassareep.

Oil Palm: The cultivation of oil palm and the extraction of pericap oil continued at San Jan on the Demerara River and at Wauna in the North West Region. There was no increase in the area under cultivation at San Jan.

REVIEW OF OPERATIONS *Continued*

The topographical survey of the Wauna area was completed, and this was used as part of the feasibility study by the IBRD, CDB, and CDC of proposals to expand and develop the Wauna area into the major oil palm cultivation and processing area in the country. At the end of the year discussions were still continuing with external funding agencies to finance the project. In the meantime, the cultivation is steadily being expanded and improved. 1,075 acres were clear felled during the year of which 200 acres were put under palm. This increased the cultivation to 1,628.5 acres compared with 1,428.5 acres in 1979. The area cultivated by farmers in the area remained at about 150 acres.

The servicing of the field equipment at San Jan improved during the year when the responsibility for this was assigned to Wales estate. The project was, however, plagued with persistent mechanical problems in the factory which was in any event inadequate to process the fruit produced there. Consequently, a considerable amount of fruit was not harvested. Plans have been drawn up to improve the factory facilities in 1981.

Despite these problems, the mill processed 135 short tons of fresh fruit bunches compared with 157 short tons in 1979. This yielded 2,443 short tons of pericarp oil, an average extraction rate of 15.7%

Only 45 short tons of fresh fruit bunches were harvested from the older trees at Wauna and 28 short tons were purchased from the farmers in the area. This compares with 67 and 3 short tons of fresh fruit bunches respectively received for processing in 1979 from the cultivation and from farmers. When processed the 73 short tons of fresh fruit bunches yielded 11.59 short tons of pericarp oil, an average extraction rate of 17.6%.

The crude oil produced on both locations was still sold in Georgetown for refining pending a decision on the developmental proposals for oil palm.

Intercropping of the younger palms at Wauna continued during the year. Unfortunately, there was not much success with the five acres of peanuts planted late in 1979, but 61.5 short tons of pumpkins were produced during the year compared with 26 short tons in 1979.

Corn/Legumes: In addition to the State Farm at Blairmont, the State Farm at Manarabisi was put under corn during 1980. The 1979/80 crop at Blairmont produced 85 short tons of dried corn from 20 acres, a yield of 830 lbs. per acre. On the other hand, the mid-year crop at Manarabisi produced 134 short tons of dried corn from 113.9 acres, a yield of 2,362 lbs. per acre.

Three crops of blackeye pea were planted at Blairmont totalling 701.8 acres. However, 344.8 acres were lost because of either unseasonal rainfall or poor germination. 29 short tons of dried peas were obtained from the 357 acres harvested, a yield of 162.5 lbs. per acre.

In addition to experiments on the cultivation practices and

varieties of both corn and blackeye pea to determine those best suited to conditions in Guyana, experiments were carried out at Enmore, Rose Hall and Blairmont in the cultivation of carrot, onion, urid, mung and pigeon pea. With the exception of carrot, the results from the experiments in these crops were encouraging.

Fish: Two crops of hassar and tilapia were produced from the 10 acres of conventional ponds at Bath during the year. The first crop yielded 1,095 lbs. of hassar and 10,723 lbs. of tilapia and the second crop produced 1,105 lbs. of hassar and 11,679 lbs. of tilapia. Compared with the very encouraging results from the conventional ponds, production from the trials with hassar and tilapia in flood-fallowed sugar cane fields was disappointing. Only 2,056 lbs. of hassar and tilapia were produced from an average recovery of 36.5% of the fish stocked. Some of the loss can be attributed to the 342 lbs. of 'wild' fish caught. An additional 9.4 acres of ponds were excavated.

With the assistance of a grant of C\$243,300 from the International Development Research Centre, Vancouver, Canada, the Corporation has embarked on a research project aimed at producing commercial crops of food fish for the coastal community and to develop a viable fish production system in flood-fallowed sugar cane fields. Under this project, research activities carried out during the year included studies on tilapia growth rate and the spawning of tilapia in cages.

FACTORIES

Factory performance fell below that anticipated in 1980, and marginally below the actual performance in 1979. The protracted periods of inclement weather had affected the quality of the cane harvested and this in turn induced difficulties in the process operations. In addition, difficulties were experienced in maintaining the mechanical fitness of some factories and this resulted in an unsatisfactory amount of factory down time which was, however, slightly lower than that in 1979. Steps will be taken in 1981 to remedy this situation by upgrading the standard of the planned maintenance system and to institute a planned replacement programme for the under-sized mill rolls in the majority of the factories.

The factories were in operation for 35 weeks in 1980 compared with 41 weeks in 1979. Factory utilisation was 64%, an improvement on the 58.5% achieved in 1979.

Process Control: The poor quality of the cane produced a pol % cane of 9.50 which was the lowest ever recorded by the industry. Lightly loaded punts, intermittent grinding, docking problems and the extremely high fibre % cane, together with the mechanical difficulties experienced in the factories affected the mill throughput. The ⁰ pol extraction was the lowest ever recorded by the industry.

The training scheme for adults instituted during the year, to-

REVIEW OF OPERATIONS Continued

gether with an intake of apprentices to be trained as sugar boilers will alleviate the shortage of competent sugar boilers which persisted in 1980. Nineteen sugar boilers are expected to graduate from the adult training scheme early in 1981.

Quality Control : the average colour value and $^{\circ}$ polarisation for the year were 141 and 98.19 respectively, compared with 150 and 98.06 in 1979. Notwithstanding this improved trend in raw sugar quality, some penalties were incurred in the U.S. market for colour and ash values.

Modification and Expansion : As part of the mini expansion project at Skeldon, a set of leveller cane knives and a new water supply pit complete with pumps were installed. The second phase of the cane handling project at Blairmont, which was designed to improve throughout, included the installation of a main cane carrier and feed chute to the mills, a second set of heavy duty cane knives and a turbine. Some teething problems were, however, experienced with these new installations.

Some developmental work was done at each factory including the installation of a turbo alternator from Diamond at Wales to enable that factory to utilise the excess steam generated by the Bigelow boiler commissioned in 1979; a high grade pan and a 600 kw turbo alternator from Albion to Leonora; an O.C. filter from Versailles to Wales; and low grade reheaters at Diamond and Leonora to improve recoveries at these locations.

The engineering services made available to the Other Crops Division not only provided maintenance in mechanical equipment, but assisted in the development of processing equipment for oil palm extraction.

Development : The engineering facilities available in the factory workshops will be further utilised in reconditioning units during the grinding period for use in the out-of-crop maintenance

of factories and as stand-by units. This activity will be strengthened and complemented by the operations of the Equipment Conservation Centre at Ogle which will be commissioned early in 1981.

Energy Conservation : Continued efforts in energy conservation produced satisfactory savings of fossil fuels by the industry in 1980. There was, however, an increased demand for wood to supplement the short supply of bagasse arising from the intermittent grinding pattern.

Constraints and Prospects : The Factory Operations Department was strengthened by the employment of specialists in processing and engineering to assist estates in achieving and maintaining standards. A Factory Supplies Co-ordinator will be appointed in 1981 to ensure that an adequate amount of the required materials and spares is available for reconditioning and servicing the factories during the out-of-crop periods.

Factory mechanical and operating problems will be categorised and dealt with on an immediate, short and medium term basis. Energy conservation will be extended to achieving thermal economies in the factories, improvements in the generation and use of steam, and an improved maintenance of boilers.

MARKETING

Sugar

1980 was a year of mixed fortunes in the marketing of Guyana's sugar. On the one hand, world market prices improved considerably and Guyana at last received G.S.P. treatment for sugar exports to the U.S.A. On the other hand, there were unfavourable developments in the E.E.C. market and because of low production the opportunities that existed in the world market could not be fully grasped.



Equipment Conservation Centre under construction at Ogle.

REVIEW OF OPERATIONS Continued

The world market price for sugar - after the very low levels that prevailed in the period 1976 - 79 - strengthened considerably in 1980 and for the first time in five years exceeded the cost of production. The average I.S.A. Daily Price for 1980 was 28.69 U.S. cents per pound as compared with 11.51 cents in 1976; 8.10 cents in 1977; 7.81 cents in 1978 and 9.65 cents in 1979. It should be remembered, however, that these prices make no allowance for inflation and if they are deflated in line with the official U.N. cost index of manufactured exports the price would shrink considerably. For example, to reach the peak L.D.P. achieved in 1974 of £650 per ton in real terms the L.D.P. today would have to go over £1,000 per ton. This gives a more accurate perspective on current values.

The strong representations made by Guyana together with other countries, over the past two years, finally bore fruit and Guyana was admitted to the list of countries enjoying Generalised System of Preference (G.S.P.) terms for our sugar exports to the U.S.A. with effect for 1st April, 1980.

The annual "negotiations" with the E.E.C. regarding price continued to follow a most unsatisfactory course and the price increase for 1980/81 quota sugar was very small. Between 1975/76 and 1980/81 the E.E.C. price which we receive has increased by only 16% which compares with the increase in the price index of manufactured exports from the E.E.C. in the same period of 65%.

This was not the only problem affecting our E.E.C. quota sugar. Assured access to the U.K. for A.C.P. sugar became more and more precarious during the year and by year-end it had become almost certain that cane sugar refining capacity in the U.K. would be further reduced, thereby endangering our outlet in this market in the future.

Marketing Policy : In 1980, the Sugar Marketing Committee, with the Minister of Trade and Consumer Protection as Chairman continued to agree the broad lines of sugar marketing policy. Efficient sugar marketing very much depends on the close and constructive relationship which is maintained between the Minister and his officers and Guysuco.

Our production of 269,634 long tons was marketed as follows:

Market	Long Tons
Home	31,811
Caricom	4,843
U.K. (E.E.C. Quota)	
- Bulk	127,992
- Specials	2,060
Tanzania	4,921
Canada	35,681
U.S.A.	60,847
Losses	1,479
Total	269,634

Home Market : In 1980 the home market was fully supplied with all its requirements. The price of D.C. sugar remained at \$260.85 per ton and the price of white sugar remained at \$560 per ton. The subsidy to the consumer in 1980 amounted to an estimated \$27.8 million.

Caricom : Guyana's exports to Caricom in 1980 reached the highest level ever achieved. The total amount shipped was 4,843 tons. We met all our quota commitments set by the Caricom Council of Ministers and on many occasions during the year came to the help of L.D.C.'s who were in desperate need for sugar to sell in their local markets. The value of sugar sold in Caricom in 1980 was nearly \$6 million, a record in this market.

E.E.C. Quota : In 1980 Guyana fully met its 1979/80 E.E.C. quota commitment by 30th June, 1980 and by the end of 1980 we had already supplied a large part of our 1980/81 quota.

Guyana's sugar export quota in the E.E.C. remains fundamental to our marketing strategy. It gives us a secure, long-term outlet for some 55% of our exportable sugar at a price which year in, year out has been reasonably stable and remunerative. This is the sort of bedrock which the sugar industry must have in order to plan properly to achieve satisfactory financial returns. However, major problems have emerged in the E.E.C. sugar market in recent years.

International Sugar Agreement : In 1980, Guyana continued to observe fully the provisions of the International Sugar Agreement and to play a full part in its administration. With the rise in the world price of sugar, I.S.A. quotas were suspended and Guyana therefore had no I.S.A. quota commitment to fulfil during the year. Also, all stocks obligations were lifted and the special stocks of 10,391 tonnes which Guyana had been holding were released for sale.

In 1980 the price range in the I.S.A. was increased by a further 1 cent to 13 - 23 U.S. cents per pound. The price range was negotiated in 1977 at 11 - 21 cents per pound. So in the four years to 1980 the range has only been increased by a total of 2 cents. In fact, in order to simply maintain the value of the price range agreed in 1977 the range should be now approximately 15 - 28 cents per pound. This illustrates the stubborn resistance of the big sugar importers to allowing the basic price of sugar to rise in line with the inflation in cost of imported manufactured goods.

Nevertheless, we believe that the International Sugar Agreement helps to create greater stability in the world sugar market and plays a part in the maintenance of prices at reasonable levels. Guyana will continue to be a strong supporter of this Agreement, and will participate fully in any moves which may be made to negotiate a new Agreement when the current I.S.A. comes to an end in 1982.

REVIEW OF OPERATIONS Continued

U.S. Market : In 1980, Guyana sold 60,847 tons of sugar to the United States. This compares with 11,000 tons sold in 1977, 54,484 tons sold in 1978 and 37,470 tons sold in 1979.

The U.S.A. is a good market for Guyana's sugar. Freight is relatively easy to obtain and, of course, much less expensive than the freight to countries further afield and on routes not served by regularly scheduled shipping lines.

With effect from 1st April, 1980, Guyana was admitted to the list of countries enjoying G.S.P. treatment for its exports of sugar to the U.S. In 1980, first crop sugar exported to the U.S. suffered a series of serious penalty payments because of poor colour quality and exceptionally high ash content. However, much progress was made in overcoming the problem of quality control and by the end of the second crop penalties incurred were very much less.

Canada : In 1980, Guyana sold 35,681 tons of sugar to Canada compared with 20,296 tons in 1977, 53,965 in 1978 and 75,225 tons in 1979.

The Canadian market remains an attractive one because of the preference received over world price, because of good freight opportunities, and because Guyana sugar has built up an excellent reputation with the Canadian refiners. However, in 1980 this market was heavily oversold and it was hard to find suitable outlets for our sugar. In the longer term the Canadian market for sugar is contracting and it will become more and more difficult to sell sugar there. It is in this context that efforts must continue to strengthen links in this market. Such efforts continued in 1980 and the Chairman made a successful visit in November to hold discussions with the refiners.

New Markets : Guysuco remains keen to develop new markets for its sugar. In the recent past we have sold sugar to China, Portugal and Algeria, among other countries.

In 1980, Guysuco shipped 5,000 tonnes of bagged sugar to Tanzania in part completion of an Agreement to sell 10,000 tonnes signed between the Government of Guyana and the Government of Tanzania. The shipment of this large tonnage of bagged sugar encountered considerable problems since Guyana, for some time, has been geared to the bulk export of sugar and not to the export of large shipment of bagged sugar.

In 1980 also, possible sales of sugar to Iraq, Romania, and Venezuela were discussed. The search for new markets will continue.

Molasses : The molasses market strengthened in 1980. Guyana's exports of molasses of 15.3 million gallons compared with 12.2 million gallons in 1977; 19.6 million gallons in 1978; and 16.1 million gallons in 1979. The price received in 1980 was \$G1.10 per gallon compared with 32.5 cents per gallon in 1977; 56 cents per gallon in 1978 and 95 cents per gallon in 1979.

Our sales to Distilleries in Guyana in 1980 were 5.5 million gallons compared with 5.8 million gallons in 1977; 5.9 million gallons in 1978 and 5.3 million gallons in 1979. The price we received from the Distilleries was the same as the export price.

Other Crops :

In some respects, 1980 saw a further improvement in the performance over the previous year in marketing the crops produced. Results have also indicated that some of the experimental crops can be extended on a commercial scale.

For the most part the available produce was disposed of as in the previous years to individuals, co-operatives, supermarkets and other retail outlets in both the public and private sectors. Produce was also made available to all staff, particularly in the areas in which the crops were grown.

During the year, a formal decision was taken to supply all cassava flour produced to Guyana Mining Enterprises Limited, and there was an increase in the price with effect from September, 1980. With the availability of containers, it was possible once again to market cassareep through the supermarkets in addition to bulk sales to the staff.

Steps have been taken to extend the cultivation of onions on a commercial basis. There are also good prospects for marketing tilapia at more favourable prices with the increase in the average size of the fish produced.

PERSONNEL

Staffing : In 1980 the Corporation lost forty staff members. Of these three died, twelve retired and twenty-five resigned almost all prior to emigrating from the country. To help to fill the gap created thirty-nine staff members were promoted and fifteen qualified young Guyanese were recruited into senior managerial positions in the Corporation's structure.

While there was no drop in morale during the year, the effects of the loss of experienced staff over the years since the establishment of the Corporation was becoming evident. It was therefore necessary for the Corporation to recruit, on secondment, experienced specialist personnel in sugar processing, factory and heavy equipment maintenance to assist our qualified but largely inexperienced staff in achieving and maintaining the required standards.

Communications : The Corporation maintained all the established media for communicating both internally and externally, and these were monitored by the Central Communications Committee which held six meetings during the year. Briefing Sessions, Estate News Bulletins, Communication Boards and Information Sessions continued to be used as the main media for internal communications. The Corporation's house journal "Sugar News" and the weekly radio programme,

REVIEW OF OPERATIONS *Continued*

'Sugar and the Nation', along with exhibitions and organised visits to estates were used to project the Corporation's image to the external public.

The Corporation as part of its external communications effort participated in the National Exhibition held from 29th August to 14th September 1980 and entered a float in the Mashramani celebrations on the occasion of the tenth anniversary of the Co-operative Republic of Guyana. The Head Office Drama Group not only staged a successful presentation at the Theatre Guild, but was instrumental with the assistance of the Central Communications Committee in establishing Drama Groups on several estate locations. In addition, a cross-section of managerial and non-managerial workers participated in the annual May Day parade organised by the Guyana Trades Union Congress.

The Corporation is now in the process of establishing a Sugar Industry Museum, which it is hoped will preserve for posterity, exhibits depicting the history of the sugar industry in Guyana. We have taken steps to re-acquire a suitable piece of land on which the Chateau Margot factory was sited for this purpose.

The Corporation has continued its efforts to persuade the recognised Unions in the industry to be involved in and to work towards improving the present model of Worker Participation in the form of Works Councils adopted by the Corporation. In the meantime the workers are involved in a series of participative committees embracing such areas as productivity, communications, safety and welfare.

The Guysuco Production Honours Roll Scheme which was launched in 1979 and which was so successful in fostering and developing a spirit of pride and cohesion among workers of the industry was continued in 1980. The best workers on each estate selected under this scheme in 1979 and their wives spent an enjoyable and educative fortnight in the Matthews Ridge area of the North West Region.

In accordance with their attainments under the Scheme, Skeldon was adjudged the Champion Estate of 1980, thus retaining this honour in the Berbice area. Once again the workers on each estate were asked to select their champion workers



*Cde. Chruaman Dudhath
Skeldon*



*Cde. Robert Pentayah
Albion*



*Cde. Yassin Khan
Rose Hall*



*Cde. Avril King
Blairmont*



*Cde. Seeram
Enmore*



*Cde. Cecil Rodrigues
LBI*



*Cde. Richard Bhola
Diamond*



*Cde. Culbert Stewart
Wales*



*Cde. Khemraj
Leonora*



*Cde. Eustace Murray
Uitvlugt*

and these workers and their wives can look forward to a holiday tour to some area of interest in the hinterland of Guyana.

Safety: In both field and factory, there were significant increases in lost-time accidents reported as compared with 1979.

REVIEW OF OPERATIONS *Continued*

These rose by 33.3% in factory and factory-type premises and by 31.5% in the field.

Despite the percentage increase in lost-time accidents in the factory, there was a 9.04% reduction of man-hours lost. In the field, however, there was a 75.11% increase in the man-days lost.

There was a total of eighty-five vehicle accidents, a decrease of 22.9% compared with 1979. Three of these accidents proved fatal compared with fourteen in 1979.

During the year there were 61 outbreaks of fire reported compared with 70 in 1979. The estates' fire units responded to twenty-one community calls during the year. At Blairmont, a storage tank containing some 83,000 gallons of dieselene was completely destroyed and the Central Workshop at Albion suffered extensive damage by fires of unknown origin. The Blairmont fire was brought under control with the assistance of units of the Guyana Fire Service.

Arising from the Blairmont fuel tank fire a detailed inspection of oil and petrol installations on all estates was undertaken by personnel kindly provided by Shell Antilles and Guianas Limited. Recommendations for improving the safety of these installations are being considered. With a view to improving the safety precautions at estate level, a decision was taken to assign responsibility for the day to day observance of safety measures to selected staff designated Factory Safety Officers.

The safety competitions for awards for Good Housekeeping and Safe Practice, Factory Safety, Field Safety, Harvesting Accident Prevention and the Guysuco Pennant were resuscitated in 1980. As part of the Good Housekeeping and Safe Practice Competition, a new award was introduced in 1980 for the most improved estate to further motivate estates to improve their working environment.

During 1980 there was no significant occupational health problem, but the standard of industrial hygiene, particularly sanitary and washing facilities in some areas, needs close monitoring.

Efforts to upgrade the Health Services on estates continued. A new dispensary was opened at De Kinderen, West Coast Demerara. In collaboration with the Ministry of Health, a programme for training nurse aides was structured for implementation in 1981. Refresher courses for Certified Nurses and Midwives will also be held. These courses will include attachments to the Emergency Unit at the Georgetown Hospital and Community Health Centres.

Unfortunately, the Health Services suffered during 1980 in no small measure from vacancies in the approved strength of Medical Officers, Dispensers, Nurse/Midwives and Midwives. As a result, the Corporation concentrated on maintaining the established standard of the service to the industry instead of expanding it to help to meet the needs of the community at large as envisaged.

Sport : The Central and Regional Sports Committees continued to organise and implement a varied Sports Programme on an Inter-Departmental, Inter-Estate and Inter-Regional basis. In 1980 the Inter-Regional Championship Games were played by combined teams drawn from the three regions, instead of running off the competition among the champion estate teams from each region. This facilitated the selection of the Guysuco teams which participated in the Public Sector Games.

Participants in the 1980 Public Sector Games which included both indoor and outdoor games were Guysuco, Guystac, Public Service Union, Guyana Liquor Corporation and the Joint Services. Guystac again emerged winners of the Championship Shield with Guysuco as the runner up.

The extension of sporting links with the other English speaking sugar producing territories of the Caribbean began with Guysuco hosting a team from the Clarendon Sugar Company of Jamaica for a period of fourteen days, during which the team engaged Guysuco teams in cricket, table tennis and dominoes.

Not to be outdone, the Head Office Departments of the Corporation were provided with suitable facilities for sporting activities with the opening of the Club House at Ogle on the East Coast of Demerara.

Cde. Nasson Warner and Cde. Gloria Gillis were respectively adjudged the Guysuco Male and Female Sports Personality of the year.

Manpower Development: Based on an evaluation of the Corporation's manpower resources and projections of future requirements, training activities to correct established weaknesses and inadequacies were carried out at the central and estate levels, institutions of higher learning and the Port Mourant Training Centre.

The training courses held centrally included:

1. a one-day session on crop estimation at Diamond estate for administrative and other senior estate personnel;
2. courses for personnel from the Field Equipment Department, the Central Workshop and Estate Field Workshop; and
3. training for new recruits at the Chemical/Engineering levels, artisans from the apprenticeship scheme and junior managerial employees.

In addition to training at the central level, a number of personnel were exposed to training courses to improve their technical performance.

Cadetship Scheme : Four cadetships were awarded in 1980 -

two to persons from within the industry in the field of Mechanical Engineering, and two to persons from outside the industry, one in the field of Biology and the other in Chemistry. Two cadets graduated in 1980 - one in Civil Engineering and the other in Instrument Engineering. At the end of the year, there were sixteen Cadets enrolled in institutions of higher learning.

Apprentice Training : The Port Mourant Training Centre continued to train the skilled artisans required by the industry, and to make available places in its Apprentice Training Scheme for persons from other public sector agencies.

During the year 59 apprentices were admitted to the Port Mourant Training Centre, 49 males and 10 females, of which 8 of the apprentices were from other public sector agencies. Among graduates from the Centre were the first six female apprentices who had successfully completed the two year programme. The Centre obtained 100 per cent passes at the 1980 City and Guilds Examination with an all time record of 38 distinctions.

Of the intake of 66 apprentices in 1975, 57 graduated in September, 1980. Three apprentices were awarded bronze medals by the City and Guilds of London Institute on the results of the 1979 examinations. Two of the awards were in the mechanical and the other in the automotive 820 Basic Engineering Trade subjects. From the inception of the Scheme in 1957 to the end of 1980, 1,089 apprentices from the industry graduated. Of these 261 are still with the Corporation - a retention rate of 24%. Compared with the 100% rate of retention of those apprentices who graduated in 1978 and 1979, the retention rate for the 1980 graduates was 88%.

A thirty-six week evening course was held for eighty-five persons from the community. The Corporation also contributed to the national effort by training students from the Community High Schools.

Worker Development: During 1980 five students graduated from the Guyana School of Agriculture, and six new students were sponsored.

Three students graduated from the Eastern Caribbean Institute of Agriculture and Forestry in 1980, and three new candidates selected by the Corporation gained admission to the Institute.

Assistance to Study Scheme: Workers continued to avail themselves of the assistance provided under this Scheme to up-grade their attainments. In 1980, fifteen workers used the Scheme to study in the fields of Accounting, Store-keeping and Stock Control, Welding, Electronics Servicing, Mechanical Technician, Hydraulics and Pneumatics.

Refunds and awards under the Scheme were made to six successful students in the fields of Accounting, Electronics Servicing, Instrument Maintenance and Store-keeping.

Guysuco Scholarships : The final awards of Guysuco Scholarships tenable at the University of Guyana, which were offered by the industry when the country became a Republic in 1970, are still to be made. The Scholarship Committee of the University of Guyana did not consider that there were suitable candidates in 1980 to whom these scholarships could be awarded.

INDUSTRIAL RELATIONS

Industrial Relations have been relatively stable throughout the year. 84,637 man-days were lost through work stoppages and strikes, with a loss in workers' earnings amounting to \$1.5M. This compared with 131,486 days lost in 1979, with a loss of \$2.1M in earnings. Albion recorded the highest number of man-days lost - 20,685, while Diamond recorded the lowest of 2,884 man-days.

An Agreement was concluded on Annual Production Incentive on the basis of eight days' pay for a production of 290,000 tons of sugar, and ten days' pay for a production of 300,000 tons of sugar. The industry achieved a production of 269,634 tons of sugar which qualified for a Production Incentive payment of five days' pay.

Rose Hall and Wales were awarded seven days' pay, while Skeldon, Albion, Blairmont and Leonora were awarded six days' pay, based on the individual achievements of these estates.

The Corporation introduced, during the second crop, a monthly production incentive which was based on two main criteria -

- (a) regular attendance; and
- (b) production achievements.

Under the Scheme, Skeldon and Leonora qualified for four days' pay, while Albion, Blairmont, Enmore and Wales qualified for two days' pay each. Rose Hall qualified for one day's pay.

During the year, the Corporation implemented a 7% wage increase or assessed increment, whichever was higher, for workers employed in the industry. This increase resulted in the minimum wage of the industry being increased from \$11.85 to \$12.68 per day.

HEAD OFFICE BUILDING

The vacant lot at 200 Camp Street, south of the Head Office Annexe, 201 Camp Street, Georgetown, has been made available by Government for the construction of offices to house all of the Corporation's Head Office Departments which are at present located in several buildings in Georgetown and at Ogle.

The Guyana Sugar and Trading Enterprises Pension Scheme has agreed in principle to erect a suitable multi-storeyed building at 200/201 Camp Street, to be designed and supervised by Aubrey Barker Associates as Consultant Architects, to meet the needs of the Corporation.

REPORT OF THE AUDITORS

TO THE MEMBERS OF
GUYANA SUGAR CORPORATION LIMITED

We have examined the accounts set out on pages 21 to 30 which are in agreement with the books of the company. We have obtained all the information and explanations we have required.

The accounts have been prepared under the historical cost convention as stated in the company's accounting policy, except for revaluation of fixed assets as explained in Note 6 on page 28 .

In our opinion, these accounts give, under the accounting convention stated above, a true and correct view of the state of affairs of the company at 31 December 1980 and the net income and source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THOMAS, STOLL, DIAS & CO.
Member Firm
TOUCHE ROSS INTERNATIONAL
5 America Street
Georgetown
Guyana
31 January 1981

STATEMENT OF NET INCOME

For the year ended 31 December 1980

	Notes	1980	1979
		\$000	\$000
SALES	1	<u>328,784</u>	<u>259,157</u>
NET INCOME BEFORE TAXATION	2	6,198	2,049
TAXATION	3	<u>1,010</u>	<u>1,104</u>
NET INCOME AFTER TAXATION		5,188	945
VALUATION SURPLUS ON DISPOSAL OF FIXED ASSETS TRANSFERRED FROM RESERVES		<u>133</u>	<u>120</u>
NET INCOME		<u>5,321</u>	<u>1,065</u>

STATEMENT OF RESERVES

	Total	Operating	Sugar Industry Rehabilitation Fund	Valuation
	\$000	\$000	\$000	\$000
Balance at 1 January 1980	45,563	(10,914)	6,855	49,622
Receipt from Sugar Industry Rehabilitation Fund	1,169	—	1,169	—
Net Income for year	5,321	5,321	—	—
Less: Valuation surplus on disposal of fixed assets transferred to Income Statement	<u>(133)</u>	<u>—</u>	<u>—</u>	<u>(133)</u>
BALANCE — 31 December 1980	<u>51,920</u>	<u>(5,593)</u>	<u>8,024</u>	<u>49,489</u>

BALANCE SHEET

At 31 December 1980

	Notes	1980	1979
		\$000	\$000
SHARE CAPITAL			
AUTHORISED			
72,000,000 ordinary shares of \$1.00 each		<u>72,000</u>	<u>72,000</u>
ISSUED AND FULLY PAID			
48,536,775 ordinary shares of \$1.00 each		48,537	48,537
RESERVES			
		<u>51,920</u>	<u>45,563</u>
CAPITAL AND RESERVES			
		100,457	94,100
DEFERRED LIABILITIES	4	18,299	18,299
NON-CURRENT LOANS	5	<u>9,629</u>	<u>10,252</u>
		<u>128,385</u>	<u>122,651</u>
REPRESENTED BY			
FIXED ASSETS	6	129,921	127,288
INVESTMENTS	7	106	167
DEFERRED RECEIVABLES	8	11,298	8,132
DEFERRED CULTIVATION COSTS		1,138	1,434
NET CURRENT LIABILITIES	9	<u>(14,078)</u>	<u>(14,370)</u>
		<u>128,385</u>	<u>122,651</u>

Directors :

Harold B. Davis

A. Y. Luck

I A. Mc Donald

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 31 December 1980

	1980	1979
	\$000	\$000
SOURCE OF FUNDS		
Net Income before taxation	6,198	2,049
Adjustment for items not involving the movement of funds		
Depreciation	12,452	11,297
Provision for loss on investment	<u>61</u>	<u>—</u>
FUNDS GENERATED FROM OPERATIONS	18,711	13,346
FUNDS FROM OTHER SOURCES		
Receipts from the Sugar Industry Rehabilitation Fund	1,169	3,587
Disposal of fixed assets	406	1,395
Non-current loans	—	2,167
Deferred Liabilities	—	4,733
Deferred Cultivation Costs	<u>296</u>	<u>768</u>
TOTAL SOURCE OF FUNDS	<u>20,582</u>	<u>25,996</u>
APPLICATION OF FUNDS		
Taxation paid	251	836
Purchase of Fixed Assets	15,491	13,330
Non-Current Loans	623	—
Deferred Receivables	<u>3,166</u>	<u>2,264</u>
TOTAL APPLICATION OF FUNDS	<u>19,531</u>	<u>16,430</u>
INCREASE IN WORKING CAPITAL	<u>1,051</u>	<u>9,566</u>
REPRESENTED BY		
Increase in Inventories and Unsold Produce	7,376	9,503
Increase in Debtors	6,591	955
Increase in External Payments Deposit	427	—
(Increase)/Decrease in Creditors	(13,494)	12,238
(Increase)/Decrease in Loans Repayable within one year	<u>13,766</u>	<u>(11,386)</u>
Movement in Net Liquid Funds	14,666	11,310
	<u>(13,615)</u>	<u>(1,744)</u>
	<u>1,051</u>	<u>9,566</u>
Cash in Hand and at Bank	261	38
Bank Overdraft	<u>(13,876)</u>	<u>(1,782)</u>
	<u>(13,615)</u>	<u>(1,744)</u>

SUMMARY OF ACCOUNTING POLICIES

1. FIXED ASSETS AND DEPRECIATION

Fixed assets vested on 26 May 1976 are stated at the book values of the predecessor owners, which were in excess of compensation price by \$50,055,942, less provision for depreciation and amortisation computed on those values. All fixed assets acquired after that date are stated at cost less provision for depreciation and amortisation.

The excess of book values over compensation price referred to in the preceding paragraph, was set up as the opening balance of the valuation reserve.

Depreciation is provided on the straight line basis calculated to write off each asset over its estimated useful life as follows:

Freehold buildings	-	Over 50 years
Leasehold properties	-	Over the lives of the leases
Land expansion costs	-	From 5 to 10 years
Plant and equipment	-	From 5 to 16 years
Motor vehicles	-	Over 4 years
Aircraft	-	Over 3 years

The value of ratoon crop is recognised only when reaped, thus all costs for this item have been written off at the balance sheet date.

2. CURRENT COST ACCOUNTING

The accounts have been prepared under the historical cost convention and do not contain the current cost accounts as required by Statement of Standard Accounting Practice 16.

3. INVENTORIES AND UNSOLD PRODUCE

Unsold produce is valued at estimated realisable value less deductions for sugar industry special funds contributions, shipping and selling expenses, where applicable.

Consumable spares and supplies are valued at standard cost, which approximates average cost.

The value of standing cane is not included in inventories.

4. DEFERRED CULTIVATION COSTS

Cultivation costs related to newly developed land are written-off against revenue in the first year in which income is generated.

5. DEBTORS

Provision is made for doubtful accounts of debtors as required, while bad debts are written off against income when determined.

6. RESEARCH AND DEVELOPMENT

Research and development expenditure is charged against revenue in the year in which it is incurred.

7. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in Guyana currency at the rates of exchange ruling at the dates of such transactions. At the balance sheet date, foreign currency assets and liabilities were translated at the rates of exchange ruling at that date and resulting gains and losses were recognised in the income statement.

8. SALES

Sales represent the amounts received and receivable from the sale of sugar and molasses produced during the year, net of sugar industry special funds contributions, stevedoring and loading charges. Sales also include amounts received and receivable from the sale of other crops produced during the year.

NOTES ON THE ACCOUNTS

	1980	1979
	\$000	\$000
1. SALES		
Sugar and Molasses	328,280	258,159
Other Crops	504	998
	<u>328,784</u>	<u>259,157</u>
Export sales Levy		
Amount payable (provisional)	164,639	97,318
Remitted by Government	<u>(164,639)</u>	<u>(97,318)</u>
	<u>328,784</u>	<u>259,157</u>
<p>Under section 6 (1) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit \$164,639,379 (1979 - \$97,317,696) of the Sugar Levy payable pending amendment of the Sugar Levy Act 1974.</p>		
2. NET INCOME BEFORE TAXATION		
	<u>6,198</u>	<u>2,049</u>
<p>This amount is determined after the following items have been dealt with:</p>		
Depreciation	12,452	11,297
Audit fees	175	146
(Surplus) on sale of fixed assets	(261)	(340)
(Gain)/Loss on exchange	(21)	548
Interest expense - net	14,409	10,871
Property tax	598	546
Research and development	<u>698</u>	<u>649</u>
3. TAXATION		
Income tax at 20%	425	465
Corporation tax at 25%	532	582
Capital gains tax at 20%	<u>53</u>	<u>57</u>
	<u>1,010</u>	<u>1,104</u>

Losses carried forward which can be set off against future income amounted to \$6,878,883. However, utilisation of such losses is restricted to 50% of the chargeable income of the particular year.

NOTES ON THE ACCOUNTS *Continued*

	1980	1979
	\$000	\$000
4. DEFERRED LIABILITIES		
Guyana Agricultural Products Corporation	4,733	4,733
Demerara Sugar Company Limited	<u>13,566</u> <u>18,299</u>	<u>13,566</u> <u>18,299</u>
These liabilities will be settled by the issue of ordinary shares to the shareholders of these companies.		
5. LOANS		
The following loans are guaranteed by the Government of Guyana :		
(a) NON-CURRENT		
(i) Tennant Guaranty Limited		
Loan I:	—	1,077
Loan II. A U.S. dollar loan repayable in equal half yearly instalments ending in December 1982. Interest is payable at the rate of 7.25% per annum.	3,081	5,241
Loan III: A U.S. dollar loan repayable in equal half yearly instalments ending in September 1984. Interest is payable at the rate of 7.25% per annum.	6,301	3,368
(ii) Citizens and Southern International Bank		
A U.S. dollar loan repayable in equal half yearly instalments ending in December 1982. Interest is payable at a rate of 2% per annum over the Bank's prime rate, which, at 31 December 1980 was an effective rate of 14% per annum	760	1,140
(iii) Chase Bank International - Chicago		
A U.S. dollar loan repayable in equal half yearly instalments ending in April 1983. Interest is payable at a rate of 9% per annum.	647	904
(iv) Lloyds Bank Limited		
A Sterling loan repayable in equal half yearly instalments ending in October 1983. Interest is payable at a rate of 7½% per annum.	3,064	3,707
(v) Guyana Co-operative Agricultural and Industrial Development Bank		
The loan is repayable in sixteen (16) equal half yearly instalments ending in December 1987. Interest is payable at the rate of 10% per annum.	628	531
Carried forward	<u>14,481</u>	<u>15,968</u>

NOTES ON THE ACCOUNTS Continued

	1980	1979
	\$000	\$000
5 . LOANS		
(a) Non-Current (Cont'd.)		
Brought forward	14,481	15,968
Less :		
Loans repayable within one year	<u>4,852</u>	<u>5,716</u>
Total non-current loans.	<u>9,629</u>	<u>10,252</u>
(b) CURRENT – REPAYABLE WITHIN ONE YEAR		
(i) Royal Bank of Canada	—	15,395
(ii) The Chase Manhattan Bank A Euro-dollar loan repayable by deduction of 30% of sale proceeds of sugar exported. Interest is payable at a rate per annum equal to the sum of the London Dollar base rate of the Chase Manhattan Bank, N.A. plus 1¼% which at 31 December 1980 was an effective rate of 21.75% per annum.	23,722	—
(iii) Lloyds Bank Limited	—	21,802
(iv) Local Insurance Companies and others	11,066	10,493
(v) Loans repayable within one year (per (a) above).	4,852	5,716
Total current loans - repayable within one year.	<u>39,640</u>	<u>53,406</u>

NOTES ON THE ACCOUNTS *Continued*

	TOTAL	Freehold	LAND AND BUILDINGS		LAND EXPANSION	PLANT
			Leasehold	State Lands	COSTS	MACHINERY & EQUIPMENT
	\$000	\$000	\$000	\$000	\$000	\$000
6. FIXED ASSETS						
COST OR VALUATION						
At 1 January 1980	162,575	35,278	2,634	18,799	7,792	98,072
Additions	15,491	567	—	—	953	13,971
Disposals	(786)	(68)	—	—	—	(718)
At 31 December 1980	<u>177,280</u>	<u>35,777</u>	<u>2,634</u>	<u>18,799</u>	<u>8,745</u>	<u>111,325</u>
Comprising:						
Valuation	111,038	32,756	2,549	18,799	6,554	50,380
Cost	<u>66,242</u>	<u>3,021</u>	<u>85</u>	<u>—</u>	<u>2,191</u>	<u>60,945</u>
	<u>177,280</u>	<u>35,777</u>	<u>2,634</u>	<u>18,799</u>	<u>8,745</u>	<u>111,325</u>
DEPRECIATION						
At 1 January 1980	35,287	1,009	332	—	2,914	31,032
Provision for year	12,452	337	96	—	906	11,113
Retirements and Disposals	(380)	(1)	—	—	—	(379)
At 31 December 1980	<u>47,359</u>	<u>1,345</u>	<u>428</u>	<u>—</u>	<u>3,820</u>	<u>41,766</u>
NET BOOK VALUES						
AT 31 DECEMBER 1980	<u>129,921</u>	<u>34,432</u>	<u>2,206</u>	<u>18,799</u>	<u>4,925</u>	<u>69,559</u>
AT 31 DECEMBER 1979	<u>127,288</u>	<u>34,269</u>	<u>2,302</u>	<u>18,799</u>	<u>4,878</u>	<u>67,040</u>

NOTES ON THE ACCOUNTS *Continued*

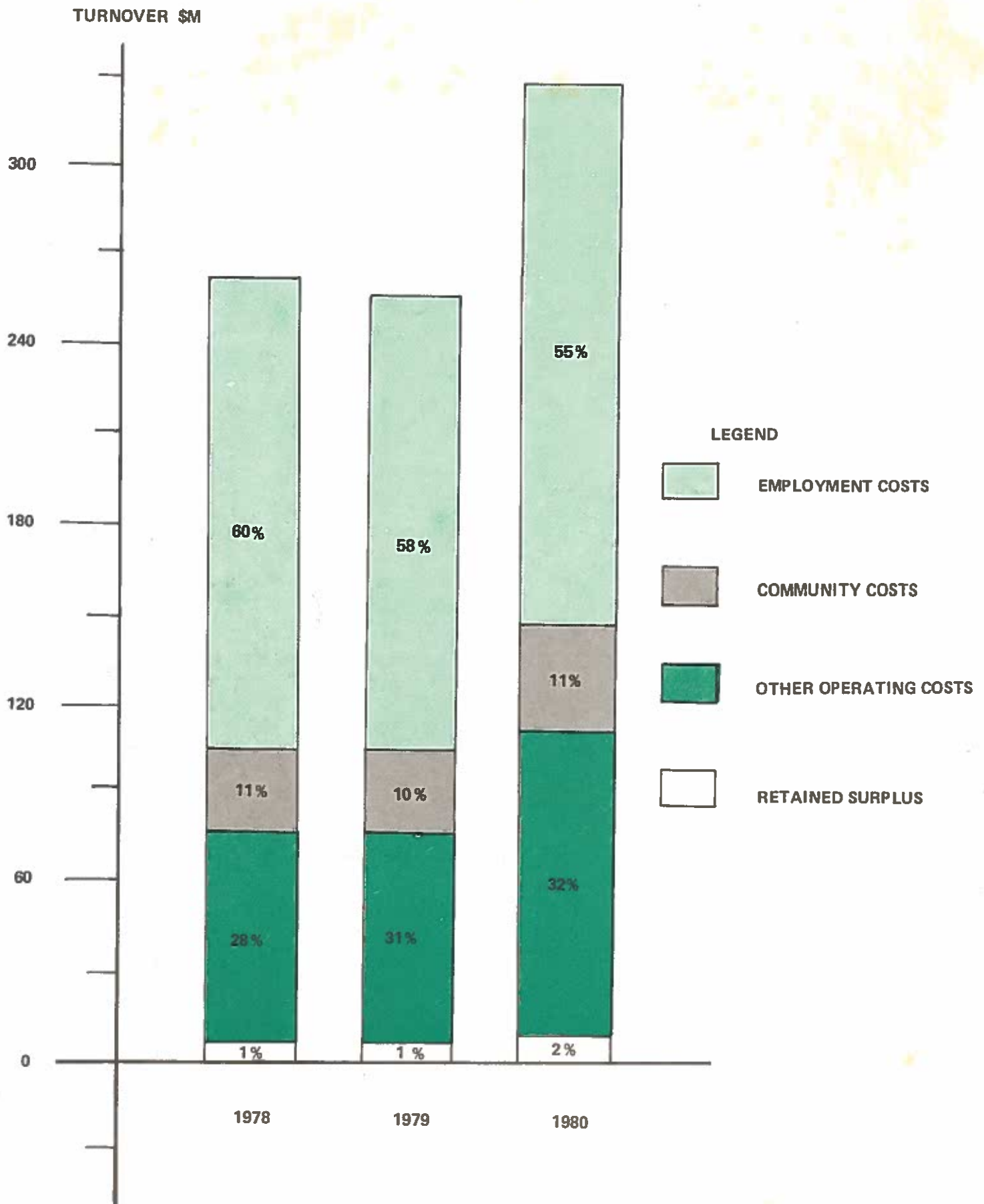
	1980	
	\$000	\$000
7. INVESTMENTS		
ASSOCIATES		
Lochabar Limited -		
1,280 ordinary shares of \$20.00 each (37%) Approximate equity value \$162,000	23	23
Cane Farming Development Corporation Limited		
18,500 'B' ordinary shares of \$ 5.00 each (25%) (This company is in liquidation and provision has been made for possible losses arising therefrom).	31	92
	<u>54</u>	<u>115</u>
OTHER		
Livestock Development Company Limited		
55,000 ordinary shares of \$1.00 each (1%) Approximate market value \$42,000	50	50
Government of Guyana 7% equated annuity debentures repayable half yearly	<u>2</u> 52	<u>2</u> 52
	<u>106</u>	<u>167</u>
8 DEFERRED RECEIVABLES		
*Sugar Industry Special Funds Committee	11,278	8,103
Loans to employees	<u>20</u> <u>11,298</u>	<u>29</u> <u>8,132</u>

*This amount represents ex-gratia payments made to pensioners and is recoverable from the Special Funds Committee in accordance with the Sugar Industry Special Funds Act, Chapter 69:03.
This was previously classified in the accounts under debtors.

NOTES ON THE ACCOUNTS *Continued*

	1980	1979
	\$000	\$000
9. NET CURRENT LIABILITIES		
Inventories	57,528	43,125
Unsold produce	34,947	41,974
Debtors	25,163	18,572
External payments deposit	427	—
Cash in Hand and at Bank	<u>654</u>	<u>393</u>
	<u>118,719</u>	<u>104,064</u>
Less:		
Creditors	51,347	37,853
Loans repayable within one year	39,640	53,406
Bank overdraft	39,922	26,046
Taxation	<u>1,888</u>	<u>1,129</u>
	<u>132,797</u>	<u>118,434</u>
NET CURRENT LIABILITIES	<u>(14,078)</u>	<u>(14,370)</u>
10. FUTURE CAPITAL EXPENDITURE		
Expenditure authorised by the directors and contracted	18,033	5,934
Expenditure authorised by the directors but not contracted	25,000	20,066

SHARING OF EARNINGS



STATEMENT OF EMPLOYMENT AND COMMUNITY COSTS

	1978	1979	1980
	\$M	\$M	\$M
EMPLOYMENT COSTS			
Direct Employee Benefits			
Wages and Salaries	132.3	124.9	151.6
Incentive Payments	6.5	3.8	3.9
Other Employee Benefits	11.8	14.9	18.7
Labour Transport Costs	<u>5.3</u>	<u>6.0</u>	<u>7.3</u>
	<u>155.9</u>	<u>149.6</u>	<u>181.5</u>
COMMUNITY COSTS			
Central Government Taxation and Levies	1.6	1.5	1.2
Local Government Rates and Taxes	.8	.9	.8
Local Sugar Sales Subsidy	17.0	17.1	27.8
Sugar Industry Special Funds	7.8	7.1	6.3
Community Services	<u>1.1</u>	<u>.7</u>	<u>.9</u>
	<u>28.3</u>	<u>27.3</u>	<u>37.0</u>
TOTAL	<u>184.2</u>	<u>176.9</u>	<u>218.5</u>
NUMBER OF EMPLOYEES	31,651	33,067	31,128
TONS SUGAR PRODUCED	324,805	298,268	269,634