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GUYSUCO'S MISSION

The Mission of Guysuco is to transform a monocultural organisation into a diversified agro-industry, which will not only contribute to the Nation's foreign exchange earnings, but will maximise the benefits of the foreign exchange cost of the Corporation by utilising its resources to produce crops which will help the Nation in its import substitution programme.

As an efficient agro-business, its Mission will be to demonstrate to the communities in which its operating units are located, the techniques developed for the cultivation of various crops. As a well-developed agro-business the Corporation will also continuously strive to refine its products and to utilise the by-products of its operations for vertical integration and expansion.

In its activities the Corporation will work for greater participation and involvement of all the people who comprise its work force in achieving its objectives which have been set in consonance with the philosophy and aspirations of the Nation.

BOARD OF DIRECTORS

Chairman	H B Davis, CCH, MA, BSc.
Vice Chairman	Yesu Persaud, AA, FCCA.
Directors	J S L Browman, DECIAF, BSc., MSc, DPA. B Chandra, DECIAF A Y Luck, FCA I A McDonald, MA F Sukdeo, MA, BSc, D Phil. W E H Tyrell J R Vieira, AA V M Young-Kong, BSc.
Secretary	V J Correia

CHAIRMAN'S STATEMENT



FINANCIAL RESULTS

Poor world sugar prices, the ever weakening Pound Sterling, the unbelievably low molasses prices, heavily subsidised local sugar sales and the low production during the first crop, all combined to make 1982 the most difficult year since the Corporation came into being on May 26, 1976.

With a production of 287,725 tons sugar, 4.3% lower than that of 1981, and against the marketing background outlined above, Group sales amounted to \$275.9M, \$40.8M lower than that realised in 1981. The net deficit for the year amounted to \$93.1M, which compares with a deficit of \$82.3M in 1981. The results for 1982 therefore, can be described as sad and disappointing.

The gross foreign exchange earnings for the year was \$266.8M, compared with \$293.6M in 1981. Like 1981, it was again necessary to discount sugar proceeds in order to alleviate the severe foreign exchange problems which faced the nation. This as in 1981 resulted in reduced earnings.

The subsidy on local sugar sales amounted to \$32.2M. This compares with \$33.7M in 1981 and represents 34.6% of the operating deficit.

Capital Expenditure continued to be a major problem facing the Industry. Of a total capital need of \$67.7M, only \$17.2M was provided for in the National Budget of 1982. Actual expenditure at the end of the year amounted to \$18.1M. This inability of the Corporation to acquire capital assets of the order urgently required will seriously affect its productive potential in the years to come. It is to be noted that the effects of inadequate rehabilitation in recent years are already being felt.

The total borrowing position at the end of the year was \$76.5M, \$94.7M less than that at the end of 1981. \$66.6M due to Chase Manhattan Bank in respect of a working capital loan was repaid during the year. Given the poor market situation which obtained and the consequential widening of the liquidity gap, the Corporation has had to rely heavily on the local banking system. During the year, the State increased its participation in the equity share capital of the Corporation by \$225.0M. This sum impacted significantly on both the Corporation's indebtedness to the local banking system and its interest expense. The net interest charges for the year amounted to \$32.4M, \$9.5M more than that of 1981.

Fundamental to returning the Corporation to sound financial health must be:

- (a) Better prices for our sugar and molasses from all sources; and
- (b) Improving our production and productivity levels.

It can be argued that improved prices must be considered pivotal to any programme for returning the Sugar Industry to profitability. Notwithstanding this, the Corporation would be endeavouring to accelerate its rehabilitation programme in 1983. The prognosis for "prices" however, remain at best, static. Should this be the case, then 1983 promises to be an equally difficult year.

CHAIRMAN'S STATEMENT Continued

SUGAR CULTIVATION

The first crop was poor due primarily to weather, while the second crop displayed steady improvement.

287,725 tons sugar were produced, 86,855 tons in the first crop and 200,870 tons in the second. The state of the first crop is without doubt, a matter of serious concern.

We indicated in the 1981 Annual Report the possible deleterious effects the adverse conditions of the 1981 first crop could have on the performance of the 1982 first crop. This unfortunately materialised. It manifested itself in no small manner as will be seen in the "Review of Operations"; the yield ratios were the worst experienced by the Industry for some years. The wet conditions prevailing from March 1982 for the remainder of the crop worsened the situation in that it hampered reaping and further affected the juice quality.

Over the past few years, conditions experienced during the first six months operated against effective husbandry, adequate rehabilitation in the form of mechanical tillage and replanting, and efficient reaping. 1982 was no exception. In fact, to 1982 must be added a new dimension, that is, the general shortage of pre-emergent herbicides. The outlook for the first crop 1983 is therefore not encouraging.

Conditions for this year's second crop were even more favourable than that of 1981. Given the good start to the crop and the extremely favourable reaping conditions, a production of 200,870 tons was realised, 9,800 tons greater than the corresponding crop of 1981. All the indications are that the second crop is moving from strength to strength.

Cane farmers accounted for 37,925 tons sugar, 4% below that of 1981. As in 1981, farmers' production represented just over 13% of the total Industry's production. Like the Corporation, the farmers' major problem has been the sugar and molasses prices which obtained during the year. While one farmer expanded his acreage under cultivation, there has been a reduction in the overall cane farming acreage.

OTHER CROPS CULTIVATION

Our novel involvement in the cultivation of rice was without doubt the highlight of 1982. While our first attempt returned a modest yield, our second crop was disappointing, due primarily to caterpillar infestation. We have not lost heart. We are rapidly acquiring expertise in this new area and look forward to the crops ahead with great enthusiasm.

Aquaculture is another activity in which we are making steady progress. Further developmental works are earmarked for 1983.

The production of palm oil has been a disappointment. While Wauna suffered from a general labour shortage, factory problems at both San Jan and Wauna were the major cause. Due to the lack of finance, we were unable to undertake the extent of improvements planned for the two mills. Work on upgrading the San Jan mill commenced during the year and is expected to be completed in the course of 1983.

Modest amounts of mung bean, urid, blackeye and minica were harvested. For the first time, we undertook the cultivation of sorghum. Studies on the development and performance of this plant are continuing.

FACTORY OPERATIONS

Inadequate capital inputs, the shortage of spare parts, undermanning in terms of skills and experience and at times, poor cane quality, were all contributory factors responsible for the relatively poor performance of our factories in 1982.

Factory Managers, their staff and members of the Factory Operations Department rose to the occasion but their efforts in many regards were thwarted by the shortage of spare parts and the exceedingly low level of capital inputs brought on by the foreign exchange problems which faced the nation.

The average grinding time per week was the highest since 1974. Compared with 1981, there was improved factory

CHAIRMAN'S STATEMENT Continued

utilisation; there was also a decrease in out-of-cane hours, strikes and planned factory stoppages.

While 1982 saw improvements in the quality of our sugar, there was still more that could have been done in this area. There was need to improve our colour levels; there was need for us to adopt common analytical methods and procedures when dealing with raw sugar quality parameters. With these problems in mind, members of our central technical staff will be visiting Hugh Markey & Sons and AMSTAR early in 1983. During this visit, the opportunity would be taken to discuss in depth, the new Dextran parameter.

At the time of writing, special arrangements have been made which it is hoped will alleviate the spare parts problem. It was agreed that a part of our export proceeds would be set aside for the sole purpose of paying for desperately needed spares. While these arrangements have been put in train, it is expected that the full benefit would not be realised until 1984.

MARKETING

To put it mildly, a depressing year! A year in which the world sugar and molasses prices declined to shocking levels, a year which saw the further contraction of the U.S. market. Sales to Caricom dwindled to a negligible 125 tons, no doubt due to the low world prices which prevailed. Fortunately, there was what we call our "bread and butter" market, the EEC. However, this market too, had its own problems. I refer here to the negative MCAs and the ever declining value of the Pound Sterling vis-a-vis the US Dollar, two factors which directly affected the Corporation's revenue. On the brighter side, we were able to increase our sales to the Canadian market by some 14,000 tons at prices which were at a premium over the world prices obtaining at the time.

The sum total of the foregoing was an average price per ton sugar which was significantly lower than the Corporation's cost of production.

We are particularly worried about the small annual quota granted Guyana by the United States. We enjoy G.S.P. status for our sugar and this market is therefore particularly attractive to us. In fact, in 1982, it was our best market from the point of view of "prices". We fear that the continued growth of alternative sweeteners may cause this market to contract even further. Notwithstanding this, it is our sincere hope that our country's quota would be increased in the near future.

Guyana continued to be an active member of the International Sugar Agreement and was elected to the I.S.O. Executive Committee for 1983. We look forward to a stronger Agreement with the active participation of the E.E.C.

STAFF AND INDUSTRIAL RELATIONS

High staff turnover continued to plague the Corporation. During 1981 and 1982, 88 managerial members left us through resignations, retirements and termination. This sad trend also persisted at the junior staff levels. While our Man Power Succession and Development Plan greatly assisted in the filling of many of these vacancies, our present predicament is that too many inexperienced personnel though bright, were being promoted too quickly. The Corporation could do very little in terms of replacing the "experience" lost. We are confident, however, that with guidance and dynamic training, the new and/or young employees coming into the breach will rise to the occasion.

Whilst the foreign exchange difficulties precluded our offering any new cadetships overseas, the Corporation was able to maintain those cadets studying abroad, in the United Kingdom, Canada and Trinidad, as well as provide some executives with exposure to the latest developments in their respective discipline.

At home, training continued apace, most of it at the Guysuco Training Centre/Port Mourant (formerly the Port Mourant Training Centre). The major achievements of

CHAIRMAN'S STATEMENT Continued

this institution are highlighted in the Review of Operations. I would like to draw attention however, to what I consider very special achievements and I refer here to:

- the 25th anniversary of the Centre;
- the graduation of the first batch of Female Apprentices;
- the graduation of the first batch of Sugar Boiler Apprentices.

The Guysuco Training Centre, Port Mourant, continued to maintain the high standards set by previous lecturers and apprentices alike and without doubt, its contribution in providing the Sugar Industry with skills of a high calibre remained unique and invaluable.

Worker Participation reached a new high in 1982. It was agreed that one non-managerial worker from each estate would be selected to sit on the Regional Board. We now have Worker Participation at Departmental level, at Estate level and at the level of the Regional Board. Should the recent innovation be successful, then Worker Participation on the Main Board is just a matter of time.

Once again, Industrial Relations were relatively stable with less mandays lost in 1982 through stoppages of work and strikes.

THE FUTURE

What does the future hold for the Guyana Sugar Corporation Limited and the Sugar Industry in Guyana? The answer to such a question must be based on an accurate analysis of the problems facing the Corporation and Industry.

In our considered view, the undermentioned are the fundamental problems facing us:

- The erratic behaviour of the World Sugar Market, with prices in 1982 declining, in real terms, to its lowest level for decades.
- The uneconomical price of Sugar on the local market.
- The poor state of the Industry's Agricultural

equipment, plant and machinery and infra-structural works as a result of the austere financial conditions under which we were operating during the past years.

- The poor weather conditions which prevailed during the first crop over the recent years up to and including 1982.
- Loss of skills.
- Old ratoon cycles extant on all estates.

To the above must be added the concomitant problems:

- Low production levels.
- Relatively low Field and Factory productivity.
- Continuing liquidity problems and high local interest charges.

A situation such as this would no doubt result in a cost of production which is too high, made even more conspicuous when it exceeds the average price per ton sugar.

We have looked at our problems in great depth. We have done much soul searching and we are confident that we can turn the Industry around. While we recognise the question of "prices" is beyond our control, we feel we can improve our productivity and production levels, as well as our efficiencies. We do not think the prices will remain poor indefinitely. Indeed we are committed to the view that when prices rise, our Industry must be in a position to take maximum advantage of the situation.

In this regard, we have submitted proposals for returning the Sugar Industry to profitability to the Central Government. Our recommendations span a Three Year period and envisage a turnaround at the end of this time. The proposals are wide ranging and deal with virtually all major aspects of the Industry's operations, including such matters as Capitalisation, Special Rehabilitation, Land Rationalisation, Labour Rationalisation and Organisational Improvements, Energy Conservation and Generation, Mechanisation of Harvesting and Expenditure Controls. Some initiatives were taken during 1982, but little or nothing has been done in the vital area of the level of capital inputs, a major factor in the proposed rehabilitation programme.

CHAIRMAN'S STATEMENT Continued

During the year, we were able to conclude the rationalisation of the Industry's labour force. Our Agricultural Research and Development Department also accelerated its work on the question of determining an appropriate mechanical harvesting system. In this regard, certain key pieces of equipment are due to arrive in the country during the latter part of 1983.

As indicated earlier, the shortage of spare parts affected in no small manner, the performance of our agricultural equipment, plant and machinery. Our factories performed well below expectation. While there was some improvement in the supply of spares for the agricultural equipment, it was not of the order required to enable us to maximise our performance during the opportunity days. At the time of writing, agreement has been reached with the Central Bank and arrangements have been put in train for the setting aside of part of our export earnings for the sole purpose of paying for urgently needed spare parts. Because of the lateness of this decision, there will be just minor gains in 1983 but it is noted that the full benefit of this move will be derived in 1984. To these arrangements must be added funding of agri-chemicals, spare parts and capital equipment by the Inter American Development Bank.

We have also embarked on a programme of land rationalisation. The cultivation lands of each estate are being subjected to very fine scrutiny and acreages which have a history of poor yields are being taken out of cane cultivation and where feasible, used for the cultivation of other crops. This move we feel, will enable us to concentrate our manpower and other resources on the better yielding lands, thereby further enhancing our per acre performance.

With regards to the first crop problem, certain strategies have been adopted which we expect will improve our 1984 first crop performance. In brief, a conscious effort was made towards the latter part of 1982 to till land but hold these acreages in fallow at December 1982 for planting early in 1983. Should poor weather conditions continue to hamper us during the 1983 first crop, then we are convinced that the action adopted would pay off. If necessary, similar strategies would be adopted to further enhance the 1985 first crop.

We are responding positively to the Central Government's thrust in Agriculture because we share the view that Agriculture will have a most stimulating effect on the other sectors of the economy. It is our intention to accelerate our contribution of Other Crops, particularly the production of Palm Oil, Pulses - research for which is being aided by the Indian Government, rice, and the production of inland fish.

While the production of palm oil was a great disappointment, we commenced rehabilitation work to our mill at San Jan estate during the year. Progress is satisfactory and we are optimistic that the upgraded mill will come on stream towards the end of 1983. We also propose expanding our rice cultivation at Manarabisi during the upcoming year. Our efforts at developing our aquaculture activities are heartening and we intend extending our operations over the next twelve months.

At this stage, it behoves me to say something about the performance of my managers with specific reference to expenditure control. Each and every one of them at every level worked assiduously and conscientiously at researching and reducing their production costs. The result has been an increase of only 3.5% in operating expenses over that of 1981, notwithstanding a reduction in production of 4.3%. We recognise that there is room for improvement but I am satisfied that we are getting there. Work is continuing in this area and I look forward to further improvements in the years ahead.

What are the indications for 1983? Should prices remain as they were in 1982 and given that the Corporation will be endeavouring to step up its rehabilitation programme, then 1983 will be a financially difficult year. However, I am of the view that the proposals put to the Central Government contain the ingredients for survival. We see the next three years as a transitional period, with adequate investments of both a capital and non-capital nature, being heaviest in 1983 and 1984, but that 1985 should see the Industry achieving or approaching a return to a position of profitability.

In my 1981 review, I pointed out that the problems which face Guyana are great. There is no doubt that the problems have escalated, but I believe that we in the

CHAIRMAN'S STATEMENT Continued

Sugar Industry have the resilience, and given the understanding and co-operation, will be able to make the Industry continue to make its contribution to the economic well being of Guyana.

I have been helped by many and I wish to express gratitude to the Ministers of Government, the Board of Directors, to the Members of the Management Committee for their selfless support and guidance and above all to my fellow employees both managerial and non-managerial alike, whose help and encouragement have been a source of strength in difficult times. Without their encourage-

ment and their fortitude the year 1982 would have been even more disastrous. Without that support, even the modest success we have achieved in 1982 could not have been recorded.

1983 is certainly going to be a testing year for the Industry. It would be infinitely more difficult than 1982, but I believe that with the co-operation and fortitude of all those who work in this Corporation, the team, notwithstanding the serious manpower losses, will continue to be loyal and with this loyalty and dedication, we will surmount the difficulties in the year ahead.

REVIEW OF OPERATIONS

AGRICULTURE SUGAR

Production: In 1982 total sugar produced was 287,725 long tons, 86,855 tons in the first crop and 200,870 tons in the second. This compares with 300,790 tons in 1981, with a first crop production then of 109,720 tons and a second crop of 191,070 tons. Estates accounted for 249,800 tons in 1982 compared with 261,289 tons in 1981, while farmers produced 37,925 tons compared with 39,501 tons in 1981. Overall, there has been a fall in production over 1981 of 4.3%.

While harvesting conditions during the early part of the first crop were fairly favourable, March turned out to be the wettest month of the year over the sugar belt, and April the next wettest, with rainfall for both months exceeding their respective historical averages. The 1981 Report indicated that the wet conditions which existed throughout most of that year's first crop would affect the TC/A performance of the 1982 first crop. Unfortunately, this materialised in that the actual TC/A yield of the first crop 1982 was the lowest first crop TC/A since 1977, and the TC/TS returned, although a combination of a number of factors, the worst on record for any first crop since production statistics on a crop basis were maintained. The resulting TS/A yield of the first crop was the worst on record, and total sugar production the lowest since 1964. It is felt that the conditions under which the first crop was reaped would again not auger well for the 1983 first crop.

1,918 acres or 4.4% of the estimated first crop acreage remained unreaped at the end of the crop. Farmers' shortfall of sugar for the crop was 5,842 tons or 39.2%. The total production under-achievement for the crop was 25,404 tons sugar or 22.6% of estimate. Actual TC/A yields for Berbice and Demerara fell below estimate by 4.9% and 6.0% respectively, whereas TC/TS returns for the two regions were worse than those projected by 5.2% and 23.4% respectively.

Total sugar production during the second crop was 200,870 tons, 9,800 tons in excess of the corresponding crop of the previous year. Estates' production fell short of its estimate by 6.2% while farmers' production shortfall was 2.1% of its target.

Weather conditions for both reaping of the second crop and cane maturation were indeed favourable. The effect on cane maturation was reflected in the overall better than estimated TC/TS for the crop of 12.76 compared with 12.93 projected. The overall TC/A of 31.98 for the industry during the 2nd crop was below the estimate of 33.4 by 4.3%, whereas the actual TS/A of 2.51 fell short of the target by 2.7%.

Cane productivity of the harvested 1982 first crop was unfavourably affected not only by the generally wet soil conditions under which the previous year's crop was taken off, but also the initial development of the crop emerging in the first half of 1981 was seriously depressed. On the one hand, soil compaction resulting from the movement of cane-cutters restricted root development thereby suppressing plant growth. On the other hand, precipitation on the largely uncovered soil aggravated the effect of soil compaction, and reduced the action of applied herbicides, thereby promoting weed growth. Whereas cane productivity of the first crop 1982 was impaired by the unfavourable early growing conditions in the first half of 1981, the wet reaping conditions during most of the first crop 1982 likewise adversely affected the juice quality of that crop. Additionally, the heavy rainfall from early March onwards seriously affected delivery of canes to the factories as was manifested in the average burning/grinding interval which was in excess of two days for 47% and over three days for 21% of the canes ground during the first crop. This excessive burning/grinding interval was undoubtedly an additional factor adversely affecting final juice quality.

The wet conditions during the first six (6) months of 1982 favoured cane growth of the 1982 second crop. Also, the relatively dry reaping conditions in the second crop 1981 would certainly have promoted good initial growth of plant and ratoon canes which were reaped during the second crop 1982. These factors contributed substantially to the relatively good second crop cane yields. Quality however, was somewhat disappointing, and it is more than likely that the excessive burning/grinding interval was largely contributory.

Average rainfall over the sugar belt was substantially less than the historical average as well as the previous year's rainfall by 21 inches and 20 inches respectively. The mean precipitation in January and February was considerably lower than the corresponding period in 1981. However, March was the wettest month of the year, significantly exceeding that of March 1981 as well as the historical average. April, though below that of April 1981 exceeded the historical average for that month. The traditional heavy rainfall months of May and June experienced less rain in 1982 than in the previous year as well as historically. This drier than normal trend continued into the second half of the year with every month being drier than the corresponding month on a historical basis. When compared with the second six month period of 1981, every month during the second half of 1982 was drier with the exception of November and December.

REVIEW OF OPERATIONS Continued

The wet conditions which prevailed during the first crop would undoubtedly affect the TC/A performance of the 1983 first crop, directly through water logging and soil compaction after harvesting, as well as indirectly, by promoting early weed competition, the latter made worse by the general shortage of pre-emergent herbicides experienced at the time. The 1983 second crop is expected to benefit from the dry conditions which obtained during the second half of 1982.

Mechanical Tillage and Planting: Out of a proposed mechanical tillage programme of 22,011.1 acres, the Corporation completed 17,284.1 acres or 78.5% of the programme. 2,973.6 acres and 14,310.5 acres were completed in the first and second crops respectively, of which 440 acres in the second crop represented expansion. Poor weather during the first crop was responsible for the 20% mechanical tillage programme not being achieved. It is worthy of note however, that the year's performance of 17,284.1 acres, 14.1% of the cultivated acreage, was the highest achieved since 1976. 15,177.8 acres or 66.8% of the planting programme was achieved. More acres were planted than tilled in the first crop as a result of the higher planting rates achieved in the earlier part of the crop on land that was already prepared and held under flood fallow at the end of the previous year. Planting during the second crop however, did not keep pace with the tillage acreage completed.

Commercial Pilot Plots: Further results from the six 100 – acre commercial plots were available as ratooning continued. The plots on the Demerara estates have all consistently shown a dramatic decline in TC/A from plants to first ratoons, but the two second ratoon results that were at hand demonstrated some stability in TC/A thereafter. The results on the Berbice estates manifested high productivity levels that were generally maintained in the first ratoons. In every case for the Berbice plots, the 1982 first crop results showed an improvement in quality.

Plant Cane Yields: Monitoring of plant cane yields continued. There has been some decline in plant yields for the first crop 1982. The mean TC/A plant yield in the first crop was 34.43 compared with 40.01 in the first crop of 1981, with 77.4% of the average yielding below the acceptable standard of 40.00 TC/A for that period in 1982 compared with 50.8% for the same period in 1981.

However, the second crop plant cane yields in general showed an improvement over the same crop of 1981, with the Demerara estates recording a substantial increase in TC/A, while a slight decline was experienced by the Berbice estates.

The better quality in the 1982 second crop resulted in an overall higher TS/A for Berbice's plant canes than in 1981. Additionally, the percentage of the plant acreage yielding below the acceptable standard showed a reduction to 47.8% compared with 56.4% for the same period in 1981, with the Demerara estates improving significantly from 64.3% in 1981 to 44.8% in 1982, and the Berbice estates declining slightly.

Fertiliser Practices: There were increases in supplementary fertiliser recommendations for all fertilisers. The increase for Sulphate of Ammonia was accounted for mainly by the larger number of recommendations made for small acreages which could not be treated by aircraft. Plant cane requiring supplementary fertilisers showed a decrease over that in 1981 for all elements, but this was more than offset by increases in ratoon cane requirements.

With regards to the development of rice cultivation, progress is being made towards developing foliar analysis techniques for monitoring the estate of nutrition of the crop and for recommending applications of nitrogen and phosphate fertilisers. Experimental trials on the utilisation of low grade phosphate rock and the supply of nitrogen from ammonium sulphate and urea were conceived and would be laid down during the 1983 rice crop.

Fertiliser Experimentation: The most significant change in agronomic practice in 1982 has been the introduction of low grade phosphate rock as the major source of phosphate fertiliser. This material is significantly cheaper than both triple superphosphate and conventional phosphate rock and its application at specified rates is expected to satisfy the P requirement of both the sugar and rice crops over several cycles. The extent to which this is achieved would be verified by regular foliar analyses and deficient P levels would be corrected by supplementary applications of triple superphosphate.

In order to find out more about the chemical properties of the low grade phosphate rock and to optimise its effectiveness, a series of field trials are being laid down on a wide range of soil types on all estates. The field trials would be supplemented by a laboratory investigation into the properties of the various phosphate fertilisers and their interaction with various soils.

Soil Investigation: Investigations into the extent and severity of soil salinity on estates continued in 1982. Maps delineating the boundaries of potentially saline soils on LBI/Ogle, Enmore, Rose Hall and Albion/Port Mourant were prepared and dis-

REVIEW OF OPERATIONS Continued

tributed. Potentially saline areas of Blairmont and Providence estates will be identified and mapped in 1983.

Cane and Juice Quality: Results of experimentation carried out between 1978 and 1981 on the staling of burnt whole stalk and chopped canes indicated that significant losses of sugar from canes could occur from as early as 24 hours to as late as three (3) days after harvest, depending on the weather. Dry conditions tended to promote more rapid deterioration.

Crop Mechanisation: The major limiting factor to efficient operation of machines in the Diamond Pilot Project has been the soggy condition of the fields as a result of poor internal drainage. Since it is important that mechanical harvesting be given as fair an assessment as possible under local conditions, forty acres of the Pilot Project would be thrown out, the land rehabilitated, the system of internal drainage modified and the fields replanted. Among the various internal drainage systems to be evaluated would be open surface drains, unlined mole drains, sub-surface tile drains and combinations of these. This project commenced in October and is expected to be completed during the first crop 1983.

The Mechanisation Pilot Project continued to provide opportunities for testing full-scale utilisation of machinery for harvesting and ratoon establishment. During the second crop 211 acres were harvested by the combined effort of the J & L and KTIPI Harvesters.

Variety Development – Breeding & Selection

Breeding Programme:

Demerara 1981: Despite the large number of crosses made in the 1981 programme, the total number of seedlings potted, 18,648, was disappointingly low. Largely the problem stemmed from poor germination or early dying back in the green-house. Investigations were initiated to determine solutions to this problem.

Demerara 1982: The 1982 breeding programme was constructed with the objective of achieving at the minimum 40,000 seedlings from over 400 crosses, comprising exploratory and programmed polycrosses, new and proven bi-parentals and back crosses.

The crossing programme commenced in July, developed well with no constraints in the crossing area and very favourable weather conditions for crosses in the lanterns. By the end of the breeding programme, 385 crosses were completed comprising of 240 polycrosses and 145 bi-parental crosses.

Demerara – Barbados 1981: Fuzz received from Barbados were sown as room in the greenhouse became available. The first germination counts indicated that the reserve fuzz gave numbers of seedlings closer to the estimate figure than those obtained from the 1981 programme. This was communicated to the Central Breeding Station where it was subsequently discovered that there seemed to have been a problem with the proper drying and packaging of the 1981 fuzz. From a seedling potential of just over 95,000, a total of 66,188 (69%) was potted.

Selection: A total of 65,458 seedlings comprising 15,932 Demerara 1981 and 49,526 Demerara-Barbados 1981 series was planted in Chateau Margot. Meanwhile, 5,618 varieties were advanced from Stage I to Stage II, 531 from Stage II to Stage III and 26 varieties from Stage III to Stage IV.

From preliminary observations the Demerara and Demerara-Barbados 1973 series were more promising than others under test.

Variety Distribution And Estate Trials: The first estates' experiments were harvested in the second crop 1982. From results available the varieties DB 71/60 and DB 70/172 continued to perform well. These varieties were distributed to all estates for rapid multiplication and extension to field scale for semi-commercial evaluation. Of the two, DB 70/172 manifested Rust Disease to a slight degree. The effect of the disease on this variety will be ascertained. Meanwhile, DB 71/105 continues to show promise in both growth and juice quality and is being considered for field scale evaluation.

Varietal Changes: Paying due cognisance to the susceptibility of the commercial varieties to the various extant diseases, changes were made in the varietal situation.

B 41227 manifested a high degree of susceptibility to yellow spot, while DB 66/113 showed resistance to Smut and Rust and performed very creditably. As a direct consequence B 41227 was reduced in acreage by 4,504 acres, while DB 66/113 increased by 4,581 acres. Other major changes were significant reductions in D 38/57 and B 51116, while D 158/41 and DB 67/1760 were substantially increased.

Plant Protection:

Pathology

Ustilago scitaminea – SMUT: The unusually high susceptibility of D 38/57 to smut disease was again seen this year at Albion estate. Data from other estates did not show the same level of breakdown. Unlike HJ 5741, D 38/57 appears to reach the

REVIEW OF OPERATIONS Continued

epidemic stage at a much slower pace.

With the decrease in the spore load in the industry, the quantity of spores required for smut testing at the early stages of variety selection has become critical. High susceptible varieties were planted at intervals between varieties at the extension stages with the objective of bombarding these clones with spores.

Puccinia melanocephala — RUST: The wet first crop provided good conditions for the propagation of this disease. Later in the second crop, however, with the extended dry weather, rust infection was more dramatic on dam beds than in infield areas. Phased replacements of susceptible varieties continued.

Mycovellosiella koepkei (Cercospora koepkei syn). —

YELLOW SPOT: Data from Uitvlugt, Leonora and L.B.I. estates indicated that disease intensity on susceptible varieties was much less this year than in the wetter 1981. Comparing the results of 1981 and 1982 there appeared to be a definite relationship between leaf infection levels and rainfall.

Entomology: The important pests recorded during the period under review included (1) *Fulmekiola serrata* (thrips), (2) *Spodoptera frugiperda* and *Mocis punctularis* (leaf eating caterpillars), (3) *Castnia* and *Diatraea* spp. (moth borers), (4) *Aeneolamia flavilatera* (frog hopper) and (5) *Holochilus brasiliensis* (rat).

Fulmekiola serrata — THRIPS: Sugar cane Thrips, *Fulmekiola serrata* was recorded in Guyana for the first time in 1982. The pest spread rapidly on seven out of eleven estates. The greatest impact has been on the West Bank Demerara estates, where 16,216.1 Ha (38,245.6 acres) were infested up to 24 weeks. Plant and ratoon stands beyond this age were generally free of infestation.

Both adults and nymphs cause damage by desapping of the spindle. Formal assessment showed that there was no significant difference in growth between chemically treated and non-treated plots.

The effect of Thrips was more pronounced in variety B41227 during the dry second crop, a situation aggravated by water stress rather than an increase in the insect population.

No routine treatment of this pest is carried out in the industry.

Castnia & Diatraea spp. — MOTH BORERS: Both *Castnia* and *Diatraea* spp. were prevalent on all estates with a total of 3,522.8 Ha. (8,308.7 acres) affected by *Castnia*. Of this, 563.9 Ha. (1,330 acres) were flooded to control the pest.

Aeneolamia flavilatera — FROGHOPPER: The endemic areas of Enmore, L.B.I. and the farming community associated with these estates experienced frog hopper damage during the wet period in March 1982. These estates reported a total of 2,756.4 Ha. (6,501 acres) of which 710.7 Ha. (1,676.2 acres) were treated chemically. This relatively smaller infested acreage reflects the strategy employed since 1979 in harvesting endemic areas early to benefit from dry conditions which promote egg and nymphal desiccation.

Holochilus brasiliensis — RATS: There was an upsurge of rat activity towards the latter part of the year. Severe top and bottom cuttings were evident at Uitvlugt, Wales, L.B.I. and Enmore estates. The industry reported a total of 14,994.9 Ha (35,365.4 acres) affected, of which 13,471.6 Ha (31,772.7 acres) were baited with Thallium sulphate, endrin and zinc phosphide using several carriers.

OTHER CROPS DIVISION:

Rice: The principal insect pests of rice were *Spodoptera frugiperda*, the leaf eating caterpillar and *Oebalus poecilus* (Dall.), the paddy bug. *S. frugiperda* was more serious, appearing early after seed germination and persisting for several weeks. *Telenomus remus*, an egg parasite of this pest which was released at Manarabisi and established itself in the corn crop has now disappeared. There was also no evidence of larval or larval/pupal parasites of *S. frugiperda*, possibly due to repeated pesticide application.

The entire approach towards the management of *S. frugiperda*, and weeds would require a careful review to establish more non-chemical management systems to return to a favourable balance in the pest/parasite complex.

Oil Palm: *Castnia daedalus*, which caused very serious damage to oil palm at Wauna, has been effectively controlled by the pathogen introduced there from a strain obtained on *Castnia* at San Jan.

LABORATORY STUDIES

Telenomus remus the exotic egg parasite of *Spodoptera frugiperda* was maintained in the laboratory. During the period 216,250 adults of *T. remus* were raised on *Spodoptera* and *Anicla* eggs of which 177,660 were released in plant cane fields at L.B.I.

Epizootic Studies: A disease affecting *Castnia daedalus* on oil palm at San Jan was isolated. The pathogen which is a bacterium (yet unidentified) was used on *Castnia daedalus* at Wauna with good effect.

REVIEW OF OPERATIONS Continued

The pathogen was also used in laboratory studies on *C. licooides*, *Diatraea* and *Spodoptera* in an attempt to investigate the site of infection, toxic symptoms caused to the different species, degree of potency and methods of in vivo culture.

Weeds

General: During the first crop heavy rainfall was experienced from as early as March. Hence, conditions conducive to weed growth had started earlier this year than normal. By April some Demerara estates were short of both Gesapax Combi and Karmex but the latter was available in May by which time, with the exception of Rose Hall and Blairmont estates, Gesapax Combi stocks were very low. Also from the end of May, the shortage of the basic herbicide 2, 4 - D Amine played havoc with the chemical weed control programme. Handweeding however, was emphasised and improved standard of work in this area helped to cope with the lush growth of weed.

The very limited stock of pre and early post emergent herbicides from the first crop continued into the second crop and was used sparingly in the plant cane crop. As a result, the carry-over weeding in the first crop was not completed until August on some locations and as late as September on others.

The dry second crop substantially reduced weed growth and by early December all herbicides were again in adequate supply.

Antidesma ghesaembilla was effectively controlled by Tordon RTU at Enmore, L.B.I. and Diamond, but it is still a major weed on these estates particularly at L.B.I. *Cabomba aquatica* (shrimp moss), the submerged, rooted perennial was controlled using 2,4 - D Acid. Good residual control of up to 96 days was obtained in the sidelines of Leonora estate.

Field Trials: Experiments completed during the year indicated the promise of several herbicides which would be further tested.

In two large plot experiments Gesapax Combi 500 FW + 3 pints 2, 4 - D and applied by aircraft gave better broad spectrum weed control when compared to Gesapax Combi 80 WP + 3 pints 2, 4 - D applied by knapsack sprayers. This superior control was obtained possibly because of better distribution.

Imperata brasiliensis (June grass) continued to be the major weed problem in the organic soils of the Demerara estates.

Small plot trials showed the superiority of Roundup compared to other herbicides tested.

Wild ginger, a strongly rhizomatous member of the Zingiberaceae family posed a localised problem at Uitvlugt and Diamond estates. Screening trials using various herbicides showed the promise of Tordon RTU. Further work to effect control is in progress.

Cane Farming: During 1982 there were 4,140 cane farmers which included 20 Co-operative Societies, Marketing and Producers, with a membership of 1,962, and 2,178 individual farmers including the three private estates of Houston, Versailles and Lochaber. The total cane farming acreage fell to 20,830.3 acres due primarily to a number of farmers in the West Demerara Region who changed from sugar cane to cassava and legumes, as well as some farmers in the Berbice Region who were awaiting approval of loan finance from the Guyana Agricultural Industrial Development Bank to rehabilitate their cultivation. One farmer expanded by 308.0 acres.

Farmers produced a total of 517,447 tons cane from approximately 19,124.0 acres and together with canes produced by the Guyana Sugar Experimental Station yielded 37,925 tons sugar or 13% of the industry's total sugar production. This represented a decrease of 1,576 tons sugar when compared with 1981.

The Guyana Agricultural Industrial Development Bank continued to finance loans to cane farmers for rehabilitation, development and crop cultivation.

The National Cane Farming Committee functioned satisfactorily. During the year the cane farmers' Rehabilitation Fund was utilised for the benefit of cane farmers. In this regard, plans for improving the condition of farmers' dams, roadways, bridges, drainage and navigation trenches were put together with the active involvement of the Estates' Liaison Committees.

The Cane Farming Liaison Committees performed creditably during 1982. Attendance at meetings and the active involvement of both the Education and Works Sub-Committees could have been improved upon. It is hoped that these two important activities would be improved in the up-coming year by a series of training courses and seminars.

The Cane Farming Liaison Officers' Committee which was initially established in the Demerara Region performed very

REVIEW OF OPERATIONS Continued

well. This has now been introduced to the Berbice Region. More field visits and the involvement of larger groups of farmers would be undertaken in 1983.

With regards to training courses and seminars, much success was achieved in respect of courses conducted at central, regional and estate levels on all aspects of Agronomy, including the rehabilitation of farms.

OTHER CROPS

Oil Palm: Generally, at San Jan, the visual appearance of palms within the cultivation remained fair except for some areas which appeared to be exhibiting the effects of poor soil nutrition. While there was some improvement to the main drainage infrastructure no fertiliser programme was implemented.

The new mill did not come on stream as anticipated with the result that recourse had to be made to the old mill. Considerable downtime was experienced.

Production at San Jan was 25.3 short tons of crude pericarp oil from 169 short tons fresh fruit bunches at an average extraction rate of 15.0%. This compares with a production in 1981 of 16.26 short tons of crude pericarp oil from 101.3 short tons of FFB at an average extraction rate of 15.9%.



Wauna's acreage under palms remained at 2,345 acres. With the receipt of 120,000 pre-heated seeds in May, the acreage is expected to be expanded by 1,000 acres in 1983. Castnia and Rhinoceros beetles are no longer of major concern

on this location. However, preventative measures are to be continued as a precaution against reinfestation. A general labour shortage and high downtime of machinery and equipment considerably affected many field operations. Consequently, targets for pruning, ring weeding, slashing and fertilising were well below the levels anticipated.

Pumpkin production at Wauna was 12.0 short tons compared with 38.5 short tons in 1981 when full use was made of newly cleared areas.

The planned improvements to the mill facilities could not have been undertaken and there was the further decline in its extraction efficiency to 14.2%.

Production at Wauna was 34.0 short tons of crude pericarp oil from 186.7 short tons of fresh fruit bunches at an average extraction rate of 14.2%. This compares with a production in 1981 of 18.27 short-tons of crude pericarp oil from 125.35 short tons of fresh fruit bunches at an average extraction rate of 14.5%.

Purchases of fresh fruit bunches from farmers declined from 35.1 short tons in 1981 to 23.7 short tons in 1982.

Cassava: The proposed land expansion at Port Kaituma was not undertaken due to the unavailability of land clearing equipment. This setback also affected the replant programme. Agreement was reached on the release of 650 acres at Somerset and Berks. Land development works were expected to commence in February 1983. The supply of raw materials by farmers declined considerably during the year. The germplasm and multiplication unit continued to be a major source of planting material.

Power supply to the factory at Kaituma continued to be unpredictable. Coupled with unavailability of adequate supplies of raw materials, only nine processing operations were possible. This factory processed 32.7 short tons of cassava and produced 4.7 short tons flour, 0.9 short tons middlings, 135 pounds starch and 21 gallons cassareep. The mill at Charity operated at 1.4% of its rated capacity. It produced 32.8 short tons flour, 11 tons middlings, 0.5 tons starch and 44.7 gallons cassareep.

Aquaculture: The Corporation continued its work on Tilapia fingerling production, commercial fish production, flood-fallow field trials in fish production and research, with the assistance of the International Development Research Centre.

REVIEW OF OPERATIONS Continued



448,700 Tilapia fingerlings were produced for stocking the production and research ponds. 18 acres of production ponds were harvested in 1982, yielding 24,571 pounds Tilapia. 6 – 10 acre flood fallow fields stocked in December 1981 were cultured for 4½ months to assess base yields in the natural environment with organic and inorganic fertilisers. Recovery of fish varied between 1% and 51% with the best yields being recorded in the two fields treated with inorganic fertilisers. Hassar fingerlings produced were under investigation. Experimental samples of Grass Carp (*Ctenopharyngodon idella*) were brought from Auburn University experimental station for assessment under local conditions. Performance to date has been satisfactory. Samples of Tilapia (*Sarotherodon niloticus*) were also brought from Auburn and to date growth has been satisfactory, with breeding to be initiated in January 1983.



Rice: Towards the end of 1981 the Corporation embarked on its first rice crop with the planting of 850 acres of the variety Starbonnet. This first attempt yielded 19,280 bags at an average yield of 22.4 bags/acre. From this production 2,000 bags were selected for seed purposes for use by the Guyana Rice Board.

A second crop of 830.5 acres planted in 1982 yielded 14,992 bags at an average yield of 18.1 bags per acre. Reduction in yield was attributed to caterpillar infestation. Perhaps worthy of note is the fact that land preparation for the second crop was done under water, whereas for the first crop dry land preparation was undertaken.

For the 1983 first crop the rice acreage had been increased to 1516.7 acres and is projected to yield 32,602 – 140 lb. bags when harvested in March 1983.

Our involvement in this new area of activity was well supported by the Guyana Rice Board with the co-operation of the International Rice Institute through their consultants on assignment in Guyana.

Legumes and other grains: Three crops of mung bean were harvested producing a total of 18,606 pounds. Three crops of urid were also harvested with a production of 49,486 pounds.

REVIEW OF OPERATIONS Continued

One crop of blackeye and one crop of minica were taken off with a production of 2,130 pounds and 1,811 pounds respectively. For the first time, the Corporation planted Sorghum, producing 18,555 pounds



FACTORIES

The improved technology attempted in the factories in 1982 had only few significant results over the 1981 factory performance. With the difficulty experienced in obtaining spare parts mechanical downtime escalated to a record level of 11.74% which was the highest since 1976. The achievement of a mill throughput of 98.59 tons cane/hour was lower than that of 1981 which was 101.75.

There were 35 grinding weeks, 5 less than in 1981. The realisation of the grinding time of 111.0 hours per week was the highest since 1974 and an improved factory utilisation of 66.7% compared to 64.0% in 1981 was achieved. The long grinding hours per week were due primarily to the decrease in out-of-cane hours, strikes and planned factory stoppages, particularly during the prevailing dry weather in the second crop when a total of 2,576,078 tons cane was ground out of an overall total of 3,844,867 tons for the year.

Process Control: The process could not capitalise fully on the slightly improved juice quality. While mill recovery showed an improvement, a few areas in the Boiling House were severely affected by the poor mechanical state of the equipment.

The attention given to the milling section which processed cane of slightly better quality than 1981 resulted in a reduced extraction of 92.88 and a°Pol % Bagasse of 2.69.°Pol % Cane was 9.52 and TC/TS 13.18 with the highest mixed juice purity since 1979 of 76.95.

The Boiling House Efficiency of 98.35, the lowest since 1978, was a result of the poor exhaustability of the molasses arising from the poor mechanical condition of the crystallisers.

Quality Control: A revised quality control system was followed throughout the grinding crop of 1982.

Unfortunately, the unsatisfactory results obtained highlighted the need for a greater application to detail in the areas of colour, degree polarisation and 'Ash' content of raw sugar, all of which incurred penalties from a few refiners.

A successful attempt was made in 1982 to control the level of dextran in our raw sugar. The dextran parameter of sugar quality was internationally introduced on 1st October 1981.

In the thrust for a better quality of sugar, it has been decided to adopt the A - C system of pan-boiling in 1983 as a medium policy. A reciprocal visit to Messrs. Hugh Markey & Sons and AMSTAR in the U.S.A. will be made in 1983 by Central Technical Staff to follow up revised techniques applied in the various areas of sugar quality control methodology.

The Process section of Factory Operations Department will be strengthened by the services of an Inspecting Chemist at the commencement of the new year.

Development and Engineering Services: The high factory downtime, 11.74%, is reflective of the poor mechanical state of our factories.

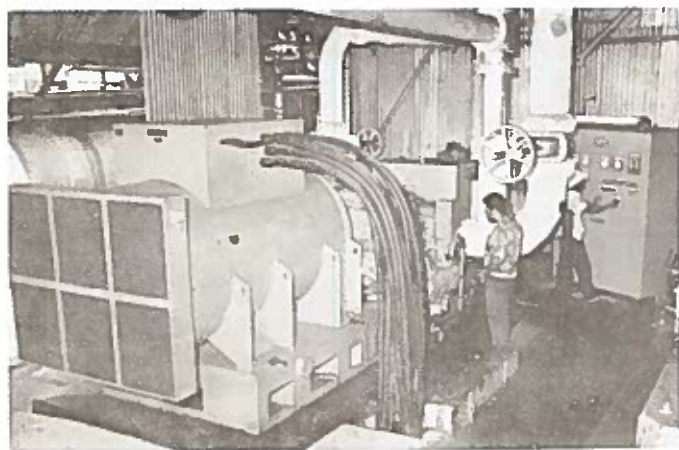
The increased activity by the Equipment Conservation Centre was not enough to cope with the alarming shortage of factory spares which adversely affected the performance of nearly every piece of equipment in the various sections of plant on a number of locations.

REVIEW OF OPERATIONS Continued

The Diesel Alternator Sets in particular suffered acute lack of spare parts and as such became incapable of generating their rated electrical power out-put. This ultimately resulted in unprecedented stoppages and unbalanced operations affecting many areas in the Boiling House.

The inability of the Corporation to acquire capital items also adversely affected the smooth functioning of the mechanical organs of the plant.

Energy Conservation: The two Turbo Alternator Sets installed at Skeldon and Blairmont together with the new Boiler in the process of commissioning at Blairmont have considerably minimised the use of fossil fuel thereby justifying their installation.



The Turbo Alternator Sets removed from the two locations will be re-installed at other locations to further reduce the Corporation's dependency on the utilisation of diesel power from fossil fuel.

MARKETING

Sugar Marketing: In sugar marketing 1981 had been a depressing enough year. In 1982 the situation was even worse. In the home market, which elsewhere provides the solid income base for sugar industries in times of distress, prices again remained static. Protectionism in the U.S.A., and the increase in competition from H.F.C.S., continued strong. Above all, world market prices which had already sunk low in 1981, collapsed in 1982. As a result, in 1982 the Corporation's average earnings per ton sugar declined even below the 1981 average and was again considerably below the cost of production.

In real terms the world market prices of sugar declined to its lowest level for decades. The average I.S.A. daily price for 1982 was US 8.3c per lb. compared with US 16.8c per lb. in 1981 and US 28.69c per lb. in 1980. This comparison makes no allowance for inflation, and if the 1982 price were to be deflated in line with the official U.N. cost index of manufactured exports, the price would be seen to have slumped even lower. Indeed an examination of world sugar prices going back to 1728, indicates that the low point in the price reached in 1982 — L.D.P. of Stg. £75 — in real terms was on a par with the lowest prices ever recorded.

In 1982, access to the U.S. market was squeezed even further. Overall consumption continued to stagnate; the U.S. sugar lobby fiercely defended its traditional share of the market; and H.F.C.S. production continued to erode what market share remained. In fact, the market in the U.S. for foreign sugar has declined from five million tons 10 years ago to less than three million tons today. In 1982, the decline in the world sugar price was so steep that U.S. domestic sugar production could not be defended simply by the mechanism of duty and import fee. Individual country quotas were therefore imposed within a global quota of 2.8 million tons. The quota year runs from 1st October to 30th September. Guyana's quota is 28,000 tons and it should be noted with particular attention that this compares with annual shipments of nearly 60,000 tons recently and a quota of 91,000 tons in 1974 when quotas last existed in the U.S. market.

The annual "negotiations" with the E.E.C. regarding price produced an increase of 9½% in 1982. This was better than usual. However, it should be noted that between 1974/75 and 1982/83, the E.E.C. price which we received had increased by only 38% which compared with an 80% increase in the same period in the price index for manufactured exports from the E.E.C.

Market Strategy: In 1982 foreign trade, and therefore sugar marketing abroad, came under the Ministry of Economic Planning & Finance. A very good working relationship has been established between the Ministry and the Corporation in dealing with the export of sugar and its attendant problems. This is particularly important in order to ensure that the right long-term marketing strategies are adopted, short-term problems settled expeditiously, and sales opportunities quickly seized.

The Markets: Our production of 287,725 tons was marketed

REVIEW OF OPERATIONS Continued

as follows:

Market	Long Tons
Home	33,193
Caricom	125
E.E.C. Quota:	
— Bulk	177,444
— Specials	1,653
World:	
— Canada	24,294
— U.S.A.	49,026
Losses	1,990
	287,725

Home Market: In 1982 the home market consumed 33,193 tons of sugar, compared with 36,519 tons in 1981. Sales of D.C. sugar were 29,114 tons and of C.W. sugar 4,075 tons, D.C. retailed at \$260.85 per ton and C.W. sugar \$560. per ton. The subsidy to the consumer in 1982 remained a charge on GUYSUCO and amounted to \$32.2 million.

Caricom: Guyana's exports to Caricom in 1982 declined to almost nothing — 125 tons compared with 1,895 tons in 1981, and 4,843 tons in 1980. This was no fault of ours. We are quite prepared to supply the small Caricom countries with Guyana's annual quota of approximately 5,000 tons at prices agreed by the Caricom Council of Ministers. However, while our Caricom customers when the world price is high take our sugar, as in 1980, when the world price is low, they go to other sources. GUYSUCO has argued strongly that when the world price is low we should be allowed to negotiate with the Caricom L.D.C's a price below the agreed Caricom price but above the world price. It is hoped that something will come of this idea in 1983.

E.E.C. Quota: In 1982 Guyana fully met its 1981/82 E.E.C. quota commitments by 30th June 1982 and, indeed, had also taken up its agreed share of the Trinidad shortfall reallocated to other A.C.P countries. By the end of 1982, we had already supplied the greater proportion of our 1982/83 quota.

The E.E.C. quota which gives us a secure long-term outlet for more than 55% of our exportable sugar, continues to be fundamental to our marketing strategy. However, there continues to be problems in safeguarding our outlet and in getting a fair price. So far as price is concerned, it seems unlikely that it will be possible to negotiate price increases which will match our increasing costs. Indeed, the pressure seems to be growing in the E.E.C. to limit price increases strictly with all that this implies for the price which the A.C.P. countries themselves

will receive. It should also not be forgotten that the cost of freight comes off our price in the E.E.C. and though we have made repeated representations to obtain compensation in this respect, the E.E.C. has shown no real inclination to agree.

A major bone of contention with the E.E.C. remains the huge sugar surplus which it now generates and which is the main cause of the collapse in the world price of sugar. The E.E.C. has taken some steps designed to reduce this surplus, but the problem is not likely to be solved quickly. 1983 will be a testing time since it will then be known if the E.E.C. is really serious about joining a new International Sugar Agreement and working to make it succeed.

Our relations with Tate & Lyle, the refiners in the U.K. who take our sugar, remain satisfactory. Along with other A.C.P. suppliers of E.E.C. quota sugar, Guyana has a six-year contract with Tate & Lyle which came into effect from 1st July 1981, and under which we as the suppliers share in any market premium which Tate & Lyle are able to achieve. Tate & Lyle have now stabilised and strengthened their cane sugar refining capacity in the U.K. and there seems every reason to expect that their marketing of our sugar in the U.K. will become more profitable and therefore enable us to share in an increased market premium.

International Sugar Agreement: Guyana continued as a member of the International Sugar Agreement and fully observed all its provisions. In particular, as required, Guyana established uncommitted Special Stocks of 5,320 tonnes as of 1st October, 1982. We continued to play a full part in the administration of the Agreement, and remain completely up-to-date in all International Sugar Organisation requirements for statistical returns and payments of subscription. At the end of 1982 Guyana was elected a member of the I.S.O. Executive Committee for 1983. Guyana's I.S.A. quota in effect was agreed at 75,000 tonnes and we in fact shipped 82,324 tonnes.

In 1982 preliminary moves towards a new and stronger Agreement began. A Preparatory Committee for the purpose was established and discussions with the E.E.C. started. This preparatory work will continue, culminating in a negotiating Conference in Geneva in May 1983. We believe that a commodity agreement like the I.S.A. helps to create greater order and stability in the world sugar market and we are therefore participating fully in the moves designed to build a stronger and better Agreement. In such an agreement, it will be essential for the E.E.C. to participate constructively.

U.S. Market: Guyana sold 49,026 tons of sugar to the U.S. This compares with 57,955 tons sold in 1981 and 60,847

REVIEW OF OPERATIONS Continued

tons sold in 1980. It should be noted, however, that during the year individual country quotas were imposed and that under this regime, out of a global figure of 2.8 million tons Guyana will have an annual quota of only 28,000 tons.

The steady erosion of this major market for outside suppliers in the developing world is a very serious matter. This market has contracted in a decade from over 5 million tons to under 3 million tons. With the continued growth of H.F.C.S. substitution, and continued protection of domestic sugar producers, it seems probable this market will erode further. The strongest possible representations will continue to be made about this to the U.S. authorities. It should be noted that the price obtained for quota sugar in the U.S. is equivalent to the U.S. domestic price and is therefore higher even than the price we obtain currently for E.E.C. quota sugar and is of course far above the world price. Even if quotas are removed and the U.S. reverts to a system of controlling sugar imports by a system of duty and import fees this market would still remain attractive to us since Guyana enjoys G.S.P. status for its sugar and therefore does not have to pay the duty.

Canada: 24,294 tons of sugar were sold to Canada compared with 9,995 tons in 1981.

The Canada market is attractive to us because of the preference received over the world price, because of good freight opportunities, and because we have built up extremely good relations with the Canadian refiners. In 1980/81, however, this market was heavily oversold, and it was hard to find suitable outlets for our sugar. During 1982, the situation changed and it was then that the good relationships built up with the Canadian refiners paid off and we were able to make sales in this market at prices which were at a premium over current world prices.

New Markets: We remain on the look-out to develop new markets for our sugar. However, we must continue to stress three fundamentals. The first is that prospective new markets, e.g., in the Middle East, which are far away involve obtaining freight which is not easy and which is in any case very expensive. One great advantage of the nearby U.S. and Canada markets is that there are regular freight opportunities at reasonable rates available. Secondly, it has been found in investigating new markets that shipment of sugar is often requested in bags. Guyana is geared for bulk export of sugar and not for the export of bagged sugar. Thirdly, any customer in the market for sugar, whatever the ideological persuasion, is going to drive the hardest possible bargain and, especially when the freight factor is taken into account, that means the

price obtainable by Guyana in any new market will almost inevitably be lower than what we obtain in the traditional markets in North America.

Sugar Quality: We have to put, and are putting, more and more emphasis on producing high polarisation (98⁰), good quality sugar in order to retain the confidence of our customers. In a hard commercial world the quality standards which we maintain not only mean extra money gained or lost in every individual shipment but can also mean the difference between capturing a sale or not. Contracts for sales to the U.S.A. have very specific quality norms which we have to meet or suffer penalties and in Canada and the U.K. also the refiners are becoming more and more demanding. We are fully aware of these facts of commercial life and are sparing no effort to deliver high quality sugar.

International Co-operation: Guyana and GuySuCo representatives continued to be active in maintaining our international links with sugar exporting countries. In 1982 Vice-President Hoyte, Ministry of Economic Planning and Finance, was appointed Ministerial spokesman on sugar for the A.C.P. The Chairman of GuySuCo continued in the position of Chairman of the Sugar Association of the Caribbean and the Administrative Director was re-appointed Chairman of the S.A.C. Marketing Committee. Our representatives continued to play a leading role in the A.C.P. Sugar Committee in Brussels and maintained regular contacts with the I.S.O. Secretariat in London. Guyana has been elected to the Executive Committee of the I.S.O. for 1983. In 1982, we were also represented at meetings of GEPLACEA and continued to take an active interest in the work of this organisation. At the GEPLACEA meeting in Mexico the Chairman of GuySuCo was elected Vice-President. It remains important that we strengthen these regular international contacts in order to maintain a united approach by all sugar exporting countries, in the very difficult marketing conditions which now exist.

Molasses: The molasses market dropped to its lowest level in many years in 1982. The average price received for 1982 was 13c. per gallon compared with .84c. per gallon in 1981 and \$1.10 per gallon in 1980. Exports of molasses in 1982 were 16.3 million gallons compared with 16.6 million gallons in 1981. Sales to distilleries in 1982 were 6.4 million gallons compared with 6.7 million gallons in 1981.

Prospects for 1983: Prospects for much better prices in 1983 are not good. World stocks of sugar are at a historically high level and overhang the market and seem likely to depress it for some time to come. H.F.C.S. continues to make inroads.

REVIEW OF OPERATIONS Continued

The U.S. market continues to contract. The E.E.C. continues to produce massive surpluses. World economic disarray has halted the increase in intake from "new" sugar-consuming countries. The best chance for an increase in the world price, apart from unforeseen climatic disasters, lies in the negotiation of a new I.S.A. which the large exporters, including the E.E.C., decide to join with a real determination to make it work. Nevertheless, the most realistic judgement must be that until the large physical stocks over-hanging the market are reduced to a more balanced level — and this process is unlikely to be completed until 1984/85 — the world price will not return to an acceptable level.

There can be no doubt that 1983 will be another very difficult year in sugar marketing. In this period of depressed marketing conditions we must continue with great determination: (a) to reduce costs so that at least the price we receive in our bread-and butter E.E.C. market remains remunerative; (b) to increase production so as to achieve a reduction in our cost per unit; (c) to improve the quality of our sugar; (d) to work as hard as we can to make known the case for giving weaker developing countries depending on sugar exports a fairer deal; and (e) to continue our efforts to diversify within and outside the sugar industry.

At the end of the day the marketing situation will improve and when it does we must be in a position to take advantage of the upturn promptly and efficiently.

PERSONNEL:**ESTABLISHMENT:**

Senior Staff: Between 1981 and 1982 GuySuCo lost 88 senior managerial staff members through resignations, retirements and termination.

The strategy for replacement continued to be training and development for upward mobility, along with some external recruitment for key positions, the skills for which were not readily available either within the Corporation and on occasions in the country.

Resourcing to fulfil the required establishment at the senior managerial level continued to be critical with the in-house development of personnel being unable to keep pace with the exit of experienced managers.

The limitations of comparatively inexperienced managerial personnel reflected on performance, production and productivity.

Junior Staff: At this level also, the problem of replacing experienced personnel continued although efforts have been made to rapidly upgrade skills through the Corporation's Man Power, Succession and Developmental Plans. This Plan has been significantly improved in terms of uniformity and relevant data so as to facilitate expeditious action to meet the demands of the changing times.

Recruitment/Labour Turn-Over — Other Crops Division: Other Crops Division continued to find difficulties in recruiting suitable persons to meet operational requirements. This was especially so at San Jan and Wauna.

Education and Training: During the period, Training endeavours were directed towards classroom sessions combined with on site demonstrations.

The growing awareness of the importance of "on the job training" has now taken a firm hold on many managers and it was noticeable that many courses both on the estates and at central level were directed towards the concept of "learning by doing".

Because of the high turn-over of managerial personnel, it was found that a number of managers lacked the experience to effectively assist in the development of lower level employees.

Cadets/Overseas Training: As a result of the foreign exchange difficulties, GuySuCo was unable to award any overseas Cadetships. However, six Cadets who were studying in the United Kingdom completed their period of training and have been absorbed into the Organisation. Their individual performances in the finals of their examinations was of a high standard, with one obtaining First Class Honours in Mechanical Engineering and another an Upper Second Class Honours in Agricultural Engineering.

The Corporation currently has two Cadets overseas — one in the United Kingdom and the other in Canada, also four E.C.I.A.F. 1981 Agricultural Trainees who would graduate in 1983.

The Corporation was also able to provide seven executives with overseas exposure in the latest techniques and development in their respective disciplines — three persons were from the Aquaculture section of the Other Crops Division, two from Factory Operations, one from the Field Equipment Experimental Unit and one from the Field Equipment Department.

Technical Training: In the area of technical training, a signifi-

COMMUNICATIONS UNIT

REVIEW OF OPERATIONS Continued

cant impact was made in upgrading the level of skills at both the managerial and craft levels.

Factory Department: In the factory department six Shift Managers and two Plant Foreman completed their training and were appointed in their respective positions. Ten persons completed theoretical and practical training in Power House Operations. Thirteen factory workers received training under the Adult Sugar Boiler's training scheme. Six newly appointed Senior Staff completed orientation training and were posted to estates. Other short courses were also conducted.



Field Department: For the Field Department four newly appointed Agricultural Engineers, four Field Superintendents and one Surveyor were trained during the year.

Courses were also conducted for Field Department personnel in such areas as:

- Mechanical Tillage Operations
- Leyland and Land Rover Training
- Caterpillar Under-Carriage Maintenance
- Hydraulic Systems

Apprentice Training: The Apprentice Training Scheme continued to make a worth-while contribution to Apprentice Training generally. The intake of female Apprentices is now firmly established.

Six significant achievements were recorded by the Training Centre in 1982:

- 1) 25th Anniversary of the Centre
- 2) Graduation of First Batch of 4th year Apprentices.
- 3) Graduation of Last Batch of 5th year Apprentices.
- 4) Graduation of First Batch of Female Apprentices.
- 5) Graduation of First Batch of Sugar Boiler Apprentices.

- 6) The official change of name of the Centre from Port Mourant Training Centre to GuySuCo Training Centre/Port Mourant (G.T.C. - PM).

1,258 Apprentices have graduated through the Apprenticeship Scheme since its inception.

Development Education Programme: The Corporation participated in four development education courses conducted by the Government. Vacation employment was also provided to students attending secondary and post-secondary institutions.

Training for Outside Agencies: The Corporation continued to assist in training for outside agencies such as the Guyana Electricity Corporation, Guyana Defence Force, Community High Schools, Guyana National Engineering Corporation and the Guyana Police Force.

Six persons from St. Vincent completed training attachments in Sugar Boiling and Laboratory Techniques while one person was trained for Caricom.

Management Training Centre & GuySuCo's Training Centre - Port Mourant: The Corporation embarked on the rehabilitation of the Management Training Centre at Ogle, and this project is expected to be completed by May 1983. It has also been decided to extend the Hostel at the GuySuCo Training Centre, Port Mourant.

Worker Participation: 1982 was a successful year for Worker Participation in the Sugar Industry under a revised constitution. Elections were held on 19th November 1981, and by the end of 1982 one year had been completed. All estates held regular monthly meetings at which a number of useful decisions were taken and many implemented. Detailed work was done through standing sub-committees such as Energy Conservation, Canteen, Good House-Keeping, Safety, Sports, and Training.

The most significant achievement however, was the obtaining of Cabinet's approval and the Union's Agreement to include one non-managerial member from each estate on the two Regional Boards. The elevation of non-managerial members from the estate level to the Regional Level was a movement based on an evolutionary process of worker participation in the Sugar Industry which started with Consultative Committees in 1971.

During 1982 a number of training sessions were held to prepare non-managerial workers for more effective participation at the Departmental, Estate and Regional Board Levels. The

REVIEW OF OPERATIONS Continued

training sessions included:

- Chairing meetings for Vice Chairmen and alternates.
- Secretaries and Assistant Secretaries.
- Information sessions for all members of Workers' Councils

The Corporation, based on the performance of the non-managerial workers at the two Regional Boards, has every intention of proceeding with Workers Participation to the Main Board.

It is pertinent to mention also that the aforementioned forums are decision making forums and as such the non-managerial workers are involved in actual decision making up to the Regional Board level.

Communication

Central Communication Committee: The mechanics for the realisation of the communications objectives of the Guyana Sugar Corporation Limited were administered generally through the Central Communications Committee which was established in 1978. The Committee in addition to providing guidance and monitoring the traditional communications systems, continued to enlarge its initial functions through deliberation and consensus in such areas as Worker Participation, Drama and Cultural Activities, Relationship with External Organisations such as the recently formed Local Democratic Organs and national events such as Mashramani.

The Committee met on seven (7) occasions during the year and focused attention on both the internal and external media for communications, also the Honours Roll Scheme, the establishment of a Sugar Industry Museum, Worker Participation, Exhibitions, Drama and Culture.

Sugar Industry's Museum: Some work was done at the Chateau Margot site identified for the Industry's Museum. Cabinet approved the use of that site for the purpose of establishing the Museum, but all the relevant legal procedures have not been completed. In the meanwhile, the exercise of identifying and collecting artifacts continued.

Industrial Welfare: The Central Welfare Committee continued to monitor welfare activities of the Corporation. This Committee was supported by the Sports Committee, Medical Services Committee and the Drug Control Committee at the central level, also the Regional Drug Central Committees and Regional Sports Committees. Appropriate estate committees some of which are participative forums also played supportive roles.

Sports: Heavy rainfall during the First Crop coupled with financial constraints made it a difficult year for Sports. However, because of the good weather in the Second Crop every opportunity was taken to organize some games and to encourage participation by both male and female workers.

Estates' Sports Committees were re-organized to include members of Workers' Councils. The newly structured Estates' Sports Committees did not perform at the level expected, since the change took a longer time to be effective.

Cdes. Michael Chin, Parsram Persaud and Faye Downer were selected GuySuCo's Sports Personalities for 1982. The Presentation Function was held on Sunday 16th January 1983, at the Head Office Sports Club, Ogle, where the Chairman of the Corporation addressed the gathering and presented the Trophies and Replicas.

The Corporation participated in the Amateur Athletics Association's programme in order to give athletes the necessary exposure and to afford them the opportunity of selection for the national team. Because of their outstanding performance in the A.A.A. events two of GuySuCo's athletes were selected to take part in competitions in the West Indies.

The Corporation continued to participate in the Public Sector Games and it should be noted that the long distance athletes performed creditably.

Occupational Health: The delivery of health care was carried out through the established structural arrangement involving the Diagnostic Centre at Ogle and Dispensaries located on sugar estates.

The staffing for the Health Services continued to be through Estate Medical Officers and Para-Medic staff who manned the Diagnostic Centre and Estates' Dispensaries. The Corporation now has one Senior Medical Officer, six Medical Officers and one part-time Medical Officer. However, there were three vacancies for Dispensers and three for Midwives. Approximately 25,000 workers and their families were eligible for free medical attention through the Corporation's Medical Services.

The Corporation continued to make use of the Medex Training Scheme to fill vacancies for Dispensers/Medex.

Safety & Accident Prevention: The Corporation through its Safety Officer at Head Office and its training schemes endeavoured to lift the standard of safety consciousness so that desired changes in attitude towards Safety and Occupational Health would continue to take place.

REVIEW OF OPERATIONS Continued

Three Safety Competitions were successfully concluded during the year:

Good House-Keeping and Safety Practice: The Good House-Keeping and Safe Practice Competition continued to meet the objective of improving the standard of house-keeping and safety of the Corporation's Sugar Factories and Field Workshops.

Albion/Port Mourant Estate was adjudged the winner of this competition followed by Skeldon and Leonora for second and third place respectively; Diamond was adjudged the most improved factory.

Factory Safety: In regard to factory safety there was an increase in the number of loss time accidents, despite a reduction of the number of man hours worked over 1981. Loss time accidents increased by 15.6 percent, while man hours worked reduced by 6.4 per cent.

Albion/Port Mourant Estate was adjudged first in this competition, followed by Enmore and Rose Hall Estates which obtained second and third place respectively.

Field Safety: In connection with field safety there was a decrease in the number of loss time accidents, although the man days worked increased when compared with 1981. Loss time accidents decreased by 12.4% while man days worked increased by 4%.

Fire Safety: There was one major fire at the beginning of the year when the Central Agricultural Machinery Spares Store at Enmore was virtually destroyed and significant losses suffered.

An intensive examination in the area of Fire Safety was carried out by the Deputy Chief Fire Officer, Guyana Fire Service and the Safety Officer, GuySuCo.

Courses in Fire Fighting were conducted by the Guyana Fire Service for Estate Fire Fighting personnel. These Courses were beneficial and contributed immensely to the development of Fire Crews.

Fatal Accidents: There were four fatal accidents, three in the field and one in the factory.

Other Safety areas: There were no serious accidents in the use of agricultural chemicals, but the large number of vehicular accidents was a matter of concern. Active steps have been taken in the training of drivers and the monitoring of their performance.

Non-Financial Incentive – Honours Roll Scheme: This Scheme has been firmly established as a significant non-financial measure which promoted team spirit on estates and motivated workers towards greater production and productivity. It has gained the acceptance of all levels of workers as manifested towards the end of the Second Crop, when the competition became very keen for the achievement of the title of Champion Estate.

Albion/Port Mourant Estate was adjudged the Champion Estate for 1982 and also obtained First Place for the First and Second Crops.

The Scheme also facilitated active worker participation on estates as Workers' Councils, comprising both managerial and non-managerial workers, discussed and decided on their respective estate Champion and other most productive workers.

Based on discussions at the Personnel Managers'/Industrial Relations Conference 1982, Blairmont, Skeldon and Wales Estates initiated an extension of the Honours Roll Scheme to cover Harvesting Gangs and Factory Shifts with a view to determining the Champion Gang and the Champion Shift. This innovation has proven successful and would be extended to other locations in 1983.

INDUSTRIAL RELATIONS-

Industrial Relations have been relatively stable throughout the year. 114,126 mandays were lost in 1982 compared with 139,008 mandays lost in 1981 through stoppages of work and strikes. The result was a loss of earnings to workers amounting to \$2.8M compared with \$2.7M in 1981. Of the total mandays lost in 1982, 32,083 were in connection with non-industrial strikes and the wages lost were \$875,000.

No Agreement was reached with the recognised Unions for Annual Production Incentive. Based upon the negotiation and the final offer made by the Corporation, Annual Production Incentive, was awarded as follows:

280,000 tons – 6 days' pay

Individual estates would be awarded additional days' pay based upon their performance should the Industry exceed 280,000 tons. Further, should the Industry achieve 287,000 tons 7 days' pay would be awarded.

The Industry achieved a production of 287,725 tons. Albion estate was awarded 9 days' pay, Enmore and Diamond 10 days' pay and all other estates 7 days' pay.

REPORT OF THE AUDITORS

TO THE MEMBERS OF
GUYANA SUGAR CORPORATION LIMITED

We have examined the accounts set out on pages 26 to 37 which are in agreement with the books of the Company and have been prepared under the historical cost convention, including the revaluation of the fixed assets as explained in Note 9 on page 35. We have obtained all the information and explanations we have required.

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 1982, and of the net deficit 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.

The financial statements do not contain the current cost accounts required by Statement of Standard Accounting Practice No. 16.

THOMAS, STOLL, DIAS & CO.
Member Firm
TOUCHE ROSS INTERNATIONAL
5 America Street
Georgetown
Guyana
31 January, 1983

STATEMENT OF NET INCOME (DEFICIT)

For the year ended 31 December 1982

	Notes	1982	1981
		\$000	\$000
SALES	1	<u>275,893</u>	<u>316,686</u>
NET DEFICIT BEFORE TAXATION AND EXTRAORDINARY ITEM	2	(93,185)	(61,905)
TAXATION	3	<u>—</u>	<u>—</u>
		(93,185)	(61,905)
VALUATION SURPLUS ON DISPOSAL OF FIXED ASSETS TRANSFERRED FROM RESERVES		<u>96</u>	<u>130</u>
DEFICIT BEFORE EXTRAORDINARY ITEM		(93,089)	(61,775)
EXTRAORDINARY ITEM - EXCHANGE LOSS	4	<u>—</u>	<u>(20,556)</u>
NET DEFICIT FOR THE YEAR		<u>(93,089)</u>	<u>(82,331)</u>

STATEMENT OF RESERVES

	Total	Operating	Sugar Industry Rehabilitation Fund	Valuation
	\$000	\$000	\$000	\$000
Balance at 1 January 1982	(35,217)	(92,600)	8,024	49,359
Net deficit for the year	(93,089)	(93,089)	—	—
Receipts from Sugar Industry Rehabilitation Fund	6,703	—	6,703	—
Valuation surplus on disposal of fixed assets transferred to Income Statement	(96)	—	—	(96)
Balance at 31 December 1982	<u>(121,699)</u>	<u>(185,689)</u>	<u>14,727</u>	<u>49,263</u>

BALANCE SHEET

At 31 December 1982

	Notes	1982	1981
		\$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
Deposit on Shares	6	225,000	—
RESERVES			
		<u>(121,699)</u>	<u>(35,217)</u>
CAPITAL AND RESERVES			
		151,838	13,320
DEFERRED LIABILITIES	7	18,299	18,299
NON-CURRENT LOANS	8	<u>6,928</u>	<u>7,430</u>
		<u>177,065</u>	<u>39,049</u>
REPRESENTED BY			
FIXED ASSETS	9	136,973	132,256
INVESTMENTS	10	265	105
DEFERRED RECEIVABLES	11	4,403	5,459
DEFERRED CULTIVATION COSTS		806	797
NET CURRENT ASSETS/(LIABILITIES)	12	<u>34,618</u>	<u>(99,568)</u>
		<u>177,065</u>	<u>39,049</u>

Directors:

A. Y. Luck

I. A. Mc Donald

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 31 December 1982

	1982	1981
	\$000	\$000
SOURCE OF FUNDS		
Net deficit before taxation and extraordinary item	(93,185)	(61,905)
Extraordinary item - exchange loss	—	(20,556)
	<u>(93,185)</u>	<u>(82,461)</u>
Adjustments for items not involving the movement of funds		
Depreciation	13,287	13,142
Provision for ex-gratia pensions	3,729	7,483
	<u>(76,169)</u>	<u>(61,836)</u>
FUNDS USED IN OPERATIONS		
FUNDS FROM OTHER SOURCES		
Deferred receivables	1,707	2,483
Deposit on shares	225,000	—
Receipts from the Sugar Industry Rehabilitation Fund	6,703	—
Disposal of fixed assets	70	289
Redemption of investment	—	1
Deferred cultivation costs	—	341
	<u>157,311</u>	<u>(58,722)</u>
TOTAL SOURCE OF FUNDS		
APPLICATION OF FUNDS		
Ex-gratia pensions paid and employees' loans	4,380	4,127
Taxation paid	—	1,195
Purchase of fixed assets	18,074	15,766
Purchase of investments	160	—
Non-current loans	502	2,199
Deferred cultivation costs	9	—
Dividends paid	—	4,676
	<u>23,125</u>	<u>27,963</u>
TOTAL APPLICATION OF FUNDS		
INCREASE/(DECREASE) IN WORKING CAPITAL	<u>134,186</u>	<u>(86,685)</u>
REPRESENTED BY:		
Increase in Inventories and Unsold Produce	15,235	3,608
Increase/(Decrease) in debtors	620	(3,231)
Increase/(Decrease) in External Payment Deposits	(194)	25
(Increase)/Decrease in Creditors	24,323	(2,458)
(Increase)/Decrease in Loans Repayable within one year	<u>63,450</u>	<u>(36,962)</u>
	103,434	(39,018)
Movement in Net Liquid Funds		
Cash in Hand and at Bank	39	(428)
Bank Overdraft	<u>30,713</u>	<u>(47,239)</u>
	<u>134,186</u>	<u>(86,685)</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.

SUMMARY OF ACCOUNTING POLICIES Continued

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.

9. PENSION SCHEME

- (i) The Company participates in a contributory pension scheme for its employees. The contributions are held in trustee administered funds which are separate from the Company's finances.
- (ii) Employees who have retired and were not members of the pension scheme are paid ex-gratia pensions which are recoverable from the Sugar Industry Price Stabilisation Fund. Any amounts not considered to be recoverable are provided for in the income statement.

NOTES ON THE ACCOUNTS

	1982	1981
	\$000	\$000
1. SALES		
Sugar and Molasses	274,232	316,272
Other Crops	<u>1,661</u>	<u>414</u>
	<u>275,893</u>	<u>316,686</u>
Export Sales Levy		
Amount payable (provisional)	126,725	145,445
Remitted by Government	<u>(126,725)</u>	<u>(145,445)</u>
	<u>—</u>	<u>—</u>
	<u>275,893</u>	<u>316,686</u>

Under section 6 (1) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit \$126,725,062 (1981 – \$145,444,716) of the Sugar Levy payable pending amendment of the Sugar Levy Act 1974.

2. NET DEFICIT BEFORE TAXATION AND EXTRAORDINARY ITEM

	<u>(93,185)</u>	<u>(61,905)</u>
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This amount is determined after the following items have been dealt with:

Depreciation	13,287	13,142
Audit fees and expenses	159	167
(Gain)/Loss on exchange	(1,018)	105
Interest expense – net	32,382	22,902
Property Tax	1,014	—
Research and Development	1,215	666
Provision for ex-gratia pensions (Note 5)	<u>3,729</u>	<u>7,483</u>

3. TAXATION

Losses carried forward which can be set off against future income amounted to \$180,315,326. However, utilisation of such losses is restricted to 50% of the chargeable income of the particular year.

NOTES ON THE ACCOUNTS Continued

	1982	1981
	\$000	\$000
4. EXTRAORDINARY ITEM	<u>—</u>	<u>(20,556)</u>

On 1 June 1981, the Guyana dollar which was aligned to the United States dollar, was realigned to a basket of currencies.

All amounts denominated in foreign currencies were translated using the rates of exchange as at 1 June 1981 and the difference in exchange arising from this translation is shown above.

5. PROVISION FOR EX-GRATIA PENSIONS	<u>3,729</u>	<u>7,483</u>
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The Company makes payments of ex-gratia pensions which are recoverable from the Sugar Industry Price Stabilisation Fund. During 1981, the accounts of the Price Stabilisation Fund for 1980 were made available and this revealed that the amount recoverable from the Fund was greater than the balance in the Fund. A provision was therefore made for the difference.

The provision for 1982 represents the difference between ex-gratia pensions recoverable and contributions paid to the Fund.

6. DEPOSIT ON SHARES	225,000	—
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This represents amounts paid by the Government of Guyana for the purchase of further shares in the Company.

This will be transferred to share capital on completion of the formalities of increasing the authorised share capital.

7. DEFERRED LIABILITIES

Guyana Agricultural Products Corporation	4,733	4,733
Demerara Sugar Company Limited	<u>13,566</u>	<u>13,566</u>
	<u>18,299</u>	<u>18,299</u>

These liabilities will be settled by the issue of ordinary shares to the shareholders of these companies.

NOTES ON THE ACCOUNTS Continued

	1982	1981
	\$000	\$000
8. LOANS		
The following loans are guaranteed by the Government of Guyana.		
(a) NON CURRENT – repayable after one year		
(i) Tennant Guaranty Limited		
Loan 111. 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.	5,451	5,451
(ii) Chase Bank International – Chicago		
A U.S. dollar loan repayable in equal half yearly instalments ending in April 1983. Interest is payable at the rate of 9% per annum.	456	456
(iii) Lloyds Bank Limited		
Loan I. A Sterling loan repayable in equal half yearly instalments ending in October 1983. Interest is payable at the rate of 7.5% per annum.	1,578	1,848
Loan II. A Sterling loan repayable in semi-annual instalments of £170,000 ending in 1986. Interest is at the rate of 7.25% per annum.	8,365	4,522
(iv) 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.	253	403
	16,103	12,680
Less:		
Loans repayable within one year	9,175	5,250
	<u>6,928</u>	<u>7,430</u>

NOTES ON THE ACCOUNTS Continued

	1982	1981
	\$000	\$000
8. LOANS		
(b) CURRENT – REPAYABLE WITHIN ONE YEAR.		
(i) Tennant Guaranty Limited		
Loan II. A U.S. dollar loan repayable in December 1982. Interest is payable at the rate of 7.25% per annum and an additional 1.5% per month on amounts due but unpaid.	1,725	1,725
(ii) Citizens and Southern International Bank		
A U.S. dollar loan repayable in December 1982. Interest is payable at the rate of 2% per annum over the Bank's prime rate, which, at 31 December was an effective rate of 13.5%.	224	671
(iii) The Chase Manhattan Bank	–	66,616
(iv) Local Insurance Companies and others	2,028	2,340
(v) Loans repayable within one year (per (a) above)	<u>9,175</u>	<u>5,250</u>
	<u>13,152</u>	<u>76,602</u>

Negotiations on the rescheduling of repayments of loans (i) and (ii) above are currently in progress.

NOTES ON THE ACCOUNTS Continued

9. FIXED ASSETS

	Total	Freehold	LAND AND BUILDINGS		LAND EXPANSION COSTS	PLANT MACHINERY & EQUIPMENT
			Leasehold	State Lands		
	\$000	\$000	\$000	\$000	\$000	\$000
COST OR VALUATION						
At 1 January 1982	192,446	37,810	2,635	18,799	8,744	124,458
Additions	18,074	610	—	—	1,551	15,913
Disposals	(506)	(41)	—	—	—	(465)
At 31 December 1982	<u>210,014</u>	<u>38,379</u>	<u>2,635</u>	<u>18,799</u>	<u>10,295</u>	<u>139,906</u>
Comprising:						
Valuation	110,371	32,637	2,549	18,799	6,553	49,833
Cost	<u>99,643</u>	<u>5,742</u>	<u>86</u>	<u>—</u>	<u>3,742</u>	<u>90,073</u>
	<u>210,014</u>	<u>38,379</u>	<u>2,635</u>	<u>18,799</u>	<u>10,295</u>	<u>139,906</u>
DEPRECIATION						
At 1 January 1982	60,190	1,680	510	—	4,761	53,239
Provision for the year	13,287	375	94	—	898	11,920
Retirements and disposals	(436)	(7)	—	—	—	(429)
At 31 December 1982	<u>73,041</u>	<u>2,048</u>	<u>604</u>	<u>—</u>	<u>5,659</u>	<u>64,730</u>
NET BOOK VALUES:						
AT 31 DECEMBER 1982	<u>136,973</u>	<u>36,331</u>	<u>2,031</u>	<u>18,799</u>	<u>4,636</u>	<u>75,176</u>
AT 31 DECEMBER 1981	<u>132,256</u>	<u>36,130</u>	<u>2,125</u>	<u>18,799</u>	<u>3,983</u>	<u>71,219</u>

NOTES ON THE ACCOUNTS Continued

	1982	1981
	\$000	\$000
10. INVESTMENTS		
ASSOCIATES		
Lochaber Limited –		
1,280 ordinary shares of \$20.00 each (37%) Approximate equity value \$289,000.	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	31
	<u>54</u>	<u>54</u>
OTHER		
Livestock Development Company Limited		
55,000 ordinary shares of \$1.00 each (1%)	50	50
Government of Guyana 7% equated annuity debentures repayable half yearly	1	1
Government of Guyana Defence Bonds	150	–
Emile Woolf College of Accountancy (Guyana) Limited 10,000 ordinary shares of \$1.00 each	10	–
	<u>211</u>	<u>51</u>
	<u>265</u>	<u>105</u>
11. DEFERRED RECEIVABLES		
*Sugar Industry Price Stabilisation Fund –		
Ex-gratia pensions less provision	4,387	5,435
Loans to employees	16	24
	<u>4,403</u>	<u>5,459</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 ,

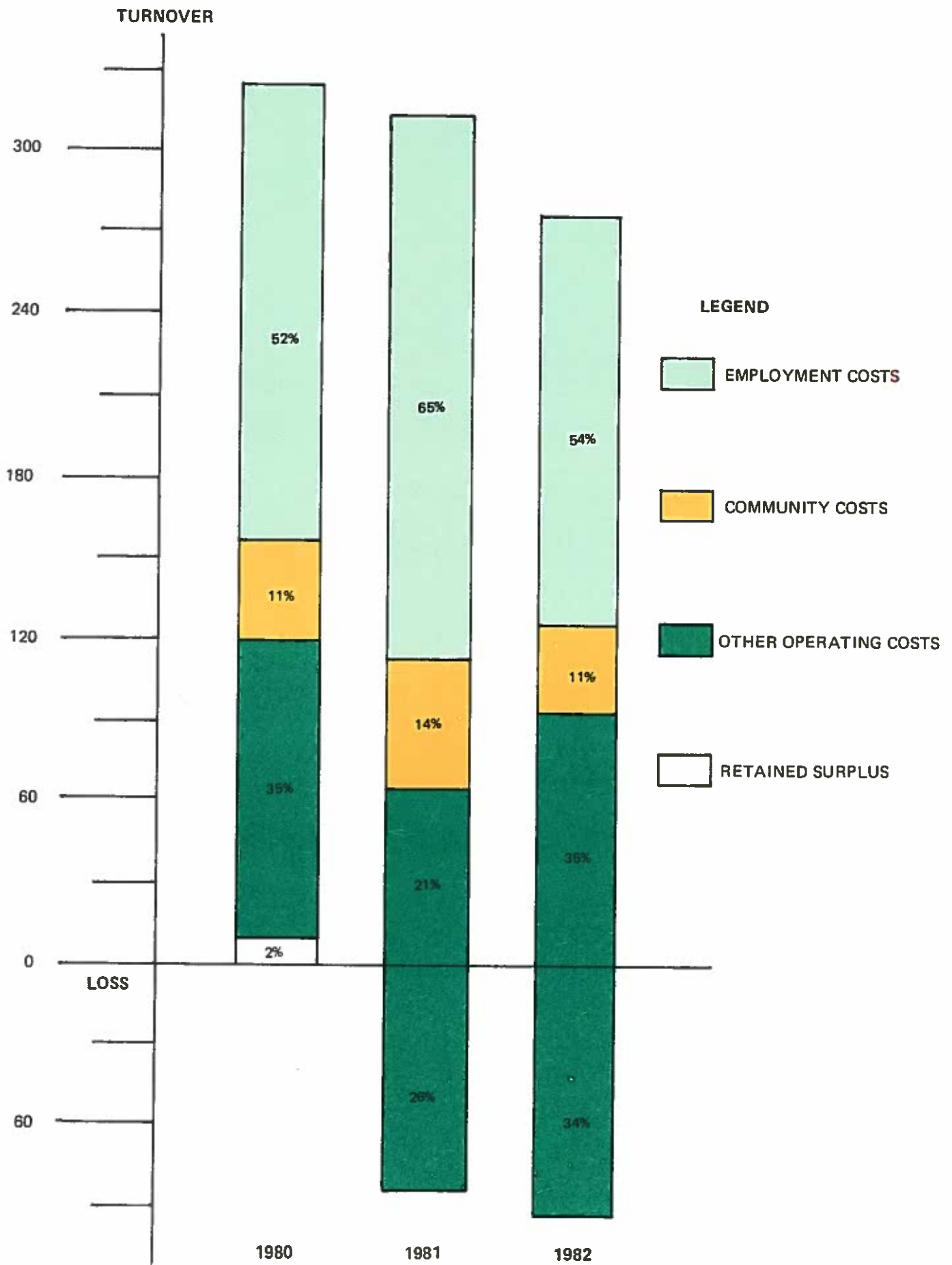
NOTES ON THE ACCOUNTS Continued

	1982	1981
	\$000	\$000
12. NET CURRENT LIABILITIES		
Inventories	81,642	84,062
Unsold Produce	29,676	12,021
Debtors	22,552	21,932
* External payment deposits	258	452
Cash in hand and at bank	<u>265</u>	<u>226</u>
	<u>134,393</u>	<u>118,693</u>
Less:		
Creditors	29,482	53,805
Loans repayable within one year	13,152	76,602
Bank overdraft	56,448	87,161
Taxation	<u>693</u>	<u>693</u>
	<u>99,775</u>	<u>218,261</u>
	<u>34,618</u>	<u>(99,568)</u>
* Represent monies deposited with the commercial banks pending approval from the Central Bank to remit to overseas creditors.		
13. FUTURE CAPITAL EXPENDITURE		
Expenditure authorised by the Directors and contracted	<u>49,626</u>	<u>26,098</u>
Expenditure authorised by the Directors but not contracted	<u>25,374</u>	<u>41,687</u>

STATEMENT OF EMPLOYMENT AND COMMUNITY COSTS

	1980	1981	1982
	SM	SM	SM
EMPLOYMENT COSTS			
Direct Employee Benefits			
Wages and Salaries	139.6	164.2	156.3
Incentive Payments	3.9	10.1	12.6
Other Employee Benefits	18.7	21.7	20.4
Labour Transport Costs	<u>7.3</u>	<u>9.7</u>	<u>8.3</u>
	<u>169.5</u>	<u>205.7</u>	<u>197.6</u>
COMMUNITY COSTS			
Central Government Taxation and Levies	1.2	1.3	1.6
Local Government Rates and Taxes	.8	1.0	1.0
Local Sugar Sales Subsidy	27.8	33.7	32.2
Sugar Industry Special Funds	6.3	7.0	6.7
Community Services	<u>.9</u>	<u>.6</u>	<u>.9</u>
	<u>37.0</u>	<u>43.6</u>	<u>42.4</u>
TOTAL	<u>206.5</u>	<u>249.3</u>	<u>240.0</u>
NUMBER OF EMPLOYEES	31,128	31,374	28,077
TONS SUGAR PRODUCED	269,634	300,790	287,725

SHARING OF EARNINGS





CDES SOMAN RAMPHAL AND ELVIRA SIMON

NATIONAL AWARDS 1982

GUYANA SUGAR CORPORATION LIMITED

22 Church Street, Georgetown, Guyana.

Telephone 66171. Cables 'SUGARCANE' Georgetown, Guyana. Telex GY 2265



Auditors	Thomas, Stoll, Dias & Co. Member Firm Touche Ross International 5 America Street Georgetown.
Bankers	The Guyana National Co-operative Bank The Royal Bank of Canada. Barclays Bank International Limited Chase Manhattan Bank, N.A.
Marketing Agents	Bookers Sugar Company Limited 115/121 Tooley Street, London, S.E. 1142HZ, England.
Solicitors	Clarke and Martin 7 Brickdam & Manget Place Georgetown.



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