CHAIRMAN'S REPORT

Mr. Vickram Oditt
Chairman of the Board of Directors

1995 was a challenging, if not difficult, year for Guysuco. Significant achievements were accompanied by growing problems which need to be tackled urgently if the considerable progress we have made in recent years is not to be interrupted or even reversed.

Guyana achieved an important new market outlet in the European Union when the Special Preferential Sugar Agreement between ACP Sugar Protocol holders and the EU came into effect on the 1st July, 1995. This was a substantial success, achieved after years of hard negotiations, but it has to be seen in the context of the continuing pressure to reduce the price of sugar exported to the EU. This price squeeze reduces export earnings in real terms and is a challenge which will grow more serious as the years pass.

Workers won the equivalent of a 22 percent increase in wages in 1995. Other benefits, including the provision of lots for housing at a highly subsidised price, continued to be made available. The improvement of the lives and conditions of sugar workers is an essential part of Guysuco's policy. However, this cannot happen without matching increases in efficiency and Labour productivity. In 1995 the increase in employment costs dangerously exceeded what Guysuco can continue to absorb. This is a pattern which cannot continue without bringing the industry to the point of crisis.

There was a serious drought in the first half of 1995 and the increase in production which has seen annual crops grow from 129,000 in 1990 to 252,615 tons in 1994 was halted. Production in 1995 amounted to 249,840 tons. From now on production gains will derive not from a relatively straightforward recovery from very low productivity levels but increasingly from hard won incremental improvements in field and factory and increased labour efficiencies brought about by substantial investment in rehabilitation and a more disciplined, better trained and more highly motivated work force.

Despite the smaller crop in 1995, revenue increased. This was due to the new preferential market in the EU giving a considerably higher price than budgeted and the benefit of favourable movements in the exchange rate of the £ in the EU monetary system and against the US$ which led to enhanced G$ earnings. These revenue increases must be looked upon as a

	1993	1994	1995
Production (tons)	242,640	252,615	249,840
Export Revenue ($B)	15.0	16.8	18.1
Total Revenue ($B)	16.5	18.1	20.2
Export Sales Levy Payable ($B)	3.4	3.0	2.9
Material & Service costs ($B)	5.8	5.9	6.7
Employment Costs ($B)	5.4	6.5	7.9
Surplus (before tax and levy) ($B)	4.1	4.1	3.6
Profit (after tax and levy) ($M)	529	691	320

CHAIRMAN'S REPORT

windfall. In any case the increased revenue was more than exceeded by an increase in employment costs far above budget. I have to say again, this is not a pattern which a healthy and successful industry can sustain.

HIGHLIGHTS

There were achievements in 1995 to accompany the difficulties and setbacks.

Production in 1995 was 249,840 tons compared with 252,615 tons in 1994 and compared with 264,107 tons which had been budgeted. This reduction was a direct consequence of a drought which began in December 1994 and only broke in mid-May 1995.

Cane yield was also affected by the drought and was 27.88 tons per acre compared with 32.60 tons cane per acre in 1993 and 30.45 tons cane per acre in 1994. The yield of sugar per acre in 1995 at 2.41 tons was also lower than the 2.47 tons per acre in 1993 and the 2.45 tons per acre in 1994.

However, in the factories the main efficiency indicators showed further improvement in 1995: the tons cane tons sugar ratio improved from 12.47 to 12.35; overall factory recovery improved from 78.24 to 78.54; and overall time efficiency improved from 76.47 to 80.08.

Land preparation and planting, which is fundamental in maintaining and improving future crop yields, remained at a very high level in 1995. The 19,977 acres planted was the highest annual planting achieved in the past twenty five years.

Considerable emphasis continues to be placed on managing the environment on sugar estates properly. Guysuco is moving to insecticide-free agriculture (no insecticides were employed or purchased in 1995) and steps are being taken to provide effective personal protective equipment for agrochemical workers and to develop modern systems of purchasing, storage, and handling of herbicides and rodenticides.

Eleven water control structures, costing $69 million, were rehabilitated bringing expenditure in this vital area to $242 million for 42 projects since 1988.
The renovation of the vehicle fleet continued apace. 113 items of new equipment were acquired including 42 tractors, 50 motor cycles, 10 land rovers and 11 service cars. 221 punts were purchased from local manufacturers as part of the planned punt fleet replacement programme. As the industry continues to divest itself of aged and obsolete field equipment, 134 items were dismantled for spares, donated to deserving institutions or sold by public tender. These sales yielded $10 million in 1995 and will continue.

The major work of rehabilitation in the factories has hardly begun. But the programme of replacing the most obsolete and inefficient equipment in factories

The President of Namibia, Dr. Sam Nujoma, sees efforts in sugar production while on a visit to LBI/Diamond Estate: with Factory Manager - Mr. George James and Senior Minister of Agriculture, Mr. Reepu Daman Persaud, he admires a sample of sugar.

made steady progress in 1995. Projects completed during the year included: 4 roller mill conversions and drag-type intercarriers with Donnelly chutes installed at Albion; new high grade centrifugals installed at Blairmont, Enmore and Uitvlugt; boiler retubes at Skeldon, Rose Hall, Blairmont and Wales; new first effect evaporator installed at Rose Hall; new power house steam receiver installed at Albion. In 1995, $867 million was spent on factory replacements.

The establishment of the new Centralised Stores at Coldingen made good progress. When completed and in combination with the new computerised inventory control system, this far-reaching

CHAIRMAN'S REPORT

development will serve to streamline stores procurement, storage and delivery and will lead to considerable savings and improved efficiency.

There was a significant and welcome improvement in our overall safety performance in 1995 with a reduction in lost time accidents from 4,974 in 1994 to 3,505 in 1995.

FINANCE

Revenue and Expenditure

In 1995 Guysuco's revenue before sugar levy was $20.2 billion compared with $18.1 billion in 1994 whilst expenditure was $16.6 billion compared with $14.0 billion in 1994.

Earnings

The surplus before tax and sugar levy was $3.6 billion in 1995 compared with $4.1 billion in 1994. Profit after tax and sugar levy was $320 million compared with $691 million in 1994.

Capital Expenditure

Implementing a coordinated capital expenditure programme to replace and renovate assets in field and factory remains a high priority in GUYSUCO. $2,512 million was spent in 1995 on capital projects:

	$ million
Buildings	325
Agricultural equipment	27
Cane punts	266
Factory equipment	867
Drainage and irrigation	342
Transport	310
Other	375
	2,512

Subsidies

Guysuco's revenue and profitability continues to suffer because it subsidises the domestic consumer of sugar and cane farmers in the industry to a significant degree.

Local Sales Subsidy

The price of brown sugar has remained unchanged since February, 1991. Since then the effect of inflation has substantially reduced the real value of sugar earnings in the domestic market. The local price is now well below the cost of production. The amount of this subsidy in 1995 was $331 million compared with $124 million in 1994.

Cane Farming Subsidy

When farmers' cane is processed, gross revenue per ton - before sugar levy - is shared 70% to the farmer (no levy deducted) and 30% to Guysuco (subject to levy). Every ton of sugar made from farmers' cane costs Guysuco $11,600. The amount of this subsidy in 1995 was $221 million compared with $225 million in 1994.

HUMAN RESOURCES - OUR MOST IMPORTANT ASSET

It is our conviction that the people who work in the industry are our most important resource. Our employees are human assets to be safeguarded, developed, and improved. 1995 was an active year in this respect.

Well qualified, well trained, highly motivated managerial and technical staff are an absolute necessity in operating and developing a modern industry in an international climate in which increased competitiveness is essential even to survive. To recruit and keep such staff is one of Guysuco's greatest challenges. In the context of a poor country, where there are so many other calls on the industry's earning capacity, finding the money to attract and retain qualified managers is a continuing problem. Yet it is a problem which must be solved. In particular there is a continuing, acute difficulty in recruiting high level well qualified factory engineers and chemists. It will serve little purpose if we cannot substantially upgrade staff as we rehabilitate the plant which they operate and supervise. At the beginning of 1995 there were 15 key vacancies in the factories, at the end of the year after recruitment, promotions and departures there were still 15 vacancies.

We give training and education programmes high priority: in 1995 fifty-eight (58) apprentices graduated from the Apprentice Training Centre, 55 education bursaries were awarded, 12 cadets were in training in the fields of mechanical and electrical engineering and agriculture and 14 employees were undertaking studies at the Guyana School of Agriculture. Courses in management training and skills development were held throughout the year on estates and at the Management Training Centre at

CHAIRMAN'S REPORT

Ogle. A number of Senior Managerial Courses were held during the year by Sugrim Mohan Associates and Dr. A.M. Baksh. 421 employees completed Computer Appreciation courses and 288 staff members completed one or more of the 4 computer software courses offered by the University of Guyana.

Improving safety and environmental standards is also a priority concern: expenditure devoted to achieve high standards is steadily increasing; protecting the environment on estates has made considerable progress; accidents in field and factory have been significantly reduced.

The delivery of health services continues to improve: primary health care centres on all estates and the special chronic diseases clinics are now fully operational; the Ogle Diagnostic Centre further improved its services during the year; the provision of drugs has been further up-graded; all estates are served by fully equipped ambulances. The Health Promotion and Disease Prevention programmes pursued by Guysuco's Medical services have begun to make a definite impact in improving the health of employees.

The cess paid into the Sugar Industry Welfare Fund now amounts to $120 million per annum: programmes to provide more housing for sugar workers and improved water supply and welfare services are getting into stride after a long period of little action because of lack of funds.

Guysuco is providing 450 developed lots for sugar workers at subsidised prices in 9 housing areas on estates. Lots are also to be provided for Senior and Junior staff.

The rehabilitation and improvement of Community Centres, of which are now under Guysuco's control, continues. Rehabilitation work at the LBI Community Centre was completed and work on the Centres at Bath and Wales was well advanced. In 1995 $29.7 million was spent on these centres and grounds.

Cricket and other sports are being vigorously promoted on all estates: 3 Guysuco members represented Guyana in the 1995 Northern Telecom under-19 competition and 2 of these went on to represent the West Indies in the Under-19 tour of Pakistan, 2 Guysuco members represented Guyana in Volleyball, and 4 Guysuco athletes represented Guyana in the South American Marathon.

It is recognised that increased production and productivity should be rewarded by improved wages and increased incentives. In fact sugar workers' earnings have recently significantly outstripped inflation. They also share in the industry's profits. Non-wage benefits include meal allowances, provision of tools and boots, free transportation and medical services, and subsidised housing.

Strikes, particularly in prime production periods, seriously affect the industry's productivity: In 1995 man-days of work lost through strikes and stoppages increased to 80,000 from 72,000 in 1994.

GUYSUCO'S CONTRIBUTION IN GUYANA

Guysuco's impact throughout the Guyanese economy and society is substantial and wide ranging. The extent of the contribution is perhaps not fully understood since it is made not only by way of well-publicised contributions to foreign exchange earnings, the public revenue and employment but also in many unsung ways. The important role which sugar plays in the nation's life is the reason why the

Delegates attending the Booker Tate Technical Conference are entertained at a welcoming reception before settling down to technical details. They visited estates and observed how factories of GUYSUCO are managed.

industry's own recovery has contributed so significantly to Guyana's overall economic recovery. It is also the reason why it is vital that the industry remain vibrant, progressive, efficient and profitable as Guyana gets on its feet again and gradually diversifies investment and development. A faltering, increasingly unprofitable sugar industry would be a disaster for the country as it was in the past. It may be useful to list some of the ways in which Guysuco contributes:

- Sugar accounts for approximately 20% of GDP and 40% of agricultural production.

- Guysuco contributes very substantially to public revenue: in 1995 $1.9 billion was paid in Sugar Export Levy, $294 million in taxation, $389 million in Consumption Tax and Duties, and $882 million in employees' PAYE and NIS.

- Guysuco also subsidises the sale of sugar on the local market and cane farmers' production at a cost currently running at over $500 million annually.

- Guysuco provides direct employment for approximately 24,000 persons, including cane farming employment, and an estimated 8,000 are employed in businesses which supply and service the industry and utilise the industry's by-product, molasses.

- Sugar is the largest earner of retained foreign exchange in Guyana: In 1995 foreign exchange earned from sugar represented 25% of export earnings.

- Sugar develops a wide range of agricultural and industrial skills and provides substantial educational and training opportunities for the benefit not only of the industry but also the nation as a whole.

- Sugar is a crop excellently suited to the areas where it is grown in Guyana and is an outstanding example of an industry in which the principles of sustainable development apply.

- Guysuco actively promotes policies in health, safety and environmental protection incorporating the best modern practices and thus provides an example to public and private enterprises in the country.

- Guysuco makes substantial contributions to the widest possible range of charitable and religious organisations, to educational, sporting, youth development, health improvement, cultural and heritage preservation projects, and to helping sponsor conferences, seminars, exhibitions, and events which contribute to the nation's progress in many fields of endeavour. Assistance is particularly directed to educational institutions including the University of Guyana, schools, the Government Training Institute, the School of Agriculture and Critchlow Labour College.

- Guysuco's human and material resources are also made available to assist innumerable projects and improvements in communities around estates and to help to tackle local emergencies which frequently arise. We take our role as a good corporate citizen seriously.

- Guysuco's medical services, including dispensaries and ambulances on every estate, make an important contribution to the provision of health services in the nation.

- The rehabilitated Community Centres and sports facilities on estates are playing an increasingly important part in sponsoring and encouraging sporting and recreational developments throughout the country.

- Guysuco is making a significant contribution to housing the nation through reactivated SILWF programmes and its own provision of developed housing lands for workers and staff. In addition Guysuco has transferred 9,000 acres of land surplus to requirements to Government as a contribution to the national housing development drive.

- Sugar estates serve as important centres of agricultural and industrial developments in rural areas. Communities in these areas benefit in a multitude of ways from sugar estate activities. The migration of population into already overcrowded urban areas, which has such a dislocating effect in most developing countries, is held in check.

FACING THE CHALLENGES

In 1995 the real nature of the challenges which face the sugar industry came into clear focus. The industry's recovery continued in many satisfying

CHAIRMAN'S REPORT

ways and considerable achievements were registered in the course of the year. But these achievements have to be seen in the context of serious emerging problems in the industry. If these problems are not faced decisively and solutions found quickly we are likely to enter the 21st century with a seriously weakened, increasingly unprofitable sugar industry ill-equipped to compete and much less able to make a worthwhile contribution to the nation's further development.

Last year I noted that our marketing outlook had improved. The new World Trade Agreement in 1994 further secured access for the vital quota we have in the EU under the Sugar Protocol. Then from 1st July, 1995, for a period of six years we have additional preferential access for 30,000 to 40,000 tons of our sugar in the EU. These important markets, combined with our preferential priced US quota, gives Guysuco a relatively favourable marketing position. However, I warned last year that this should be seen in a longer perspective. I would like to repeat what I said at that time since the truth expressed then has become even clearer in the year that has passed since I spoke.

"We should not be led into policies based on an over-optimistic view of future marketing prospects. That, indeed, might be a particular danger after a year like 1994 when exceptionally favourable movements in exchange rates gave rise to much higher than budgeted revenue and at a time when the industry has gained an entirely new, preferentially priced market. But the underlying fundamentals must be kept in mind. Most importantly, the EU's restrictive price policy continues. This has meant sugar prices frozen since 1986 and will tend to reduce prices received both for Sugar Protocol sugar and for sugar delivered under the new preferential arrangement over the next few years. Rising costs will therefore not be balanced by increasing prices. If costs are not controlled and productivity improved, profitability will be progressively eroded and the industry will be unable to generate the funds to continue the essential rehabilitation of its operating assets."

The fundamental challenge is clear for all to see. The industry is increasingly caught between price squeeze and cost inflation. In recent years revenue increases arising from fortuitously favourable exchange movements and the new preferential market has masked the reality of an underlying price that is static and therefore declining in real terms. Prices are expected to decline further in the years ahead. At the same time, costs, particularly employment costs, are escalating every year. In 1995 employment cost increases substantially exceeded inflation in the economy.

Obviously this cannot continue without putting the industry's viability in jeopardy. Basically, all costs - material costs, employment costs, overhead costs - must be reduced and productivity in field, factory and office improved so that the average cost of producing a ton of sugar is first stabilised and then reduced to match the coming price decline. This is the great challenge which faces us.

An essential part of the strategy to meet this challenge is to invest heavily in rehabilitating the industry's productive assets, particularly our factories. Without major factory renovation it will be impossible to maintain current productivity much less improve it. Out of date plant leads inevitably to increased costs yet our factories are full of aged and obsolete equipment which needs to be replaced urgently. The money to effect this renovation is available at the present time. An immediate challenge facing the industry is to initiate and carry through as a matter of great urgency the capital investment programme necessary to renovate, and as far as possible modernise, our sugar factories.

These challenges tell us that we must seize the hour lest it never comes again. At a recent special ACP Ministerial Conference on sugar Mr. Ejner Stendevad of the EU had this to say:

"The changed import regime will gradually reduce the preference for EU and ACP sugar, which in the case of a low world market price will increase the pressure on the EU market price. This could lead to reduction of the support price and thus the ACP guaranteed price in the annual price review.....Growers and sugar producers in the EU and in the ACP states should use the time and good conditions now to rationalize and modernise their production in preparation for increased competition world wide."

We in the Guyana sugar industry must take these words to heart. We cannot help recalling that much the greater proportion of our exports are part and parcel of the EU sugar regime. From this we benefit since we enjoy the EU price and gain from the strength of the EU sugar lobby. However what is a strength will become a weakness if we cannot match European productivity advances and so become less able than they are to absorb the decline in real prices expected by the end of the century. We must grasp

CHAIRMAN'S REPORT

the opportunity to invest in increased competitiveness now. Tomorrow will certainly be too late.

I thank my fellow Directors for their unstinting support and cooperation in 1995. I welcome Edgar Heyligar who has joined the Board since our last meeting. His qualifications, wide range of experience and deep knowledge of financial matters are invaluable in our deliberations.

I also thank the management and workers in Guysuco most sincerely for their contributions and achievements in what was a difficult year. I am more convinced than ever that together we can overcome the challenges which face us and so remain a vibrant industry which continues to play a leading role in the nation's progress.

Vickram Oditt
Guysuco, Georgetown:

Spares stored on newly installed racks at Coldingen Complex conforms to a numbering sequence employed in the STRATIS inventory system.

REPORT OF THE DIRECTORS

The Directors submit their report for the year ended 31st December, 1995.

PRINCIPAL ACTIVITIES

The principal activities of the Corporation were the growing of sugar cane and the conversion of its own and farmers' cane to sugar and its by-product, molasses.

SUGAR PRODUCTION/SALES

The sugar production data for 1995 compared with the previous years were:

	1995	1994	Change
Total acres harvested	95,682	95,303	0.39%
Tons cane acre	27.88	30.46	(8.47%)
Tons sugar acre	2.41	2.45	(1.63%)
Tons* sugar made (*incl. from farmers' cane)	249,840	252,615	(1.09%)

Sugar Sales in 1995 amounted to G$19.5 billion as against G$17.5 billion in 1994.

MOLASSES PRODUCTION/SALES

Molasses production in 1995 was 118,225 tons which was a slight increase on the 1994 production of 116,803 tons. Molasses sales in 1995 amounted to G$732 million as against G$608 million in 1994.

FINANCIAL RESULTS

The turnover for the year before export sales levy was G$20.2 billion compared with G$18.1 billion in 1994.

The net profit before taxation G$702.4 million (G$1,101.1 in 1994) was arrived at after making provision for:-

	1995 G$M	1994 *G$M
Directors Remuneration	.36	.36
Provision for stock obsolescence	794	200
Depreciation	1,088	783
Audit Fees	5	4
Net Loss on exchange	(54)	181
Interest expense	134	226
Provision for ex-gratia pensions	-	108
Interest Income	(48)	(52)
Management fees and expenses	408	463

(*comparative 1994 provision)

The charge for taxation was G$382 million compared with G$410 million in 1994.

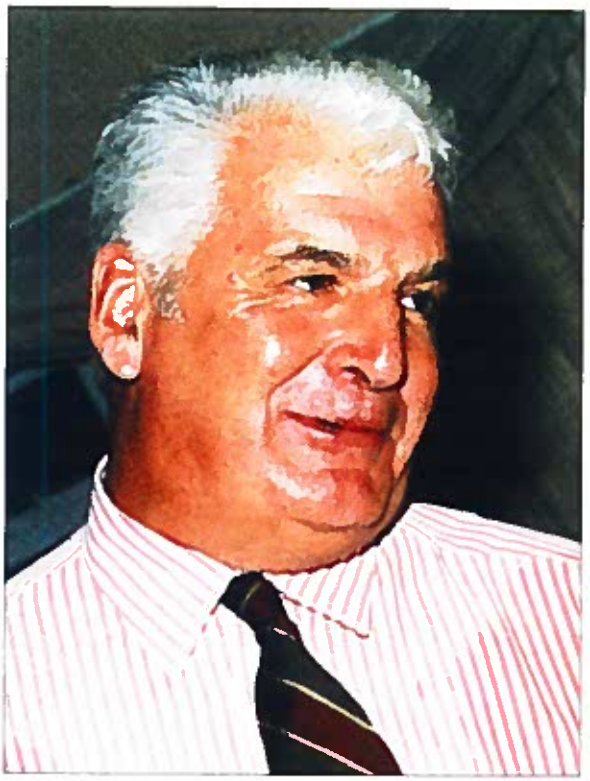
The net profit after taxation was G$320 million compared with G$691 million in 1994.

RETAINED PROFIT

The profit carried forward to 1996 was G$1.5 billion as against G$1.2 billion carried forward from 1994.

CHIEF EXECUTIVE'S REPORT

Agricultural Operations



Mr. Neville Hilary
Chief Executive

1995 GuySuCo estates' and private farmers' lands produced 249,840 tons sugar which was 2775 tons (1.1 percent) less than the 252,615 tons achieved in 1994 and 14,267 tons below the budget target of 264,107 tons for 1995. GuySuCo estates contributed 230,808 tons sugar (92.4 percent of total production). Private farmers contributed 19,032 tons which, at 7.6 percent of total production, represented slight increases in the absolute and relative contributions from farmers to national sugar production when compared with 18,744 tons at 7.4 percent of total in 1994.

The GuySuCo estates harvested 95,682 acres for the mill in 1995 compared with a budget of 93,930 acres. The 1,752 additional-to-budget acres represented lands brought forward from the first crop 1996 to second crop 1995 as part of the programme to bring the overall harvesting schedules of the first and second crop periods into an equitable balance. The harvesting patterns of Guyana are such that the facility to move cane between crops represents a useful management tool to adjust production and crop parameters particularly if used with discretion in years when, as in 1995, cane yields are low overall. This operational flexibility, which is denied to many other sugar industries, is a consequence of the rainfall pattern which imposes two cropping periods onto one calendar year but also allows for the option of moving harvesting dates either forward or back across relatively short out-of-crop seasons. With due attention to varieties and crop management this procedure can increase land productivity significantly over the life of the crop.

Mean yields for the year on estate lands at 27.88 tons cane (66.6 tc/ha) and 2.41 tons sugar per acre (5.75 ts/ha) were not only lower than in 1994 (30.45 tons cane and 2.45 tons sugar acre) but were also lower than budget expectations. The low cane yields were a direct consequence of a drought which commenced in December 1994 and broke only towards the middle of May 1995 with consequent adverse effect on yields of cane harvested in the latter half of the first crop and first half of the second crop. A prolonged irrigation campaign in Berbice may have helped to mitigate against the worst effects of the drought but such action was not possible on a large

CANE AND SUGAR PRODUCTION - 1995					1994 Total
Estate Production	1st Crop Actual	2nd Crop Actual	Total Actual	Budget	Actual
Acres (1) Reaped for Mill	40,799	54,883	95,682	93,930	95,303
Tons (2) Cane Milled	1,096,887	1,571,163	2,668,050	2,998,716	2,902,754
Tons Sugar Produced	101,465	129,343	230,808	244,334	233,871
Tons Cane/Acre	26.89	28.63	27.88	31.92	30.4
Tons Cane/Ton Sugar	10.81	12.15	11.56	12.27	12.41
Tons Sugar/Acre	2.49	2.36	2.41	2.60	2.45
Tons Sugar from Farmers	6,955	12,077	19,032	19,774	18,744
Total Tons Sugar	108,420	141,420	249,840	264,107	252,615

(1) "Acres" are Rhynland acres = 1.051 Imperial acres = 0.4253 ha (2) "Tons" are long tons = 2240 pounds = 1.016 tonnes.

CHIEF EXECUTIVE'S REPORT

agricultural operations

	Industry Average Rainfall (Inches)			
Month	1995	1994	1993	40-Year Mean
January	2.13	6.72	9.80	6.92
February	1.01	3.37	3.28	3.39
March	3.03	7.63	11.56	4.10*
April	0.77	2.90	2.44	5.58
May	10.88	10.00	7.77	10.20
June	15.45	8.00	12.24	11.55
Total 1st Crop Period	33.27	38.62	47.09	41.74
July	8.55	13.43	5.02	9.75
August	5.56	5.10	5.42	6.79
September	1.10	3.40	3.64	3.03
October	1.31	4.70	4.48	3.17
November	5.18	10.03	15.14	5.24
December	7.39	6.63	7.13	8.50
Total 2nd Crop Period	29.09	43.29	40.83	36.48
Total Year	62.36	81.91	87.92	78.22

scale in Demerara due to lack of water in the Lama and Boerasirie conservancies almost from the start of the year.

Following lower than anticipated rainfall in the latter two weeks of December 1994 the weather continued significantly drier than average to the middle of May 1995 and despite good rains through the middle of the year the resumption of dry weather in September and October ensured that the industry-wide average rainfall for the year was 62.36 inches as compared with the 40-year mean of 78.22 inches. Rainfall in November and December was slightly below average, but not significantly so, and reference to the positive values of the Southern Oscillation Index between June and November suggested that total rainfall for November 1995 to January 1996 would be close to, if not slightly above, the long-term average for the period.

There seems little doubt that the 1996 crops have not been disadvantaged by the prolonged dry spells in 1995, indeed, where the soils cracked extensively, and to depth, on drying the improvement to the structure will have benefitted cane growth.

TOTAL RAINFALL (INCHES) OVER CONSECUTIVE MONTHS - 1960 TO 1995			
	3 Consecutive Months December to February	4 Consecutive Months December to March	5 Consecutive Months December to April
Median	17.79 (1970/71)	21.07 (1978/79)	28.50 (1993/94)
Lowest Quartile	11.34 (1984/85)	15.60 (1982/83)	20.16 (1961/62)
Absolute Lowest	6.11 (1972/73)	7.63 (1972/73)	10.52 (1972/73)
1994/95	9.81	12.84	13.61
Ranking 1994/95*	3	7	4

(*Driest period Ranked #1)

Taking the end-of-year rain as that which falls in November, December and January then the industry-wide total rainfall for 1994/1995 at 18.79 inches was only slightly below the median value of 21.18 inches for year-end rain for the period 1960 to 1994.

Over these years the lowest quartile rainfall was 14.28 inches and driest year-end rains (1965/66) were 9.04 inches. It cannot, then, be said that the year-end rains for 1994/95 failed. Indeed it was not until the end of December 1994 that there were indications that a dry spell might be developing and that the first crop period might be drier than average. Assessment of rainfall totals for the period December to April indicated that the first crop of 1995 was significantly drier than average even though there have been drier first crop periods during the past 35 years.

The lack of rainfall throughout the first crop would have had little adverse effect on cane yield between the start and the middle of the crop but would have restricted growth over a significant fraction of the growing period of cane reaped towards the end of the crop. The adverse effect on cane growth could have been expected to have been, and was, off-set to some degree by a higher than average sucrose content of the cane at harvest as a result of the prolonged

agricultural operations

drying-out.

The cane to be reaped at the start of the second crop not only suffered a loss of cane yield as a result of restricted growth in the first part of the year but had insufficient time to respond to the mid-year rains to produce sufficient growth to compensate for this loss, despite the start of the crop being deliberately delayed at many estates. Canes reaped towards the end-of-the second crop showed more normal growth patterns, despite the dry weather experienced in September and October.

The sucrose content of cane in the second crop was expected to be very low at the start of the crop due to the responses of the cane to the mid-year rains being superimposed onto the drought responses of the cane. In consequence it was decided that the industry would introduce a full-scale commercial chemical ripening programme in the second crop of 1995.

Commercial ripening had been introduced on a limited scale during the first crop 1995 at Rose Hall and Uitvlugt where 28 percent and 15 percent respectively of the harvested cane areas were treated with ripeners producing an estimated additional 240 tons sugar at Rose Hall and 100 tons sugar at Uitvlugt.

Given that the ripener technology was effective in the excellent natural ripening conditions experienced during the first crop it was reasonable to anticipate an even better return during the second crop as part of the programme to off-set the expected low cane yields of that crop. In the event some 52 percent of the total crop area of estate cane, representing 51 percent of estate cane tonnage was treated with a ripener chemical to produce an estimated additional 4,850 tons of sugar over the estate as a whole, representing almost 4 percent of estates second crop sugar production.

Inevitably, given the speed of introduction of a new technology, there were some mistakes in the programme but the end-result of the year's efforts was to demonstrate the efficacy of ripener technology in Guyana (as in other technically advanced sugarcane producing areas) as a significant management tool for improving the sucrose content of cane at harvest.

Rainfall in 1995 had little adverse effect on cane

	ACRES - ESTATE LANDS 1995				ACRES 1994
	1st Crop Actual	2nd Crop Actual	Actual Total	Budget Total	Actual Total
Land Preparation	10,325	9,983	20,308	18,870	18,298
Planting	8,449	11,528	19,977	19,252	16,911

deliveries and 62.5 percent of cane transport punts were discharged within two days of the cane being burnt compared with 56 percent in 1994 and 55 percent in 1993. The estate average punt load was 6.20 tons cane which compared well with the 6.12 tons and 6.00 tons achieved in 1994 and 1993 respectively. Farmers averaged only 5.44 tons cane per punt for the year, compared with 5.55 tons cane in 1994, and punt use was particularly inefficient at Enmore where the Pioneer farmers (whose cane is transported free of charge) averaged only 3.03 tons cane per punt.

LAND PREPARATION, PLANTING AND VARIETY EXTENSION

With dry weather and good availability of equipment for much of the year 20,308 acres (some 7.6 percent more than budget) were prepared either for planting or for flood fallowing. In the past 25 years this tillage achievement has been exceeded only in 1974 (22,201 acres) and 1992 (23,184 acres).

Planting at 19,977 acres exceeded the budget target by 3.8 percent and was the highest annual planting achievement of the past 25 years. Included in this total were the first plantings of the Albion expansion at 43 Koker, an expansion that is expected to be completed in 1996.

At the end of the year the Corporation's estates had 96,893 acres under cane and 6,916 acres prepared and fallowed for planting of which 6,783 acres were wet fallow. This compares with 93,781 acres of cane and 6,293 acres of wet fallow at the end of 1994.

Since the beginning of 1991 GuySuCo has planted 89,312 acres, or 92 percent of the area under cane at the end of 1995. The result of this planting achievement has been to reduce the proportion of cane lands under 5 + ratoons from 44 percent at the end of 1992 to 13 percent at the end of 1995. There seems little reason to doubt that except for the maintenance of older ratoons of vigorously ratooning

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varieties in specific locations the desired cropping cycle of a plant and four ratoons will be achieved before the end of 1996.

During the year DB 66113 was the most widely planted variety accounting for 4,921 acres (24.6 percent of planted area) followed by DB 7869 at 4,381 acres (21.9 percent) DB 75159, 2,817 acres (14.1 percent) and DB 7160, 2,059 acres (10.3 percent). The new variety DB 8415 was planted on 1,660 acres (8.3 percent of planted area).

At the end of the year 11 varieties, each covering at least one percent of total cane area occupied 97.3 percent of the acreage in cane with 9 other varieties accounting for the remaining 2.7 percent. Of this latter group only DB 671760 and D 7661 are of future large scale commercial interest while the others are either being phased out or are of interest only to specific locations at individual estates.

At the end of 1990 only two varieties (DB 66113 at 35.0 percent and B 41227 at 21.4 percent) each occupied more than 10 percent of total cane area. In contrast five varieties (DB 7869 at 22.0 percent, DB 66113, 19.4 percent, B 41227, 10.6 percent, DB 75159, 11.6 percent and DB 7047, 10.8 percent) each occupied more than 10 percent of cane area at the end of 1995 thus giving the industry a much improved genetic potential to resist exotic disease or pest intrusion.

For the first time DB 7869 occupied the largest acreage in cane at year-end having increased in occupancy from 4.3 percent at the end of 1992 to 22.0 percent at the end of 1995.

DB 66113 has declined to second ranking but there are no plans to phase-out this productive, adaptable variety which will remain the variety of choice for significant sections of the industry for many years yet.

B 41227 continued to decline in importance, as is indicated by its only accounting for 2.7 percent of plant cane acreage while DB 75159 and DB 7047 continued to increase their occupancies slowly and stood at 11.6 and 10.8 percent respectively of cane acreage at year end.

Over the next few years it seems likely that D 8415 and D 7661 will assume increasing importance while DB 70172 and B 47258 will be phased-out from cultivation.

The variety position of the industry is highly satisfactory and this situation can be expected to improve still further towards the end of the decade if the several varieties now showing promise in late stage selection trials maintain that promise and are introduced to commercial production.

As further demonstration of commitment to the health and well being of workers, this newly designed chemical stores decorates the sugar industry landscape.

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ENVIRONMENTAL MANAGEMENT

In late March/Early April a Canadian company, Ecologistics International Limited, carried out an environmental audit of the industry under the aegis of the World Bank. The draft audit report, which was received only at the end of the year, commended the Corporation for its move to insecticide-free agriculture (indeed no insecticides were employed or purchased in 1995) for the steps taken to provide effective personal protective equipment (PPE) for agrochemical workers, to develop modern systems of purchasing, storage and handling of herbicides and rodenticides and in the establishment of an internal environmental monitoring unit.

The report expressed concern about the management of waste oil but as a result of earlier discussions systems were in place at year-end for the collection of waste oil for re-export and redistillation.

Aspects of agricultural management and worker training in the handling of agrochemicals were addressed by the "Master Instructor Course" organised over a two-week period in May by Zeneca Agrochemicals which was attended not only by GuySuCo staff but by members of the sugar industries of Jamaica, Barbados and St. Kitts. Within GuySuCo the Master Instructors on return to their locations organised a continuing series of training courses.

During the year the Corporation completed the construction of five agrochemical storage bonds at estates, a storage vault for obsolete chemicals and a new agrochemical storage facility, incorporating container destruction capability, at Coldingen central store. In addition a new fertilizer bond was built at Uitvlugt, a start was made in rehabilitating the fertilizer bond at Rose Hall and contracts were prepared for the construction of a new fertilizer bond at LBI.

It is planned that by the end of 1996 all estates will have modern storage facilities for agrochemical and all will have either new or fully refurbished storage facilities for fertilizers.

The last elements of agrochemical worker protection were put into place during the year with the introduction of the North disposable pesticide mask and the Yorke tinted wrap-around safety spectacles. These, like all other elements of PPE were subject to large-scale field trials for worker acceptance before any attempt at full-scale employment.

The Central Laboratory continued to monitor the quality of estate irrigation and drainage water as part of the programme which commenced in 1994. Water was sampled from within the cultivation area as well as from the factory environs. The aim of the programme is to determine the levels of potential pollutants in the estate waterways. The levels of inorganic constituents were generally within the FAO limits accepted for irrigation waters.

In recognition of the global movement away from lead based polarisation methods preliminary investigations of an alternative lead-free sample preparation procedure for pol measurements by near infrared spectroscopy (NIR) using the new Rudolph Dual wavelength polarimeter were initiated. These trials will continue in 1996.

AIRCRAFT DEPARTMENT

The year saw no improvement in fleet availability as the damaged Thrush Commander (8R-GFD) remained out of operation due to the receipt in November of an unserviceable engine from the agents. This engine was returned for rectification and the aircraft is now expected to fly in January 1996.

This apart the year was satisfactory as the fleet achieved a total flying time of 945 hours 30 minutes compared with 879 hours 40 minutes in 1994. Thrush Commander, 8R-GFC attained a total flight time of 568 hours 45 minutes compared with 405 hours 50 minutes in 1994, an increase of 40% over the previous highest airtime over the past decade for any single Thrush Commander.

The Corporation's aircraft achieved 516 hours and 10 minutes for agricultural operations and 360 hours for passenger transport compared with 396 hours 30 minutes and 450 hours 38 minutes respectively in 1994.

The agricultural work by the Corporation's aircraft which involved the spraying of 37,108 acres with either herbicides, cane ripeners or plant growth regulators and the fertilizing of 22, 189 acres of cane compared very favourably with the spraying of 15, 756 acres and the fertilizing of 19, 582 acres of cane

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in 1994. In addition 10,839 acres were sprayed by aircraft from Kayman Sankar Aviation to give a total of 73, 279 acres treated by aircraft, comprising 47,947 acres sprayed and 25,332 acres fertilized. This represented a significant advance over the 42,504 acres treated in 1994 and the 32,727 acres treated in 1993 and reflected great credit on the staff's dedication following the unexpected departure of the Chief Pilot in mid-year.

The Cessna 402 which has been flown by the Chief Pilot is now without a pilot although steps are being taken to recruit a second senior pilot for this plane and for the second Thrush when this returns to service.

Thrush Commander 8R-GFC has accumulated 4030 flying hours to-date and is expected to total 6000 flying hours by 1998. The Civil Aviation Authority has mandated the compliance of Airworthiness Directive No: 001-01-85 which will require the replacement of the wing spar caps at 6000 hrs. The engineering department is costing this exercise and examining options. Bearing in mind the age of the aircraft and the amount of welding carried out to the airframe, it is felt that consideration should be given to the acquisition of a replacement aircraft.

The Aircraft Department returned responsibility for the operation of the aviation fuel facility at the Ogle Aerodrome to Texaco and the installation is now managed by Caribbean Aviation Maintenance Services Limited.

GuySuCo continued to manage Ogle Aerodrome on behalf of the Ogle Steering Committee which was established by the Ministry of Public Works, Communications and Regional Development to oversee the development of the aerodrome. To-date the First and Second Orders for the acquisition of land by the Ministry of Public Works from GuySuCo have been published and May 1, 1996 is the planned date for the transfer of ownership and management of the aerodrome from GuySuCo to the Civil Aviation Department.

Land has been allocated by the Steering Committee to the aerodrome operators (including GuySuCo) for the construction of hangars in the first phase of development.

ENGINEERING SERVICES

During the year the Hydraulics Manager was, at the request of the Senior Minister of Agriculture, seconded to the Ministry of Agriculture for what is expected to be a prolonged period as Executive Chairman of the Drainage and Irrigation Board. His friends and colleagues wish him well in this demanding and critical position.

As a result of this move the management of the Hydraulics and Survey Department was transferred to the Engineering Services Department which is now responsible for civils engineering work programmes, agricultural engineering research, development and fleet co-ordination and surveys and hydraulics matters.

During the year the civils engineering section completed 30 projects carried over from 1994 and awarded contracts for a further 121 projects of which 102 were completed by year's end, leaving 19 to be completed in 1996.

The awarding of 121 projects valued at G$330.8 M compared favourably with the 62 projects valued at G$172.0 M awarded in 1994 which in itself represented a significant improvement over the achievement of 1993. The recruitment of young graduates supported by the full-scale introduction of computerized technologies was responsible for this increase in productivity which has confirmed GuySuCo as a significant participant in the Guyanese civils engineering arena.

Water control structures accounted for 11 projects at G$69.3 M, to bring expenditure in this crucial area to G$242.2 M for 42 projects since 1988.

Other significant projects included a new fertilizer bond at Uitvlugt, the construction of agrochemical stores at five estates, the continuation of the refurbishment of the Coldingen complex and 19 projects, valued at G$102.3 M for aspects of community development.

The agricultural engineering section continued to co-ordinate the purchase of new and replacement items for the agricultural vehicle fleet and orders were placed for all items approved for Capital purchase in 1995, including 29, 45hp tractors and 13, 100 hp 4WD tractors all of which are being purchased via self-generated funds. In addition 221 punts were

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purchased from local manufacturers as part of the planned fleet replacement programme.

The research and development programme included further work at Rose Hall with the Bell loader where 15,025 tons of cane were loaded during 1,034 hours of work to give a productivity rate of 14.53 ton per hour. Earlier concerns about the possible effects of the unit on ratoon regrowth have now been alleviated and it would appear that with due attention to in-field conditions there will be no long-term damage.

Trials with the Massey Ferguson 3690 tractors were completed and two Universal tractors were put to trial at LBI/GD. The ECON muck spreader was used to apply filter press mud to fields at Blairmont, Enmore and LBI estates. The unit was highly satisfactory for this work which will continue into 1996 supplemented by a second unit for which capital approval has been given.

Operator training remained a high priority and 332 people, including 9 GDF soldiers, were exposed to basic operator training, care and use of equipment and operating techniques.

The Surveys section completed 45 surveys, including major projects for the 43 Koker expansion, Diamond and Uitvlugt side-line levels and the Providence layout survey, which will be completed in 1996. In all of this work maximum use was made of the Topcon EDM land survey system linked to the Artech survey transfer utilities system.

The section initiated payments of rates and taxes totaling G$20.02M to local government and sought clarification in the many instances where it was not certain on what basis these rates and taxes were being claimed. This exercise resulted in a detailed and successful reconciliation of GuySuCo's land holdings.

FLEET MAINTENANCE

Some 134 pieces of equipment ranging in age from 3 to 30 years were deleted from the asset register. Some were dismantled for spares, others were donated to deserving institutions, such as the Government Technical Institute, for use as training aids and the remainder were sold by public tender. These sales raised some G$9.88M and will continue through 1996 as the industry continues it divest itself of aged and obsolete equipment.

The fleet received 113 items of new equipment, including 50 motorcycles, four school buses, 10 Landrovers and 11 service cars.

The average availability of field units throughout the year was 80 percent. This was only a slight improvement over the 79 percent of 1994 but one which can be expected to improve significantly in 1996 with reduced lead times in spares purchases as the STRATIS system comes on-line and the purging of the fleet of any remaining long-term derelicts.

The section continued to evaluate the cost effectiveness of the various types of tyres that are available to Corporation and began a study of a puncture-sealing compound for those vehicles, particularly sugar transport lorries, that spend considerable time travelling on public roads.

Field workshop buildings and facilities continued to improve with particularly gratifying progress at the new workshop at Skeldon and at Albion, Enmore and Uitvlugt. The service car workshop at Enmore was closed in the year with equipment and employees redeployed to Enmore estate and Coldingen workshops. Responsibility for service car repairs and maintenance was contracted to garages and workshops in Georgetown.

RESEARCH AND CROP CONTROL

Variety Development - Sugarcane

Although the long dry spell during the first half of the year delayed the start of the Demerara 1995 breeding programme by about three weeks 276 of the 300 programmed crosses were made. Low seed set and viability were evident in crosses made during the early season and the seedling expectation was revised down to approximately forty thousand seedlings. Crosses of particular interest included 42 for the high quality programme and 37 for base broadening utilising exotic varieties. The Demerara (D '95) fuzz generated in the programme is presently being sown and potted.

Seedling generation from both the Demerara (D '94) and Demerara Barbados (DB '94) fuzz was completed by August and at the end of 1995 some 139,877 seedlings were being evaluated in Stage I selection trials, 4957 clones were in Stage II trials and 851 at Stage III. The majority of these are D and DB genotypes.

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Stage IV Variety trials harvested during the year indicate several 'D' varieties to be out performing DB 66113. Stage V trials harvested during 1995 showed D 8415 to be the most promising variety of all entries. This is in accordance with earlier plant cane and first ratoon results. D 8415 was released for field and factory evaluation and is proving to be a vigorous, early maturing variety with good field and factory acceptance.

Plant Protection

There was no significant incidence of any major disease in the 1995 crop and at the end of the year the 1996 crop appeared healthy with an average smut disease level of only 0.48% on stalks and no other major disease present at any level of significance.

Rat populations at Enmore and Wales were brought to manageable levels during the year and damage to cane at both estates declined in consequence. No other estate suffered from any significant degree of rat damage.

Insect pest damage was minimal throughout the year and this was particularly pleasing at Enmore where froghopper (Ancolamia flavilatera) populations remained at the low levels achieved towards the end of 1994 and giant borer (Castniomera licus) damage was much reduced. A few sporadic outbreaks of leaf eating caterpillars were rapidly disrupted by a suite of indigenous natural enemies.

The ***Cotesia flavipes*** laboratory rearing/multiplication and field release programme for Diatraea control continued at GARU and four Berbice Estates. Approximately 46,657 adult parasites were produced with 42% of these released into sugarcane fields at Albion and LBI. Field recovery was low at 0.7% parasitism overall.

The ***Allorhogas pyralophagus*** rearing and field release programmes were further de-emphasised during 1995. Rearing continued at GARU, Skeldon and Blairmont with the objective of maintaining colonies of this larval parasite of Diatraea sp. for further studies on host preference or for transference to other agricultural agencies in Guyana. No parasitism was recorded in recovery surveys. To-date no other agricultural entity has shown any interest in acquiring the parasitoid manipulation skills developed over the past three-to-four years.

A GuySuCo team visited the Caroni Research Station in Trinidad to study the mass production of the ***Metarrhizium*** entomopathogenic fungus. Laboratory facilities for producing the fungus on a small scale are being constructed at GARU for study of its potential as a froghopper control agent.

Weed control standards continued to improve and particular attention was paid to the management of problem weeds.

Effective control measures have reduced the density and distribution of Rottboellia cochinchinensis within Wales estate cultivation. In areas outside of Wales estate it was not possible to reduce the level of infestation significantly, although further spread was prevented. It has become essential that this weed be declared a notifiable pest and thus ensure that a widespread control programme can be maintained. Damage to seedheads by natural enemies and the loss seed viability on flood fallowing appear to be major reasons for the slow spread of this weed within Wales cultivation.

Antidesma ghesaembilla was identified and eradicated at Rose Hall estate in 1995. This is the sixth estate where the weed has been identified to-date. Control measures on the other locations progressed satisfactorily, particularly at Enmore where the widespread infestation of the early 1990s has been significantly reduced.

Asystasia gangetica (Aloo weed) is found at LBI/GD, Wales and Blairmont estates. Once established in crop areas it is difficult to eradicate because of the high production of seeds and short life cycle. Starane herbicide which gave 100 percent control of ***Asystasia*** will replace 2,4-D amine in future control programmes.

Strategies to control ***Carailla and Port Mourant Vines*** have been successful at Skeldon and Albion estates and both weeds were reduced to manageable levels during the year.

Several new herbicides were introduced following extensive field trials. ***Arsenal*** was recommended for control of ***Antelope*** and ***Missouri grasses***. Starane gave excellent control of broadleaved weeds and has been recommended as a replacement for 2,4-D amine in many situations. ***Basta***, a non-selective post-emergent herbicide gave excellent weed control in crop areas with no crop injury while ***Ronstar*** a pre-

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emergent herbicide, has been commercialised as a supplement to atrazine.

At most estates extension programmes for vetiver grass for erosion control alongside bridges and roads and as a barrier for rodents have commenced.

ANALYTICAL SERVICES

During 1995, Central Laboratory analysed 11888 samples yielding a total of 51408 analyses, which included work for the environmental enquiry into the cyanide spill at Omai. Corresponding values were 13094 and 56622 for 1994 and 16000 and 66555 for 1993. Based on the results of foliar analysis supplementary nitrogen was recommended for 8946 acres, compared with 11146 and 5624 acres in 1994 and 1993 respectively. Lime was recommended at an average rate of 1.93 ton/acre based on the analysis of soil samples representative of 17910 acres.

Potassium deficiencies were observed in foliar analyses from soils which historically have been unresponsive to potassium fertilizer. This trend suggests the need to investigate the current status of plant-available potassium in these soils.

In addition to analysing internal (in-house) check samples the quality control programme Central Lab also included collaborative testing of reference samples from the International Plant - Analytical Exchange (IPE) Programme (Wageningen Agricultural University, The Netherlands), the Sugar Association of London (SAL) and the Sugar Association of the Caribbean (SAC).

SOIL SURVEY AND LAND MANAGEMENT

A soil survey has commenced at the 43 Koker extension of Albion estate where 2500 acres of new land are to be brought under cane. The survey data indicate that the dominant soils are heavy clays of marine origin with low organic matter content. A sand reef was identified and the external boundaries of this were determined.

Monitoring of salt levels continued in fields at Enmore estate which had been inundated with seawater for prolonged periods following a breach of the seawall at Lusignan foreshore in 1992. The data suggested that much of the initial high salinity has been reduced to non-critical levels by the flood fallow/purging procedures adopted.

In response to a city council request groundwater surveys were conducted in four abandoned areas of GuySuCo's cultivation in East Demerara as part of the successful programme to identify a land-fill site for Georgetown domestic refuse.

A legume fallow trial was conducted at Enmore estate with Minica 4, an indeterminate variety of cowpea. Land preparation methods involved primary tillage either with a paraplow or by conventional heavy discing. Seed bed preparation was by a combination cultivation or by rotary tiller. The paraplow combination cultivation treatments utilised less machine hours pre-planting than any other system.

After harvest the cowpea residues were incorporated with one pass of a harrow and canes were planted semi-mechanically. Despite the canes being planted in adverse weather conditions at the end of May 1995 the crop has demonstrated impressive development, emphasizing the agronomic potential of a legume fallow on sand reefs.

Legume fallow is now being evaluated on a more extensive scale at Enmore where, in addition to the fallow, the study seeks to evaluate the effects of filter mud applications on reef soil physical structure, compare the economics and effectiveness of various tillage methods and continues the evaluation of mechanised methods of herbicide and fertiliser applications.

Land preparation trials involving a range of tillage methods were established at Uitvlugt, Skeldon and LBI. The trials confirmed the high productivity of the paraplow where field layouts facilitated machine movement.

Plant Physiology

An investigation to determine the physical condition of the soils and plant root growth at Blairmont was prompted by the low cane yields experienced at the estate during 1995. A total of 10 soil profiles across the estate were examined and depth of plant roots and the general soil condition noted. At most sites the plants were observed to have restricted root system with the bulk of the roots not extending below 12 - 18 inches. This situation existed in spite of some soils having good structure with no evidence of a physical barrier (compaction) to root penetration. On the other hand, two of the better yielding fields had extensive root systems reaching down to 36 - 42

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inches.

During 1995 Biological Nitrogen Fixation (BNF) studies focussed on the effects of rate of application of nitrogen fertilizer on BNF levels, and the development of quantitative assessment of N fixation in cultures. Cane from all the fertilizer treatments in these trials showed presence of the three endophytic nitrogen-fixing bacteria ***Azospirillum sp.***, ***Herbaspirillum sp.*** and ***Acetobacter diazotroplicus.***

Cane staling studies at Rose Hall and Blairmont indicated that reducing sugar levels increased significantly between two and three days after burning irrespective of whether the cane had been cut and stacked into a punt or had been left standing in-field. High levels of soluble polysaccharides were produced from around 3 days post burning in cut and stacked cane, but not in standing cane. Dextran levels were low throughout and although juice cultured under conditions favoring Leuconostoc produced a "slime" this did not respond to the Robort's test for dextrans. It seems likely that polysaccharides other than dextrans are produced during staling and this agrees with the results of analyses of export sugars which historically have shown no, or very low, dextran levels.

Future work on cane staling will employ High Pressure Liquid Chromatography (HPLC) to monitor true "sucrose" changes with time and determine the nature of any polysaccharides that may be present.

Only three trials with sucrose enhancement chemicals were conducted during 1995. These confirmed the results of the previous 5 years that positive economic responses could be anticipated from sucrose enhancement. One trial at Skeldon included Touchdown (a trimesium salt of glyphosate). The results confirmed earlier indications at Uitvlugt that this formulation is superior to both Roundup and Fusilade Super as a sucrose enhancer.

LIVESTOCK OPERATIONS

During 1995 operations continued at Versailles and Liliendaal. The adult animals and very young calves were reared at Versailles. Weaned animals were reared at Liliendaal up to breeding age when they were transferred to Versailles or sold to farmers. A small number of sheep were also reared at Liliendaal but the flock was sold in total in the latter part of the year.

Milk production at Versailles in 1995 at 89,653 gallons was lower than the 98,991 gallons recorded during 1994. Animal productivity in 1995 was 1.14 gals/cow/day compared with 1.19 gals/cow/day recorded in 1994.

Animal productivity continued to be adversely affected by the lack of adequate forage at Versailles. The transportation of grass from Liliendaal to Versailles continued but the forage supply afforded the animals at Versailles proved to be inadequate. The need to rehabilitate substantial acreages of pastures at Versailles seems evident if herd productivity is to be maintained.

At Versailles the mortality level of 6.89% among breeding cows during 1995 was significantly lower than the 12.67% of 1994. This reduction was due mainly to the low incidence of tick fever during the year.

Calf mortality at Versailles was 13.97% as against 16.6% in 1994 and at Liliendaal was 4.7% compared with 7.8% in 1994.

A total of 306 calves was born during the year at Versailles from a breeding herd of 435 cows. During the previous year 362 calves were born from a breeding herd of 445 cows.

The combined stock level of 1018 head at the beginning of 1995 had been reduced to 742 head at the end of the year as it was necessary to balance the herd size with the carrying capacity of the two locations.

A total of 108 heifers and 269 young bulls were sold to farmers during the year while 36 culled breeding cows were sold to butchers.

Sheep

At the beginning of the year the flock comprised 69 animals, 63 of which were breeding ewes. The majority of these was showing signs of old age including poor reproductive performance. Accordingly it was decided that sheep rearing would cease and the last of the stock had been sold by the end of November.

Dairy Processing

The cheese produced during the year consisted of

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full fat cheddar only.

Cheese production for 1995 was 19, 987 kg from 51,477 gallons of milk at a conversion rate of 1.17 gallons milk/lb cheese. During the previous year 26,220 kg of cheese was produced from 67,680 gallons of milk at a conversion rate of 1.17 gallons milk/lb cheese.

The reduced cheese production in 1995 was due to the reduction in the quantity of milk available for processing and a period of non-availability of cheese culture.

The skimming of cream from milk containing more than 3.5% fat continued throughout 1995. A total of 771 gallons of cream was collected and used to produce 1904 kg of butter. Butter production for 1994 was 683 kg.

This voice and data communications tower was erected to facilitate a communications link among the Corporation's locations. Speedy access to information and data can increase the efficiency of the sugar industry.

Factory Operations

FACTORY PRODUCTION PERFORMANCE

Cane supplies to factories were lower in 1995 compared with 1994. This was due to the drought, experienced early in the year, which affected the growth of second crop canes. While the drought lowered available cane for the year, weather conditions during the first crop improved cane quality partly compensating for the lower throughputs.Consequently, the negative variance in tons cane of 7.59 percent did not reduce sugar production by the same amount. In fact, an increase in sugar production was garnered from a 0.38 percent

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improvement in overall recovery for the year.

Mill extraction suffered during the second crop due to a gearbox failure at Albion-Port Mourant factory. This failure resulted in the third mill being bypassed for most of the crop. As this is the largest factory, the gearbox failure at Albion had significant impact on the industry average.

During the year production time lost due to industrial disputes increased significantly when compared with 1994. The time lost amounted to 1,537 hours. compared with 921 hours in 1994 showing an increase of 66.0 percent. Most of the 1,334 hours was lost during the second crop. The estates worst affected by industrial disputes were Skeldon with 426 hours and Uitvlugt-Leonora with 307 hours.

Grinding hours at the eight factories totalled 27,294 hours compared with 29,611 hours in 1994. The difference reflected the reduced crop.

Factory breakdowns accounted for 3,464 hours lost time in 1995, compared with 3,883 hours in 1994 - a drop of 12.1 percent. However, it will be noted that the crop length was also reduced by 8.5 percent. Disjointed grinding patterns due to unscheduled factory stops tended to lower Boiling House Recoveries through juice inversion. The use of cane ripeners in 1995, particularly during the second crop, contributed to improved Mixed Purities and thereby Boiling House Recoveries.
Several individual factory production records were established during 1995. Best production figures for a day were recorded at Skeldon, Rose Hall, Blairmont, Enmore and Uitvlugt. New weekly production records were set at Skeldon, Albion, Blairmont and Uitvlugt. These records were established during the first crop when cane quality peaked with a pol in cane of 11.26. Results like these augur well for the future with the expanded use of cane ripeners and their favourable impact on cane quality.

STAFF:

Management attrition rates continued at the same pace experienced in previous years and this gives cause for concern. The industry ended 1994 with 15 managerial vacancies and ended 1995 with the same number of vacancies. Losses during 1994 included one Factory Manager, one Engineering Manager, one

	1995	1994	% Change
Cane Milled	2,909,904	3,148,912	(7.59)
Sugar Made	249,840	252,615	(1.10)
TC/TS	12.35	12.47	0.96
Pol % Cane	10.71	10.08	6.25
Fibre % Cane	16.84	17.12	1.64
Mixed Juice Purity	78.93	78.19	0.95
Tons Cane Per Hour	106.61	106.34	0.25
Mill Extraction	90.28	90.16	0.13
Final Mols. Purity	31.19	30.89	(0.97)
Boiling House Rec.	87.00	86.79	0.24
Overall Recovery	78.54	78.24	0.38
Factory Time Effy.	88.74	88.41	0.37
Overall Time Effy.	80.08	76.47	4.72

Engineering Shift Manager, and four Chemist Shift Managers. Recruitment efforts during 1994 attracted seven Management Trainees (six engineers and one chemist). Outreach programmes to the USA, Canada and Jamaica undertaken during 1994 for the purpose of recruiting returning Guyanese have proven unsuccessful. Once again experienced managers are being lost to be replaced by trainees.

DEVELOPMENT AND ENGINEERING:

Maintenance standards continue to improve as indicated by the improvement in Factory Time Efficiencies. Several specialists were used during the year to overcome plant deficiencies. Advantage was taken of these visits to conduct onthejob training exercises and training seminars. Visits of this nature were made by Fletcher Smith Limited, Power Plant Gears Limited, Allen Turbines, and Thorne International Boilers Limited.

In house training seminars continued during 1994 and also played an important role in the development of local engineers and chemists.

Projects completed during the year include the following:

* Sugar Bagging Equipment for Blairmont, Enmore and Uitvlugt.
* Power House Steam Receiver at Albion.
* Four Roller Mill Conversion and drag type Intercarriers with Donelly Chutes at Albion.
* Relocation and Modification to gravity flow of

factory operations

the filter station at Rose Hall.

* High Grade Centrifugals at Blairmont, Enmore and Uitvlugt.

* New roof and gantry crane for the Centrifugals at Blairmont.

* Boiler retubes at Skeldon, Rose Hall, Blairmont and Wales.

* New molasses tank and boiler chimney at Wales.

* New first effect evaporator at Rose Hall.

The Equipment Conservation Centre workshop and the Electrical Workshop contributed to the development and maintenance of factory plant on all locations.

ENERGY PRODUCTION AND FUEL UTILIZATION

During the year 55,532 MW hours of electrical energy was produced by estates' power houses. This compares with 58,826 MW produced in 1994. The reduction of 4.63 percent was due to the shorter crop length. Power produced on diesel engines was 3.8 percent lower at 15,604 MW hours compared with 16,197 MW in 1994. The percentage of steam produced power increased from 81.05 to 83.84 in 1995.

Diesel fuel used during the year by factories was 1,092,327 gallons compared with 1,198,719 gallons in 1994 - a reduction of 8.88 percent or 106,392 gallons. A reduction in the amount of diesel fuel per megawatt hour of four gallons was achieved in 1995 with 70 gallons compared with 74 gallons in 1994.

Despite these successes fuel management was very difficult in 1995 due to irregular grinding patterns during the second crop. As a result 12,503 tons of wood was used in 1995 which was 15 percent less than in 1994. Enmore, Wales, and Uitvlugt-Leonora demonstrated good progress in the reduction of fuel wood. However, at LBI consumption tended to increase due to factory problems with the T/A Set.

Ensuring the production of 300,000 tons of sugar annually, involves major factory rehabilitation and a reliable supply of cane: a turbo alternator set being shifted into position at Wales Estate.

CHIEF EXECUTIVE'S REPORT

Sugar Marketing

GUYSUCOs G$ revenue was extremely buoyant in 1995 as it was in 1994. Sterling continued weak in the EU monetary system but relatively strong against the US dollar with the result that earnings of Guyana dollars were inflated. In addition the new SPS market which became available in July 1995 provided an outlet for sugar which otherwise could have been sold at a much lower price on the World Market. This combination of favourable marketing circumstances made 1995 a year of windfall revenue par excellence, one that is most unlikely to be repeated.

The simple fact is that GUYSUCOs marketing position in 1995, despite the providential increase in revenue, did not improve fundamentally. Basic prices in the European Union remained static, and therefore in real terms declined, as did the government-controlled price on the local market which has remained unchanged since February 1991. GUYSUCOs preferential marketing outlets are secure for the foreseeable future but the prices we receive in these markets are static and will tend to decline by the century's end. That is the problem which has to be confronted.

LOCAL MARKET

Sales of brown sugar for domestic use were 22,631 tons in 1995 compared with 21,457 in 1994. The producer's price of brown sugar sold locally at $21.91 per lb. has remained unchanged since February 1991. The value of sales in this market, therefore, has significantly eroded over this period.

GUYSUCO imported and sold 3,087 tons of refined sugar at world price for industrial users who use this grade of sugar in their manufacturing processes. This compares with 2,395 tons sold in 1994.

EU MARKET

Guyana met its full commitment of approximately 163,000 tons under the Sugar Protocol for the quota period ending 30th June, 1995. After shortfalls in meeting this vital commitment in the period 1988 to 1991, Guyana is now recognised as a reliable supplier and one indeed ready to supply the shortfalls of others should these arise.

A new market for ACP sugar in the European Union was gained when an agreement to supply Special Preferential Sugar to EU refiners (particularly in Portugal) came into force with effect from 1st July, 1995, for a period of six years with a provision for negotiating renewal of the agreement. This agreement, quite separate from the Sugar Protocol, represents a significant additional market for Guyana. Guyana's basic quota in this market is approximately 30,000 tons. If other countries cannot meet their commitments under this agreement, as was the case in the first year of the agreement, Guyana gains from the reallocation of such shortfalls. The price under this agreement is 80/85% of the SUgar Protocol price. In 1995 Guyana shipped 26,387 tons of its 1995/96 quota amounting to 53,233 tons including shortfalls. The price obtained was $77,903 per ton.

The Sugar Protocol price in ECUs, negotiated annually, was again frozen in 1995. There has been no increase in this price since 1986. However, the continuing weakness of sterling against the Deutschmark in the EU monetary system, which produced more £ per ton, and sterling's relative strength against the US$, combined to yield greatly increased G$ revenue. The revenue from Sugar Protocol quota sugar increased from $86,617 per ton in 1994 to $95,247 per ton in 1995. This must be seen as an entirely fortuitous increase. Exchange rates, favourably for a time, can easily turn unfavourable. The simple fact is that underlying prices in the EU market remained exactly the same and therefore in real terms reduced in value.

US MARKET

In 1995/96 Guyana's basic US sugar quota of 12,000 tons was increased to approximately 27,000 tons through reallocations received from the US Department of Agriculture. In 1995 5,413 tons of this total was shipped leaving 21,500 tons to be shipped in 1996 by the end of September when the quota year ends. The price received for the 5,413 tons of US quota shipped in 1995 was $65,192 per ton compared with $62,162 per ton for 14,128 tons shipped in 1994.

CARICOM (INCLUDING SURINAM) MARKET

A CET of 40% on brown sugar imported from outside the region is applicable in CARICOM countries. Guyana's sugar exported to this market is tariff free. Guyana met all of its contractual commitments in 1995. Sales increased from 20,377 tons in 1994 to 24,123 tons in 1995. Guyana is committed to

CHIEF EXECUTIVE'S REPORT

sugar marketing

supplying good quality brown sugar to CARICOM countries at competitive prices. The average price received in 1995 was G$49,714 per ton compared with G$44,617 per ton in 1994. Guyana's revenue in CARICOM markets in 1995 amounted to $1.2 billion.

WORLD MARKET

In 1995 sales to Canada at World Market prices were 23,247 tons compared with 46,159 tons in 1994. The average price was $40,165 per ton compared with $34,970 per ton in 1994. Prices in this market are unpredictable and except on very rare occasions well below the cost of production. Given expected production levels, the new SPS market in the EU, and increased quota allocations in the US, it is unlikely that Guyana will sell sugar on the World Market in 1996. Even in the longer term GUYSUCO cannot plan to market more than a relatively small proportion of sugar on this residual and unstable market.

PROSPECTS

The market provided by the Sugar Protocol is secure for an unlimited duration. The SPS Agreement provides a substantial new market at a good price until the year 2001 with the likelihood of renewal. The 1996 US farm bill includes provisions which secure our sugar quota in this market for seven years. The sugar industry is therefore favourably placed in respect of outlets for its exports.

However, the pressure to reduce prices, which have in any case not fundamentally improved for a decade, continues and will increase. It can be expected, therefore, that prices will decline by the end of the century. In the meanwhile the static price means a decline in real terms is already affecting the industry. If costs continue to escalate the seriousness of these facts cannot be overstated.

Directors of the Sugar Association of the Caribbean (SAC) at their 117th Annual General Meeting in Georgetown are impressed with the upward swing in sugar production

CHIEF EXECUTIVE'S REPORT

Human Resources

STAFFING

There were 92 staff appointments, which included eight (8) Factory Management Trainees, and forty eight (48) promotions effected during 1995.

Summary of employment numbers as at 95.12.31

ESTATES	#
Workers/Labourers	17,000
Junior Staff	3,500
Senior Staff	237
Security	857
Sub Total	21,594

HEAD OFFICE	
Junior Staff (Incl. Workers/Labourers)	980
Senior Staff	170
Security	75
Sub Total	1,225

INDUSTRY	#	%
Workers/Labourers	17,000	74
Junior Staff	4,480	20
Senior Staff	407	2
Security	932	4
Total	22,819	100
Temporaries	1,000	
Grand Total	23,819	

TRAINING & STAFF DEVELOPMENT

Apprenticeship - GTC,PM
New entrants for 1995 totalled 61, while 58 graduated. Composition of Graduates is as follows:-

SUBJECT	FEMALE	MALE	TOTAL
Fitting & Machining	2	17	19
Automotive Electricity	3	6	9
Agricultural Mechanics	4	13	17
Instrument Repair Mechanics	-	5	5
Industrial Electricity	-	8	8
TOTAL	9	49	58

Factory Management Trainees
There were two (2) 6 - month orientation programmes in basic craft disciplines designed and implemented for ten (10) Management Trainees.

Adult Technical Evening Class
One hundred Tradesmen participated in two (2) eighteen - week courses conducted in each of the following areas: Agricultural Mechanics, Electrical Engineering, and Fitting and Machining.

No Advanced courses, as would normally follow, were conducted due to poor response from estates.

Cadetships - University of Guyana
Four (4) employees were offered Cadetships to read for the Degree in Agriculture, while eight (8) other Cadets continued their studies in Electrical and Mechanical Engineering: Three (3) Electrical; five (5) Mechanical. of the twelve (12) Cadets, all but one (1) are employees.

Guyana School of Agriculture
Seven (7) employees were selected to commence studies at GSA during the year. This is in addition to the seven (7) employees who have successfully completed the first year and have proceeded to the second year.

human resources

Overseas Institutions
Two (2) employees proceeded to the UK in 1995 on a one (1) year scholarship to pursue post graduate studies in Irrigation Engineering, and Agriculture Engineering, respectively. This brings to a total of five (5) studying abroad, i.e. two (2) in Australia and three (3) in the United Kingdom. Those in Australia are 'A' Level Cadets and non-employees.

BURSARY AWARDS

SSEE Awards
Fifty-five (55) Bursaries were awarded to employees' children who were successful at the SSEE Examination. To date the Corporation has expended a total of $2.7 million on the SSEE Award Scheme.

CXC/GCE Awards
Twenty-seven (27) applicants met all the requirements of the scheme, and were provided with refunds valued at $385,557 and ranging from 60 percent to 100 percent of fees paid for the said examination. Expenditure to date totals approximately $1 million.

IN-HOUSE TRAINING

Management Development
As part of the Corporation's Management Development Strategy, two Consultants - Sugrim Mohan of Sugrim Mohan Associates and Dr. A.M. Baksh, Human Resources Management Consultant - were contracted to conduct a series of Senior Managerial Courses during the year. These courses supplemented the usual in-house courses conducted by in-house resource persons centrally and on estates. These resource persons include Dr. L. Thompson, Senior Training Officer; Ms. Eslyn Vigilance, Research Officer; Mr. F. Carryl and Mr. Pitamber, Industrial Relations Managers; and Mr. D. Johnson, Superintendent, GTC,PM.

SPECIALISED TRAINING

Computer Awareness
During 1995 a total of 421 employees, made up of 133 Senior Staff, completed the Computer Appreciation Course, while 288 Senior and Junior Staff completed one or more of the four (4) computer software courses offered by the University of Guyana.

Association of Accounting Technicians (AAT)
The Corporation continued to utilise the AAT programme to provide off-the-job professional training for selected employees in the accounting stream, so as to assist them in upgrading their skills

Fifteen employees were selected for the AAT Level III (Final Level) , and having completed the courses of study, sat the examination in December 1995.

COMMUNITY DEVELOPMENT

Community Centres
Activities at the Community Centres continued to gain momentum. During the latter part of 1995 rehabilitation work at LBI Community Centre was completed and the Centre is expected to be commissioned early 1996. Work on the Wales and Bath Centres is expected to be completed in 1996.

Sports
1995 was another successful year for sports in the Corporation. The level of performance of the Sports Personalities was of the usual high standard and they were able to gain recognition not only within the Corporation, but nationally as well.

A few notable highlights:-
Four (4) Athletes formed part of the team to represent Guyana at the second South American Marathon Championship in April 1995, and also the 10 kilometer Race in Suriname.

Two (2) Volleyball players were included in the team to represent Guyana at the Inter-Guiana Games Tournament held in Suriname.

GUYSUCO HOUSING PROGRAMME

Fifty (50) house lots each, at nine (9) separate estate locations, were distributed to non-managerial sugar workers at a cost of $7,500 for the land, plus an additional cost of $47,000 for developmental work, undertaken by the Corporation. At the same cost, Head Office Junior Staff will be allocated twenty five (25) lots.

A further fifty (50) have been identified for distribution to members of the Senior Staff at a cost far greater than that for non - managerial employees.

EMPLOYEE SERVICES

Ex-gratia Pensions
Three hundred and sixty-one (361) applications were

human resources

approved in 1995 for retiring employees who have served on the estates for over ten (10) years.

Medical Discharges
Forty-seven (47) were approved in 1995.

MEDICAL & HEALTH SERVICES

Primary Health Care
The Estate Medical Officers assumed active responsibility in screening of mothers which contributed to the early diagnosis of toxaemia of pregnancy, and timely referral to specialists. This measure certainly contributed to the drop in perinatal mortality rate, and improved care to mothers.

There was a drop in attendance at the Primary Health Care Centres which came as a result of strict controls on clients requesting services at these Centres. This service was highly abused in the past through medical staff, knowingly or unknowingly, attending to large numbers of ineligible persons.

Disease Trends
The occurrences of Hypertension ranked number one in the ten most common diseases. This finding was due to:

a) Increased surveillance - periodical medical examination
b) Increased awareness of Hypertension - result of Health Education
c) Routine screening of all patients attending clinics - resulting in early diagnosis and management.
d) Underlying risk factors:

Stress
Obesity with cholesterol
Alcohol and Smoking
Unhealthy Life Style

Pharmaceutical
Drugs cost per case across the Corporation has been stable. This is an improvement on last year's and is directly related to the close monitoring by the estates' administration, of drugs utilisation.

Purchases for 1995, which includes capital equipment, have shown a marginal decrease of two percent. This was due to the fact that more "generics" were purchased, adding to a substantial hold-over from 1994, valued at $18,602,565.

Evaluation Of Programmes
The Health Promotion, and Disease Prevention Programmes which were pursued by the Health Services for the past three years, have definitely begun to impact positively on the health status of employees in particular, and the nation in general. The Health Services will pursue vigorously its Healthy Life Styles Programmes in 1996 and in the future.

INDUSTRIAL RELATIONS

There were 413 strikes/work stoppages recorded, against 446 for the previous year. However, mandays lost, being 79,993, showed an increase over that of the previous year loss of 71,984. This therefore meant that work stoppages were reduced by 7.3 percent while Mandays Lost increased by 11.12 percent.

	1994	1995
Work Stoppages	446	413
Mandays Lost	71,984	79,993
Wages Lost	48,804,508	69,365,000

By deduction, either more persons participated in work stoppages, or the stoppages were of longer durations. The major causes for these work stoppages were: pricing for obstacles; sharing of work; choice of work; and selective mode of transport. Nevertheless, Management continued to pursue a policy of consultation with a view to avoiding confrontation.

Production Incentives
A total of 187 days' pay (average per Estate = 23) were made to employees as Weekly Production Incentive, in addition to 143 (average per Estate = 18) being paid for Annual Production Incentive (API).

The minimum API paid per estate was 17 days. For exceptional performance however, three estates were awarded 18 days pay while another, out of special consideration, received 22 days pay. Both incentives were tax free. Industry sugar production was 249,840 tons.

Negotiations
Negotiations for wages and salaries consumed much time and eventually resulted in the signing of a Memorandum of Agreement in September 1995. This Agreement was for an eighteen (18) percent across-the-board increase on wages and salaries, and

human resources

a seven (7) percent merit increment for 1995, for almost all categories of employees.

Negotiations for Annual Production Incentive resulted in a landmark two (2) year agreement being signed for 1995 and 1996. This agreement guaranteed the payment of eighteen (18) days' pay to each employee, for the Industry's achievement of 250,000 tons of sugar for 1995, and twenty-one (21) days' pay for 282,000 tons in 1996.

HUMAN RESOURCE MANAGEMENT

Initiatives for the future
Human Resources Management will continue to address a number of R's required to satisfy the Human side of the Corporation such as:

:RECRUITMENT
:RETENTION
:RETRAINING
:RELOCATING
:REDEPLOYMENT
:RETOOLING (RE-ENGINEERING)
:RESTRUCTURING
:REMUNERATION
:RELATIONSHIPS

Recruitment and Retention
The acquisition of the required number, calibre and mix of employees for the present and future needs of the Corporation is naturally of paramount importance.

The recruitment function in Head Office is now being more effectively co-ordinated following some re-alignment of duties within the Human Resources Department. Estates' Personnel Departments are also being strengthened and assisted with their own local recruitment and retention programmes. The latter is especially important in Demerara where labour supply is relatively more uncertain.

Outreach to qualified, skilled, Guyanese abroad has not been as successful as we would have liked; however, as these efforts continue with modest success, we are improving our remuneration package, our training and development programmes to retain and make the best use of existing staff and to attract the best available local skills.

Retraining, Training and Staff Development
The introduction of new technology, more sophisticated and more efficient agronomic, engineering and administrative practices put a high premium on attitudinal Êchange in an Industry that is as steeped in history, custom, entrenched practices and suspicion.

The marketing and introduction of change, through the development of effective change agents, are key objectives of our human resources development programme.

Our managerial and supervisory staff must be empowered through training, orientation and self-development initiatives to help create and sustain an environment which is conducive to changing old practices, adapting to and adopting progressive and more productive ones.

Programmes aimed at the development of in-house trainers, role models, mentors and coaches, which have already been initiated will continue apace.
Similarly, will programmes aimed at the development of technical competence in Agronomy, Engineering, Accounting, Human Resource Management and general administration.

The established modalities for this type of development e.g. Apprenticeships, Cadetships, Scholarships, Traineeships, Classroom and on-the-job training will be augmented by attachments to and interfacing with centres and experienced individuals at the forefront of the relevant technologies.

Relocation and Redeployment
Given its current spread and structure, the Industry has "natural" facilities for relocating staff across its several locations and redeploying others among its various operations. Every advantage must be taken of this.

The psychology attached to staff movements must be underscored by and must emphasize the positive aspects of inter-estate transfers such as the transfer of knowledge and the mutual enrichment that comes with sharing of ideas and experiences.

Similarly, opportunities should be provided by the Corporation and sought by the staff to broaden the knowledge-base of staff through functional interchange wherever practicable. This becomes even more important in the context of any restructuring or re-organisation that might become necessary.

CHIEF EXECUTIVE'S REPORT

Re-engineering - Restructuring - Retooling
If the Corporation is to remain viable, to improve production and productivity and to become more cost-effective, it must continually examine itself or invite external/objective examination of its systems, procedures, structures etc. to ensure optimal utilisation of existing resources and its responsiveness to the operational imperatives and external environment.

Given the labour intensiveness of the Industry, its unpredictable, volatile and costly labour supply, then re-engineering and restructuring of the operations must be an ongoing expectation. Human Resource management must therefore be able to assist with retooling of the employees to respond to changes and avoid any serious displacement.

Remuneration and Relationships
The Industry's employment costs continue to be relatively very high and current demands do not indicate much chance for abatement.

This dilemma, exacerbated by its labour dependence, its need to attract and retain skilled, professional and managerial talent and therefore to be prepared to pay what the (local and sometimes overseas) market demand, exposes the Corporation to even greater pressure for equitable remuneration from both unionised and non-unionised categories.

The managerial challenge is therefore one of containing costs while coming up with innovative remuneration packages until the labour-dependence is reduced and/or the skilled and unskilled "sellers" labour market conditions turn around.

Staff-management relationships must be elevated to higher levels of mutual trust, to accentuating the intrinsic values of happy workplace relationships and the psychological "remuneration" which comes from job-satisfaction, career growth and personal development.

Similarly, Union-Management relationships must discourage adversarial, confrontational attitudes and approaches and underscore the joint, mutual benefits to be derived from positive, pro-active, future-oriented negotiations.

Already a good start has been made with the signing of a two-year API Agreement; the current negotiations are pitched towards a longer-than-one-year "retro-active" Agreement.

Additionally, serious attempts on both sides of the relationship must be made to reduce irritants deriving from anachronistic custom and practice or the daily haggling over the pricing of some job and/or the obstacles and "extras" associated with them.

At the same time, efforts are underway to improve our direct communication with workers and staff at field-level to ensure the widest possible identification with the objectives of the Corporation.

Securing a plot of land for a future home.

CHIEF EXECUTIVE'S REPORT

Ten Year Summary

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Number of factories	10	8	8	8	8	8	8	8	8	8
Acreage harvested	112,875	106,039	85,823	86,303	91,372	93,307	99,891	98,142	104,670	105,586
Tons Cane Milled ('000)	3,348	3,100	2,480	2,548	2,019	2,293	3,081	3,172	3,149	2,909
Yield:										
Tons Cane/Acre	29.66	29.23	28.90	29.56	22.10	24.57	30.84	32.31	30.40	27.88
Tons Cane/Tons Sugar	13.64	14.03	14.80	15.41	15.54	14.36	12.68	13.07	12.41	11.56
Tons Sugar/Acre	2.17	2.08	1.95	1.91	1.42	1.71	2.43	2.47	2.45	2.41
Sugar production (Tons)	245,440	220,995	167,550	164,800	129,920	159,690	243,010	242,640	252,615	249,840
Molasses production ('000 gals)	21,614	19,962	26,741	15,375	11,474	13,363	18,741	19,311	18,192	18,898
Home Consumption: Sugar (Tons)	31,243	42,252	35,846	28,511	27,610	23,875	19,914	23,291	21,457	22,631
Molasses ('000 gals)	11,380	13,201	12,529	13,932	10,561	13,363	18,084	17,979	17,278	16,960
Exports: Sugar (tons)	213,609	176,463	134,828	160,979	129,767	159,430	232,711	219,093	235,654	221,870
Molasses ('000 gals)	10,234	6,757	4,181	1,214	906	-	657	1,326	914	1,938
Sales:										
Local Sugar (G$M)	50.30	68.00	58.30	173.00	406.00	1,049.30	984.06	1,143.12	1,053.16	1,111.38
Average Price/Ton (G$)	1,610.00	1,610.00	1,626.00	6,070.00	14,708.00	43,953.00	49,416.00	49,080.00	49,082.00	49,108.74
Export Sugar (G$M)	356.70	971.70	710.20	2,309.76	3,265.80	11,973.90	15,965.00	14,971.88	16,812.36	18,310.18
Average Price Ton (G$)	1,670.00	5,506.00	5,267.00	14,348.00	25,167.00	75,105.00	68,604.00	68,336.00	71,343.00	82,526.61
Molasses (G$M)	20.50	34.90	23.40	42.80	70.20	293.10	384.44	398.86	607.59	732.17
Average Price/Gallon (G$)	0.95	1.75	1.40	2.78	6.11	21.94	20.51	20.65	33.40	38.74
Expenditure:										
Employment Cost (G$M)	207.60	294.20	302.90	515.10	980.50	2,703.70	4,873.10	6,041.00	7,092.00	7,892.00
Including Profit Share (G$M)	7.2	10.5	-	6.0	9.5	30.0	40.0	37.4	38.5	-
Materials and other (G$M)	186.50	348.00	395.00	1,225.70	2,062.91	6,071.34	6,954.94	6,415.94	6,732.57	8,504.43
Operating Results Before Interest (G$M)	35.40	30.10	16.20	51.50	39.670	380.95	573.64	780.45	1,274.74	788.06
Interest Expense (G$M)	21.60	9.60	4.80	16.60	1.20	322.78	179.34	19.73	173.59	85.57
Surplus (Deficit) before tax (G$M)	13.80	20.50	11.40	34.90	38.47	58.17	394.30	760.72	1,101.15	702.49
Local Subsidy (G$M)	0.00	53.10	89.90	241.60	282.20	178.92	0.00	0.00	136.00	331.00
Average Mid Market exchange rate G$/US$:	4.27	9.77	10.00	27.25	39.00	119.45	124.95	126.86	138.20	136.50

Statement of Employment & Community Costs

	1992	1993	1994	1995
	G$M	G$M	G$M	G$M
DIRECT EMPLOYMENT BENEFITS				
Wages and Salaries	3,229	4,162	4,679	5,563
Incentive Payments*	780	930	1,236	1,447
Other Employment Benefits	865	949	1,177	1,940
Labour Transport Costs	343	525	464	487
	5,217	6,566	7,556	9,437
COMMUNITY COSTS				
Government taxation and Levies	5,049	3,591	3,438	3,282
Local Government Rates and Taxes	15	16	27	34
Local Sugar Sales Subsidy	-	-	136	331
Sugar Industry Special Funds	23	120	121	114
Community Services	39	42	44	41
	5,126	3,769	3,766	3,802
TOTAL	10,343	10,335	11,322	13,239
Number of employees	28,081	27,855	24,463	23,819
Tons sugar produced	243,010	242,640	252,615	249,840
*Includes provision for profit share	40	37	38	0

REPORT OF THE AUDITORS

REPORT OF CHARTERED ACCOUNTANTS DELOITTE AND TOUCHE

TO THE AUDITOR GENERAL

ON THE FINANCIAL STATEMENTS OF GUYANA SUGAR CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 1995

We have audited the attached financial statements of Guyana Sugar Corporation Limited for the year ended 31 December 1995 as set out on pages 33 to 43. These financial statements are the responsibility of the Management of Guyana Sugar Corporation Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the Office of the Auditor General's auditing standards and other generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures on the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the state of affairs of Guyana Sugar Corporation Limited as at 31 December 1995 and its net surplus and cash flows for the year then ended, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

77 Brickdam,
Stabroek, Georgetown,
Guyana

23 August 1996

PROFIT & LOSS ACCOUNT

For the year ended 31 December, 1995

	Notes		1994
		G$000	G$000
Sales	2	17,347,877	15,099,310
Net Profit before taxation	3	702,489	1,101,148
Taxation	4	382,085	409,995
Net profit after taxation		320,404	691,153
Valuation surplus on disposal of fixed assets transferred from reserves		-	307
Retained profit for the year		320,404	691,460

Statement of Accumulated Earnings

At 1 January	1,207,078	515,618
Retained profit for the year	320,404	691,460
At 31 December	1,527,482	1,207,078

"The accompanying notes form an integral part of these financial statements."

BALANCE SHEET

As at 31 December 1995

	Notes		1994
		G$000	G$000
Share capital			
Authorised			
Ordinary shares of $1.00 each		500,000	500,000
Issued and fully paid			
498,536,775 Ordinary shares of $1.00 each		498,537	498,537
Capital reserves	5	7,511,518	6,411,314
Accumulated earnings		1,527,482	1,207,078
Shareholder's funds		9,537,537	8,116,929
Debenture	6	143,636	143,636
Loans	7	-	46,225
		9,681,173	8,306,790
Represented by:			
Fixed Assets	8	7,970,921	6,658,266
Investments	9	304	304
Net current assets	10	1,709,948	1,648,220
		9,681,173	8,306,790

Vickram H. Oditt
Director

G. N. Hilary
Director

CASH FLOW STATEMENT

For the year ended 31 December 1995

				1994
	G$000	G$000	G$000	G$000
Net cash inflow from operating activities (Note a)		2,134,412		849,727
Returns on investments and servicing of finance				
Interest received	48,427		52,229	
Interest Paid	(133,993)		(225,816)	
Net cash outflow from returns on investments and servicing of finance		(85,566)		(173,587)
Taxation				
Taxes paid		(380,749)		(156,528)
Investing activities				
Payments to acquire tangible fixed assets	(2,511,925)		(1,660,587)	
Receipts from sale of tangible fixed assets	16,186		35,548	
Net cash outflow from investing activities		(2,495,739)		(1,625,039)
Net cash outflow before financing		(827,642)		(1,105,427)
Financing:				
Loan drawdown	1,251,247		714,443	
Repayment of loans	(1,512,277)		(1,059,666)	
Rehabilitation and Development Fund	1,100,204		1,027,801	
Net cash inflow from financing		839,174		682,578
Increase/ (decrease) in cash and cash equivalents (Note b)		11,532		(422,849)

"The accompanying notes form an integral part of these financial statements."

NOTES TO THE CASH FLOW STATEMENT

a. Reconciliation of operating profit to net cash inflow from operating activities:

	1995 G$000	1994 G$000
Operating profit	702,489	1,101,148
Interest paid net	85,566	173,587
Depreciation	1,088,381	783,096
Unrealized loss on exchange	-	55,936
(Profit) / loss on disposal of fixed assets	94,703	(17,032)
Increase in inventories	(176,177)	(144,647)
Decrease in cattle	-	1,912
(Increase) / decrease in sugar and molasses	(336,063)	368,290
(Increase) / decrease in debtors and prepayments	65,471	(1,082,708)
Increase / (decrease) in creditors and accruals	717,233	(380,672)
Decrease in export levy	(100,000)	-
Decrease in accrued interest	(7,191)	(9,183)
Net cash inflow from operating activities	2,134,412	849,727

b. Analysis of changes in cash and cash equivalents during the year

Balance at 1 January	370,967	793,816
Net cash inflow/ (outflow)	11,532	(422,849)
Balance at 31 December	382,499	370,967

c. Analysis of cash and cash equivalents as shown in the balance sheet.

	1995 G$000	1994 G$000	Change in the year G$000
Cash on hand and at bank	846,623	1,047,919	(201,296)
Bank overdraft	(464,124)	(676,952)	212,828
	382,499	370,967	11,532

NOTES ON THE ACCOUNTS

1. Significant accounting policies

(a) Accounting convention

The accounts have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets and the accounting policies conform with International Accounting Standards except where specifically stated.

(b) Fixed assets and depreciation

Fixed assets vested on 26 May 1976 are stated at the book values of the previous owners (which were in excess of compensation price) 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.

No depreciation is provided on freehold land, capital work-in-progress and livestock.

State land is written off as and when the titles are relinquished.

Depreciation on other assets is provided on the straight line method 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, machinery and equipment	-	From 5 to 16 years
Motor vehicles	-	Over 4 years
Aircraft	-	Over 3 years

Depreciation is now provided from the date of acquisition and a full year's charge is taken in the year of disposal.

Previously depreciation was not charged in the year of acquisition. The value of ratoon crop is recognised only when reaped. There is no deferral of costs in relation to this item.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. Sugar and molasses are valued at the lower of cost of production and estimated realisable value less deductions for sugar industry special funds contributions, shipping, and selling expenses, where applicable. Where markets are identified for sugar and molasses, the net realisable value is used.

(d) Livestock

Livestock is classified either as current or fixed assets depending on the nature and purpose of the animals and taking into account the types of animal, age and market value.

(e) Research and Development

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

1. Significant accounting policies (Continued)

(f) Foreign currency transactions

Foreign currency transactions are recorded in Guyana dollars at the rates of exchange ruling at the date of such transactions. At the balance sheet date, foreign currency assets and liabilities are translated at the rates of exchange ruling at that date and resulting gains and losses are recognised in the profit and loss account.

(g) Sales

Sales represent the amounts earned from the sale of sugar and molasses produced during the year, net of sugar industry special funds contributions, shipping and selling expenses and export sales levy.

(h) Pension scheme

i) The company participates in two contributory pension schemes for its employees. The contributions are held in trustee administered funds which are separate from the Company's finances. The last actuarial valuations done for the Pension Schemes as at 31 December 1992 revealed that the Schemes were in deficit of $2.8 million and $271.8 million respectively.

For the former pension scheme, contributions were increased by 15% with effect from 1 January 1993. For the latter pension Scheme, the Actuaries recommended that the participating companies either increases their contribution rate to 13.5% of members' total salaries with effect from 1 January 1994 or attempt full harmonisation with the National Insurance Scheme. It was decided by the company in 1995 to opt for the latter but this decision was reversed in 1996. Consequently, the actuaries have now been asked to advise on an increased contribution rate to be implemented with effect from 1 January 1996.

The next actuarial valuations due as at 31 December 1996 were brought forward to 31 December 1995 on the recommendation of the actauries and are now in progress.

ii) Employees who have retired and are not members of the pension scheme are paid ex-gratia pensions which are recoverable from the Sugar Industry Price Stabilisation Fund. Amounts not considered to be recoverable are provided for in the profit and loss account.

(i) Deferred Taxation

Deferred taxation is not provided for because there is a reasonable probability that a liability will not crystallise in the foreseeable future in view of the Company's expansion programme. At 31 December 1995 the major originating timing differences arose from capital expenditure and the net amount not provided for amounted to $636.6M (1994 $684.4M).

NOTES ON THE ACCOUNTS

2. Sales and exports levy

		1994
	G$000	G$000
Sales		
Sugar and molasses	20,248,081	18,127,111
Export sales levy		
Amount payable (provisional)	9,860,204	9,097,824
Remitted by Government	(6,960,000)	(6,070,023)
	2,900,204	3,027,801
	17,347,877	15,099,310

Under Section 6 (1) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit G$ 6,960,000,000 (1994 - G$6,070,023,000) of the Sugar Levy payable under the Sugar Levy Act of 1974 (as amended).

3.

		1994
	G$000	G$000
Net profit before taxation	702,489	1,101,148
This amount is determined after the following items have been dealt with:-		
Directors' remuneration	360	360
Provision for stock obsolescence	794,000	200,000
Depreciation	1,088,381	783,096
Auditors' remuneration	4,700	3,900
Net (gain)/loss on exchange	(54,043)	181,495
Interest expense	133,993	225,816
*Provision for ex-gratia pensions	-	108,356
Management fees and expenses	407,830	463,142
Interest income	(48,427)	(52,229)

*In 1994 this amount was considered to be irrecoverable from the Sugar Industry Price Stabilisation Fund as the accounts of the Price Stabilisation Fund revealed that the amount recoverable from the Fund was greater than the balance in the Fund.

4. Taxation

		1994
	G$000	G$000
Corporation Tax at 35%	232,872	187,043
Capital gains tax	-	3,939
Property tax	149,213	135,401
	382,085	326,383
Prior years' underprovision	-	83,612
	382,085	409,995

NOTES ON THE ACCOUNTS

5. Capital reserves

	(a) Rehabilitation and Development Fund	(b) Sugar Industry Rehabilitation Fund	(c) Valuation	(d) Other	Total
	G$000	G$000	G$000	G$000	G$000
At 1 January 1995	5,421,646	34,503	47,435	907,730	6,411,314
Additions during the year	1,100,204	-	-	-	1,100,204
At 31 December 1995	6,521,850	34,503	47,435	907,730	7,511,518

(a) An agreement was reached between the Ministry of Finance and the Company to set up a Rehabilitation and Development Fund from levies payable.

(b) This represents amounts received by Guyana Sugar Corporation Limited from the Sugar Industry Special Funds for rehabilitation work done on the Company's factories.

(c) This amount represents the surplus of the net book values over the consideration paid for the acquisition of the Company's assets on nationalisation in 1976 less disposals.

(d) i) G$15.76M represent monies received from the Guyana Government for the purpose of financing projects in the Corporation's diversification programme.

ii) G$37.87M represent the value of the net assets of Demerara Sugar Terminals Limited. Demerara Sugar Terminals Limited ceased trading in 1991 but continued as a department of the Company.

iii) G$839.21M represent the value of loans and accrued interest assumed by the Government of Guyana.

iv) G$1.319M and G$13.566M represent the value of the net assets of Guyana Agricultural Products Corporation and Demerara Sugar Company Limited which were acquired by the Government and the assets transferred to Guyana Sugar Corporation.

6. Debenture

	1995 G$000	1994 G$000
2% Government of Guyana debenture redeemable in the year 2000	143,636	143,636

NOTES ON THE ACCOUNTS

7. Loans

		1995 G$000	1994 G$000
(i)	National Bank of Industry and Commerce Limited	45,584	53,929
	A Loan for the purchase of computer equipment to modernise the Compnay's accounting and inventory systems. Interest is charged at 0.75% below the bank's prime rate and the loan is repayable on demand.		
(ii)	Demerara Bank Limited		
	A loan to purchase telecommunication equipment to enhance the company's communication system. Interest is charged at 2% above US prime rate and the loan is repayable within a one (1) year period.	107,995	-
(iii)	Inter-American Development Bank - Fixed Assets Loan	-	286,876
	A U.S. dollar loan with the interest at the rate of 15% per annum which was repaid in 1995.		
(iv)	Citibank (Trinidad & Tobago Limited)	-	73,804
	This was a short term loan to finance working capital and was repaid in 1995.		
		153,579	414,609
	Loans repayable within one year	153,579	368,384
	Loans repayable after one year	-	46,225

NOTES ON THE ACCOUNTS

8. Fixed Assets

	Land & Buildings		State land and land expansion	Plant Machinery and		Work-in-	
	Freehold	Leasehold	cost	equipment	Livestock	Progress	Total
	G$000	G$000	G$000	G$000	G$000	G$000	G$000
Cost or Valuation							
at 1 January 1995	449,804	4,316	31,905	6,621,505	55,921	1,378,312	8,541,763
Additions	81,757	-	-	617,166	-	1,813,002	2,511,925
Disposals	(50)	-	-	(25,340)	-	(100,998)	(126,388)
Transfers	67,445	-	-	846,260	-	(913,705)	-
At 31 December 1995	598,956	4,316	31,905	8,059,591	55,921	2,176,611	10,927,300
Depreciation							
At 1 January 1995	26,754	2,914	10.867	1,842,962	-	-	1,883,497
Charge for the year	10,721	41	1,380	1,076,239	-	-	1,088,381
Retired on disposals	(22)	-	-	(15,477)	-	-	(15,499)
At 31 December 1995	37,453	2,955	12,247	2,903,724	-	-	2,956,379
Net book values:							
At 31 December 1995	561,503	1,361	19,658	5,155,867	55,921	2,176,611	7,970,921
At 31 December 1994	423,050	1,402	21,038	4,778,543	55,921	1,378,312	6,658,266

9. Investments

	G$000	1994 G$000
Lochaber Limited		
1,280 Ordinary shares of $20.00 each at cost Notc (a)	23	23
Cane Farming Development Corporation Limited		
18,500 'B' Ordinary shares of $5.00 each - (This Company is in liquidation and provision has been made for posssible losses arising therefrom)	31	31
Livestock Development Company Limited		
55,000 Ordinary shares of $1.00 each - at cost	50	50
National Bank of Industry and Commerce Limited		
200,000 stock units of $1.00 each - at cost	200	200
	304	304

(a) The company has a 36.8% holding in Lochaber Limited.
As at 31 December 1995 the reserves of Lochaber Limited was $94 Million.

NOTES ON THE ACCOUNTS

10. (a) Net current assets

		1994
	G$000	G$000
Inventories (10 (b))	4,580,038	4,403,861
Cattle	11,781	11,781
Sugar and molasses	615,069	279,006
Trade debtors	1,351,174	1,607,130
Other debtors and prepayments	358,823	168,338
Cash on hand and at bank	846,623	1,047,919
	7,763,508	7,518,035
Current liabilities		
Trade creditors	743,493	1,032,428
Other creditors and accruals	2,352,397	1,346,229
Export sales levy	1,900,000	2,000,000
Accrued interest	36,867	44,058
Loans repayable within one year (Note 7)	153,579	368,384
Taxation	403,100	401,764
Bank overdrafts (unsecured)	464,124	676,952
	6,053,560	5,869,815
	1,709,948	1,648,220
(b) Inventories		
Gross	5,873,427	4,995,754
Less: Provision for stock obsolescence	1,293,389	591,893
Net	4,580,038	4,403,861

The provision for stock obsolescence has taken account of obsolete and slow moving items. Approximately one-third of the value of items with no movements during the period 1 January 1993 to 31 December 1995 were provided for.

11. Capital commitments and contingent liabilities

		1994
	G$000	G$000
Expenditure authorised by the Directors but not committed	7,758,000	5,545,000
Letters of credit	116,628	196,348

12. The Company is at present being managed by Booker Tate Limited.

13. Pending litigations

There were several actions for which the liability of the Company, if any, has not been determined.