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National Development Strategy

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Propelling the manufacturing sector

It almost goes without saying that if we are to take the fullest advantage of our natural resources we must endeavour to convert the raw materials that have been gleaned from them to manufactured or semi-manufactured products, whenever it is competitive to do so. In today's jargon, we must attempt to add value, locally, to almost everything which we produce.

We have not done this, so far, to any significant extent. For example, although Guyana is well-endowed with mineral resources, bauxite and gold are the only products of the earth which have been subjected to some amount of processing. Indeed, we do not optimally utilise even the widespread deposits of clay-types that are readily available in our country, and can be utilised for a variety of ceramic applications; and our abundant sand resources are virtually neglected as a manufacturing input, even though they may be easily mined and are to be found almost everywhere.

Moreover, although there has been, in recent years, a remarkable increase in the production of milk, beef, mutton, and chicken and eggs in Guyana, there has been little or no processing of these raw materials to meet the demands of either local or export markets.

And again, although there has been a most significant increase in the production and export of non-traditional foodstuff (juices, beverages, condiments, jams and jellies and starch powder), the influx of foreign products has not abated, and the demand for such products has consistently outstripped supply for both domestic and overseas markets. What is perhaps more reprehensible, in the realm of processed foods, is the fact that there have been few significant advances in the processing, packaging, and manufacturing of new goods derived from our traditional products of sugar and rice.

Entrepreneurs in Guyana who are engaged in local agroprocessing are generally motivated by the identification of niche markets, particularly in the Caribbean and North America. The NDS suggests, however, that "greater emphasis ought to be paid on high valued products outside niche markets"; and that "market research ought to focus on off-season products in North America and Europe." It also claims that countries such as Mexico and Kenya have effectively utilised this strategy to export tomatoes to the USA, and vegetables to Europe, taking advantage of seasonal windows.

There is also much room for improvement in the forest products subsector. This is not to deny that the incidence of wood conversion in Guyana has increased significantly over the past twelve years or so, mainly in the expansion of plywood and furniture production and export. However, significant opportunities for the production of new types of wood-based panels (fibreboard, particle board), parquet flooring, wooden garden furniture, prefabricated wooden houses, and an assortment of wooden items (toys, coat-hangers, clothes pins, walking sticks, and wooden brushes) have not been grasped.

For several reasons, it is not easy to understand this failure to invest more significantly in the manufacture of forest products. First, the wood raw material for such activities is available in abundance not only in the forests, but also in the offcuts that are discarded by most sawmillers in Guyana as waste, and in the huge amounts of residues that result from the harvesting process. Second, in most instances, the technology to be employed is relatively unsophisticated. Third, the investment requirements for many of the proposed wood-manufacturing areas are generally not high. Fourth, the manufacture of some of the goods that have been listed above tends to reduce the overall unit costs of vertically integrated producers. And fifth, there is a captive market for these types of goods in the CARICOM countries. One has only to examine the Community's import bill for these commodities to appreciate its potential size.

Primarily because of the high costs of procuring metal products from overseas sources, metal fabrication and foundry and machine related production have been gaining momentum over the last decade or so. The major concentration in this subsector is on the manufacture of brass, iron castings, and pumps; and on the fabrication of equipment for the sugar, rice and mining industries. Although, in the past, most of the items produced were for the replacement of spares and for the repair of engine blocks and crankshafts, in more recent times companies have installed quite modern and sophisticated equipment and are manufacturing and fabricating top quality parts and components. There is little doubt, however, that the scope for the further development of this subsector is great. The leather subsector is not well developed. However, given the heavy incidence of livestock rearing in the Rupununi, this region can be seen as a potential area for the development of a leather industry in all its diverse forms (shoes, belts, bags, etc). Leather treatment facilities can be established quite easily and, with the relevant research and development programmes in place, the prospects for a dynamic leathercraft and related industries subsector should be bright. *(To be continued)*