



National Development Strategy

By **Kenneth King**

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Propelling the manufacturing sector

The two most impressive subsectors of manufacturing, both in terms of their efficiency, and their contribution to the growth of the country's economy, are perhaps those devoted to marine products and beverages. The marine subsector, which has been a cornerstone of the economy for a number of years, includes plants for the processing, deep-freezing, packaging and storage of prawns, seabob, and some finfish, most of which are exported to North America. The beverage subsector, which includes the distilling and/or manufacturing of soft drinks, beer, wines, and rum is becoming a more significant contributor to the development of the economy. It is also becoming more efficient because, in recent years, a greater degree of competition has been infused into the business with the two largest operators (DDL and Banks DIH) producing high-quality beverages of international brand names and standard. However, despite the undoubted progress which is being made, it is difficult not to conclude from this tour d'horizon of manufacturing in Guyana that the development of the sector has not only been haphazard and unplanned, but also that the available resources and market opportunities for growth have been largely ignored. Yet the rapid development of manufacturing is an essential prerequisite to industrialization, which in turn is a prerequisite for our rounded development. It is probably for these reasons that the authors of the National Development Strategy specifically suggest that "the overall roles of the manufacturing sector should be to enhance the vertical integration of principal resource-based sectors, and to produce a consistently more diverse and widening stream of goods." "This means", they assert, "not only expanding outputs such as millwork, furniture, doors and mouldings, veneer, etc and industrial diamonds, processed gold, polished semi-precious stones and jewellery; it also means reviving former traditions in sectors such as metal-working and textiles, building vigorously on the rich base of non-traditional agriculture to produce a variety of processed foods, and introducing over time the manufacture of entirely new products." Meeting these challenges, the NDS goes on to state, "would be crucial to Guyana's moving to a higher stage of development in the first decade of this country." Above all, the NDS recommends, that there should be both a grand design, and the wider utilisation of relevant and adaptable modern technology.

The strategy which the NDS proposes for the manufacturing sector is therefore multi-pronged. First, conditions should be created to ensure the competitiveness of the industry: the labour force should be intensively trained; mechanisms for industrial relations should be improved; there should be a more uniform and liberal tax regime; and a stable exchange rate should be maintained.

Second, two Export Processing Zones should be established, one in Demerara and the other in Berbice. Manufacturers who choose to locate their enterprises in these zones should be given tax concessions that are related to the value of their exports, free or low-cost land, and other facilities at nominal prices.

Third, corporate taxes on manufacturing enterprises should be further reduced in order to widen the existing differential between the manufacturing and commercial sectors, thus encouraging more investment in manufacturing.

Fourth, fiscal incentives for value-added export products should be put in place by way of export allowances.

Fifth, investors should be encouraged, through a package of incentives, to locate their manufacturing enterprises in certain areas of Guyana (for example, the Intermediate and Rupununi Savannahs; and Regions 1,2,7,8,9 and 10), in order to place industries closer to the raw materials wherever possible, to attain an equitable distribution of economic activity, and to occupy our hinterland.

Sixth, investors should be encouraged to establish townships within these areas, to facilitate the recruitment of personnel and to provide amenities to workers.

Seventh, the duty/consumption tax rates should be zero on a wide range of machinery and equipment, and on most raw materials imported by manufacturers.

Eighth, there should be accelerated allowances for capital expenditure, depending on the rate of expenditure incurred

And finally, the NDS, as part of its strategy for the development of the manufacturing sector, draws attention to the fact that too often in discussions of industrial policy little or no consideration is given to the possible role of hinterland communities, including the Amerindians. The NDS suggests that more balanced regional development, wherever it makes financial sense, would have the advantage of generating more stable employment and lowering the incidence of poverty in the hinterland, and urges that such development should be based on small-scale manufacturing and agro-processing. Moreover, it is quite certain that the completion of the all-weather road to Lethem, and the lifting of restrictions on private air services, should be essential ingredients of the policy, and that the potential of the Rupununi, especially in vegetables and livestock products, should be integrated into the rest of the economy.

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