

THE GUYANA RICE INDUSTRY

The Rice Industry of Guyana has been in existence for over a century, starting with the production of a wetland variety called “*Carolina Gold Rice*”. Furthermore, rice has been an exportable product since 1903 when five tonnes valued G\$288 were exported.

Rice production occurs along the coastal belt of Guyana, utilizing in excess of 180,000 acres of land per annum.

The Industry has become one of the economic cornerstones of this country. It is second to sugar as the most important agricultural industry, contributing approximately 20% of the agricultural GDP and 12% of export earnings. In addition, in excess of 12,000 farmers are involved in rice production and the industry benefits approximately 20% of the population.

The importance of the Industry cannot be emphasised any less. Rice production has increased from a 171,000 metric tonnes (rice equivalent) in 1992 to an all time high of **365,000** metric tonnes in 1999. Furthermore, rice exports (Guyana exports up to 70% of its production) have increased tremendously from 115,000 metric tonnes to over 251,000 metric tonnes for the same period, with earnings doubling to approximately US\$92 million.

PRODUCTION

Rice in Guyana is produced under a highly mechanised system. Large wheeled tractors are used for land preparation, which includes ploughing, harrowing and puddling. The crop is direct seeded using pre-germinated seeds sown onto flooded fields. The seeds are sown manually or aircraft. Aircraft are also used for fertilising and for pest, disease and weed control. Harvesting is done by combine-harvesters and the paddy transported in bags or in bulk to the mills. There are two crops for a year with the first harvest between February and May and the second between September and December.

The processing of paddy into rice is undertaken in the 105 mills located throughout the rice belt. The smaller mills produce rice mainly for domestic consumption whilst the larger mills concentrate mainly on exports.

RICE RESEARCH STATION

Research on rice production at the public level in Guyana comes under the responsibility of the Guyana Rice Development Board (GRDB). In the early 1990s the GRDB took over the research station located at Burma and developed it for rice research and seed production purposes. The station currently has eight scientists engaged in research in the areas of breeding, agronomy, plant pathology, and entomology. The research program includes experimental plot and field trials at the research station in addition to field trials at selected farm sites. The research team engages in farmer field demonstrations and field days to exhibit and explain their research findings to the rice farming community. Over the recent past the research station has recommended several new production technologies, including the release of new varieties.

The Research and Education Center's programs are characterized by the following:

1. To development and release of high yielding, blast resistant varieties.
2. To conduct across the rice growing areas in Guyana Rice Research Verification Trials.
3. To produce management packages for all varieties.

STRATEGIC PLAN FOR THE RICE INDUSTRY

In 2001 Guyana Rice Development Board with the funding from the IDB and National Stakeholders developed a Strategic Plan for the Rice Industry.

Vision

In the Rice Industry Strategic Planning, key stakeholders developed a vision statement – a compelling, conceptual image of their collective sense of what is important to the future of their industry. Key stakeholders collectively developed the following 10-year vision for the rice industry of Guyana:

An integrated, sustainable, and profitable industry producing and marketing rice for the benefit of all Guyanese.

Mission

To support this vision, key stakeholders developed the following mission statement to explain the purpose of the industry, its products, and whom it serves,

To efficiently utilize the resources of Guyana to produce and market high quality rice and rice by-products as a staple food for local and international markets while providing employment and foreign exchange earnings.

MARKETING OF GUYANA' S RICE

Guyana is a major exporter of rice and has preferential access to two markets. An analysis of the exports for the past eight years (Table 1 shows Guyana's export for the period 1991-1998 by destination) shows that Guyana's traditional exports were the European Union direct and via the Other Countries & Territories (OCT) and Caricom. Because of the changes in the OCT trading rules, Guyana's export outside of these markets was a significant share of the total exports in 1997 and 1998, 22% and 24% respectively.

The EU market:

Guyana shares part of the African, Caribbean, and Pacific (ACP) quota of 125,000 tons of rice and 20,000 tons of brokens. This quota benefits from a 65 % EU levy deduction; prior to 1998 it was 50 % (the levy reduction was granted in July 1998 but was retroactive to January 1, 1996). Suriname is the only other major exporter of rice in the ACP group. Rice was also traded via the OCT to the EU.

In addition to the ACP "direct quota" there is the ACP/OCT quota. This quota is for rice produced in an ACP State that is processed in an OCT states that would be eligible for levy free access into the EU. This quota provides a "loophole" into the EU markets during the period 1991-1996. This increases the demand for Guyana rice, raising the FOB price between US \$80-US\$100 per metric ton. This OCT trade was ended when the Italian Government supported by most of the other EU members forced the EU to change its policy. The Cereals Management Committee of the EU has made some changes and has come up with a combination quota for all rice from the ACP and OCT countries. The 1998 quota for rice from the ACP to the EU was divided into the following:

1. ACP direct quota of 125,000 Metric Ton of husked rice equivalent.

This was divided into three tranches:

January 41,668 Tons

May 41,666 Tons

September 41,666 Tons

2. ACP direct quota of 20,000 Metric Tons of broken rice.

This was divided into two tranches:

January 10,000 Tons

May 10,000 Tons

3. The OCT quota of 35,000 Metric Tons. This quota was granted in January and the amount that was not utilized was granted in May.

4. A combination of OCT and ACP quota. Any ACP "direct quota" that was not utilized at the end of each tranche was available under this combination, and could have been applied for and shipped to the EU via the OCT.

ACP-EU RELATIONSHIP

Guyana as part of the African, Caribbean, and Pacific (ACP) group benefits from the Cotonou agreement on preferential market access to the European Union (EU). For some 27 years the ACP countries enjoyed the greater preferential access to the EU market, compared with the rest of the EU trading partners. Although this agreement will come to an end in 2008, the non-reciprocal trade preference may be retained for a transition period. However with the EU adopting Agenda 2000, they are implementing more compatible WTO programs. As a result of the Uruguay Round of GATT and the structure of the trade with the ACP, it is estimated that the preference will be reduced by approximately 30 %. At the same time the overall preferential margin enjoyed by the ACP on the basis of the present regime will be 2 to 2.5% in relation to the Generalized System of Preferences (GSP) of WTO. The preferential margin for agricultural product remains significant, although in 2000, 50% of exports will no longer enjoy preference, while other products will only have a margin of preference of some 10%. The recent WTO arbitration decision on the EU banana imports, along with the reform of the common

market organization have resulted in adding more pressure on the Community for more GATT compatible trading rules.

Derogation from Article I of the GATT to implement the New ACP-EU Partnerships Agreement –The Cotonue Agreements was obtained at the WTO meeting in Doha, but only for a short transitional period (up to 2008) that would have to be used to make the regime compatible with WTO rules. Therefore it is reasonable to assume that the impact of the EU Agenda 2000 for trade with ACP states will cause a loss of export earnings for the ACP countries. This impact will not only affect the trade between EU and ACP, but the global trading pattern as well. Other changes anticipated include the following:

- Implementation of GATT trading rules
- The changes in NAFTA
- Free Trade Areas of the Americas (FTAA)
- All bilateral negotiations such as Mercosur – Andean Community, Caricom-Dominica Republic, Caribbean Basin Initiative, etc.

Thus, when the new EU-ACP partnership agreement is implemented in March 2000, the total value of the European market access arrangement will no longer give significant advantages to exports from ACP countries.

Caricom market:

Guyana as a member of this trading group benefits from a common external tariff (CET) that is applied to rice imported into the region from non-members. The CET for rice in 1999 is at 20%. Guyana's major market in this region is Jamaica, because it purchases mainly milled white rice. The extended Caricom that includes Cuba and Haiti, are some of the best prospects in the region. The average imports for the last ten years (1988 to 1997) for these two countries were in excess of 300,000 and 100,000 tons, respectively.

Trinidad and Tobago a large importer of rice, consumed mainly parboiled rice, and Guyana, traditionally a producer of white rice, have some problems in accessing that market. The other small island states are also traditionally mainly parboiled consumers, but fulfilled their white rice needs from Guyana.

Of importance to Guyana is the admission of Suriname to this regional group as a full member. Suriname, being an exporting country, can now benefit from the protection of the common external tariff for the region and export to some of Guyana's traditional markets, such as Jamaica. See Appendix B for distribution of exports for 199 – 2001.

ORGANISATION IN THE RICE INDUSTRY

The Guyana Rice Development Board (GRDB) established in December 1994 is responsible for co-coordinating all the activities of the rice sector and has direct responsibility for research and extension, seed production grading and quality control. GRDB works very closely with two organizations that directly involved in the rice industry – the Guyana Rice Millers and Exporters Development Association (GRMEDA) and the Guyana Rice Producers Association (RPA).

GRMEDA members are mainly millers, exporters, financial institutions, input suppliers and shippers. While, the RPA members are mainly farmers. The RPA is one of the oldest NGO in Guyana, being established in 1946 with the objective of promoting the interest of rice producers.

THE FUTURE OF GUYANA'S RICE INDUSTRY

The industry has the potential to almost double its production. This can be achieved by increasing yields from its present level of 4,200 kg/ha to over 6,000 kg/ha and by bringing additional acreage under production. The country has large acreages of fertile lands suitable for rice production, which can be brought under cultivation once the infrastructural works are put in place. Adequate irrigation water is available through the use of the many large rivers. As a matter of fact Guyana may be one of the few exporting countries that can bring new lands into cultivation. With an increasing in the world's population and farms are making way for housing, Guyana see this as one of the important advantage for the future.

The Rustic variety has been the main commercial variety for the last 25 years. Its extra long grain (over 8mm), its good milling yields and good cooking qualities, make Guyana's rice readily acceptable on the export market. Within the last two-year, three

new varieties - BR240, F710 and BR444 have been released to rice farmers. These varieties are similar to the Rustic variety and are resistant to blast disease, are high yielding with good milling and cooking qualities.

Since most of the new markets that Guyana now supplies rice to, require a long grain rather than an extra long grain variety, research efforts have now taken this into consideration and is concentrating in this area.

The industry has developed its parboiling facilities and can now export parboiled rice in addition to cargo rice, white rice, broken and bran. As a matter of fact Guyana will soon be able to supply all of the parboiled rice needs for the Caribbean.

In our transition to new markets, especially those in South America, we were forced to export paddy in order to access these markets. However, the exportation of paddy should only be a short-term measure, since it takes away from Guyana the chance of benefiting from any value added conversion of the paddy into other rice products.

CONCLUSION

Guyana's Rice Industry is potentially the most dynamic force in the nation's economy and has been able to create a rapid and positive change in the fortunes of the nation's rural farming community and the economy of the country.

Because the world's population continues to increase at an alarming rate and since rice is the staple diet for the majority of its people, there will be a steadily increasing demand for rice on the world market. Since Guyana has large amounts of undeveloped arable land that can be brought under cultivation, thereby increasing its rice production dramatically, its rice industry has a bright and encouraging future.

To enable Guyana to continue to be sustainable it should be equipped to deal with the new and innovative technical barriers to trade, such as; residual chemical levels, aflatoxin etc. To date Guyana is not equipped with the capacity, both human and institutional to conduct any assessment as it relates to the traceability or the residual levels of chemicals used in production.