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THE IMPACT OF GUYANA MARKETING CORPORATION ON
AGRICULTURAL DIVERSIFICATION IN GUYANA

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One can describe the impact of the Guyana Marketing Corporation on agricultural diversification as encouraging but not outstanding. The Corporation has contributed to a raising of price levels and to a dampening of the fluctuation of prices from season to season. This beneficial impact on farm incomes should be felt directly in the many districts in which the G.M.C. carried out buying operations and indirectly on the whole fresh foods market.

In the context of Guyana diversification means reducing our dependence on sugar and rice. In recent years sugar and rice contributed about one-fifth of Gross Domestic Product, while Other Agriculture, together with Fisheries and Forest Products contributed about one-tenth. Diversification also means the deployment of resources in Agriculture with the objective of distributing among the farmers an increasing part of the \$36 million spend outside the Caribbean Free Trade Area (CARIFTA) on imported food.

In August 1967 the Guyana Marketing Corporation visited the main food supply area, the Pomeroon, and had discussions with farmers. These producers were afterwards invited to send representatives to a three-day Conference in Georgetown with the Board of Management. Over these three days important decisions were taken with regard to the list of commodities for which Guyana Marketing Corporation would guarantee a market and with regard to prices to be paid to farmers. The agreed prices are shown in Table 1.

These decisions were afterwards discussed with farmers from the Essequibo Islands who agreed to them. At these meetings the farmers sought a solution to one of their major grievances -- the sudden reduction of prices without notice. It was agreed that one month's notice of price reduction should be given by the Corporation. Farmers afterwards agreed to a three-week notice in cases of heavy supply.

Formerly the policy was that the G.M.C. would buy the new commodities only when it was convenient. The prices for these commodities tended to be depressed, because in relation to them the private hucksters were in a very strong position since the farmer could not use the prices offered by a Central Buyer against him. The traditional pattern is that the farmers used the pre-Corporation (1964) guaranteed prices to bargain with the huckster who before World War II was his main outlet. This factor is still present in the fresh foods market today.

In order to prepare the farmers for diversification Guyana Marketing Corporation held a Farmers' Agricultural Marketing Conference in 1968. The farmers expressed strong criticism of central marketing arrangements as well as of the agricultural services. They acknowledged the usefulness to them of the expanded buying list, but put up arguments for higher prices. Agreement was finally reached. At this Conference the Crop Marketing Contract was fully explained to farmers and thoroughly discussed. A resolution was passed declaring their acceptance of the Contract System of buying.

At the same meeting a National Marketing Committee was appointed to advise the G.M.C. on prices and other marketing arrangements. This Committee met and advised the Board on the prices for the Crops Contract which is now in force. The involvement of farmers in discussion of what prices they should be guaranteed was a new arrangement which involved farmers in the marketing system.

Table 2 merely suggests that for crops already in the farmers' production programmes, G.M.C. provided better average annual prices and therefore removed them from the area of depressed prices. This was particularly true in the case of bananas, limes, tangerines and golden apples. The farmers, advised by extension officers, had taken their own decisions about diversification. It was the marketing system, or lack of system, that had defeated them and slowed down the impact of diversification.

There are three known cases in which G.M.C. has had a positive impact on crop diversification (see Table 3).

From the point of view of producing for the market these are relatively new crops for the Guyanese farmer. The increased trends in their production can be traced directly to incentive prices paid by the G.M.C. from 1967 onwards.

Contract System

Another means by which G.M.C. has sought to aid and facilitate the diversification of agriculture is the contract system. The items which can be contracted are plantain, oranges, grapefruit, onions, carrot, cabbage, peanuts, castor oil, red kidney beans, potatoes, water melons, eddoes, tannias, cocoa, ochroes, yams, dasheen, blackeye peas, corn, sweet potatoes, pigeon peas, pineapples, limes, bananas, black pepper (cayenne), coffee beans, and tangerines.

The aim of the contract system is to help farmers to see their security as being bound up with diversification. Another aim of G.M.C. was to move away from crops of higher perishability, for reasons that should be clear. For this reason tomatoes, although receiving a minimum current price of 25 cents per pound for the "cooking" variety and 40 cents per pound for the "table" variety, are not yet a contract item.

The contract system offers a number of benefits to the farmer:

- (a) he is certain that his deliveries will be accepted. (This is not a new benefit as all farmers' deliveries with the exception of a quota on sour fig bananas, are accepted.)
- (b) he receives a contract minimum price which is higher than the current market price;
- (c) he is given a guarantee against any reduction of price below the contracted minimum;
- (d) he receives an increased price during scarce periods to compensate the farmer in part for what he could lose by not choosing to sell on the open market;
- (e) together with a standing order and possibly other commercial paper, he has open to him the possibility of short term credit.

In another way G.M.C. has an effect on consumer choice and thus indirectly on diversification. By its policy of keeping consumer prices reasonable it has probably increased the consumption of domestic vegetables, thus at least slowing down the rate of increase of food imports.

One of the principal objectives of agricultural policy in Guyana is the diversification of crop production by introducing new crops, both for domestic consumption and the export market. It is by no means a new aspiration. Critics point to lack of diversification as one of the major failures of the colonial agricultural policy and a plank in the programme of all reformers.

The diversification programme depends on a number of factors, of which marketing is a major one. For a diversification programme to be successful there is also a need for research, extension services and credit.

When research, extension and credit are combined with marketing the best results for diversification are obtained. In the new co-operative farm in the hinterland production of new crops has been possible because these factors were combined. The Guyana Marketing Corporation has declared itself ready to accept whatever is shipped to it and to pay the air freight on all the shipments.

With further improvement of the marketing infrastructure there can be sustained success in the diversification programme.

Table 1 Guyana: Produce Guaranteed Purchase by Guyana Marketing Corporation Before and After August, 1967

Commodities	Guaranteed Purchase Prices	
	Before August 1967	After August 1967
	(..... cents per pound)	
Plantain : Grade A	4	-
Grade B	3	n.a.
Oranges : Grade A	2	3
Grade B	1.25	2
Grade C	0.75	1
Grapefruit: Grade A	2	3
Grade B	1	2
Eddoes	2.50	4
Sweet Potatoes	4	
Tannias	4	
Cassava : Sweet) 1.50	4
Bitter		2
Corn	6	
Yams	4	
Coffee : Grade A	n.a.	45
Grade B	n.a.	40
Peanuts	24	34
Cabbage	17	25
Onions	8	n.a.
<u>New Commodities:</u>		
Dasheen		4
Bananas		6, 3.50, 3
Tangerines		1.50 per 100
Limes		8 per pound
Lemons		1.50 per 100
Sapodilla		
Melons		4
Golden apples		4
Mangoes		
Avocado pears		
Cucumbers		8
Tomatoes		25
Pumpkins		3
Squash		4
Cabbage		25
Carrots		
Pepper		
Blackeye peas: Grade A		28
Grade B		26
Ginger		15
Dried shrimp		90
Starch		17
Cassareep		

Table 2

Guyana: Produce Purchased by the G.M.C., 1964-1969

Commodity	Average for 1964-1966	1967	1968	1969
	(..... pounds)			
Bananas ...	9,000	148,000	719,000	1,422,967
Tangerines .	-	-	-	257,553
Limes	25	33,642	49,521	56,763
Lemons	33	13,641	27,316	28,409
Golden apples	-	-	17,236	46,010
Tomatoes ...	2,500	13,339	73,130	29,693
Pumpkins ...	75,000	119,000	841,000	570,000
Squash	-	1,917	-	92,000
Cucumbers ..	-	13,000	73,000	29,000
Peanuts ...	250	4,000	48,433	20,000
Cabbage ...	80	13,478	12,700	25,102
Pepper	-	-	-	24,000

Table 3

Guyana: Impact on Crop Diversification by G.M.C., 1964-1970

Year	Tomatoes		Peanuts		Cabbage	
	Area Planted	Production	Area Planted	Production	Area Planted	Production
	(acres)	('000 lb.)	(acres)	('000 lb.)	(acres)	('000 lb.)
1964 ...	346	1,200	n.a.	n.a.	60	320
1965 ...	435	1,500	n.a.	n.a.	64	385
1966 ...	450	1,800	n.a.	n.a.	101	484
1967 ...	582	3,100	n.a.	n.a.	91	464
1968 ...	224	3,048	30	30	117	585
1969 ...	798	3,143	58	63	148	698
1970 ...	895	3,500	74	75	130	650