

INITIATIVES TO COMBAT FOOD PRICE RISES IN GUYANA



Ministry of Agriculture
GUYANA

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GUYANA
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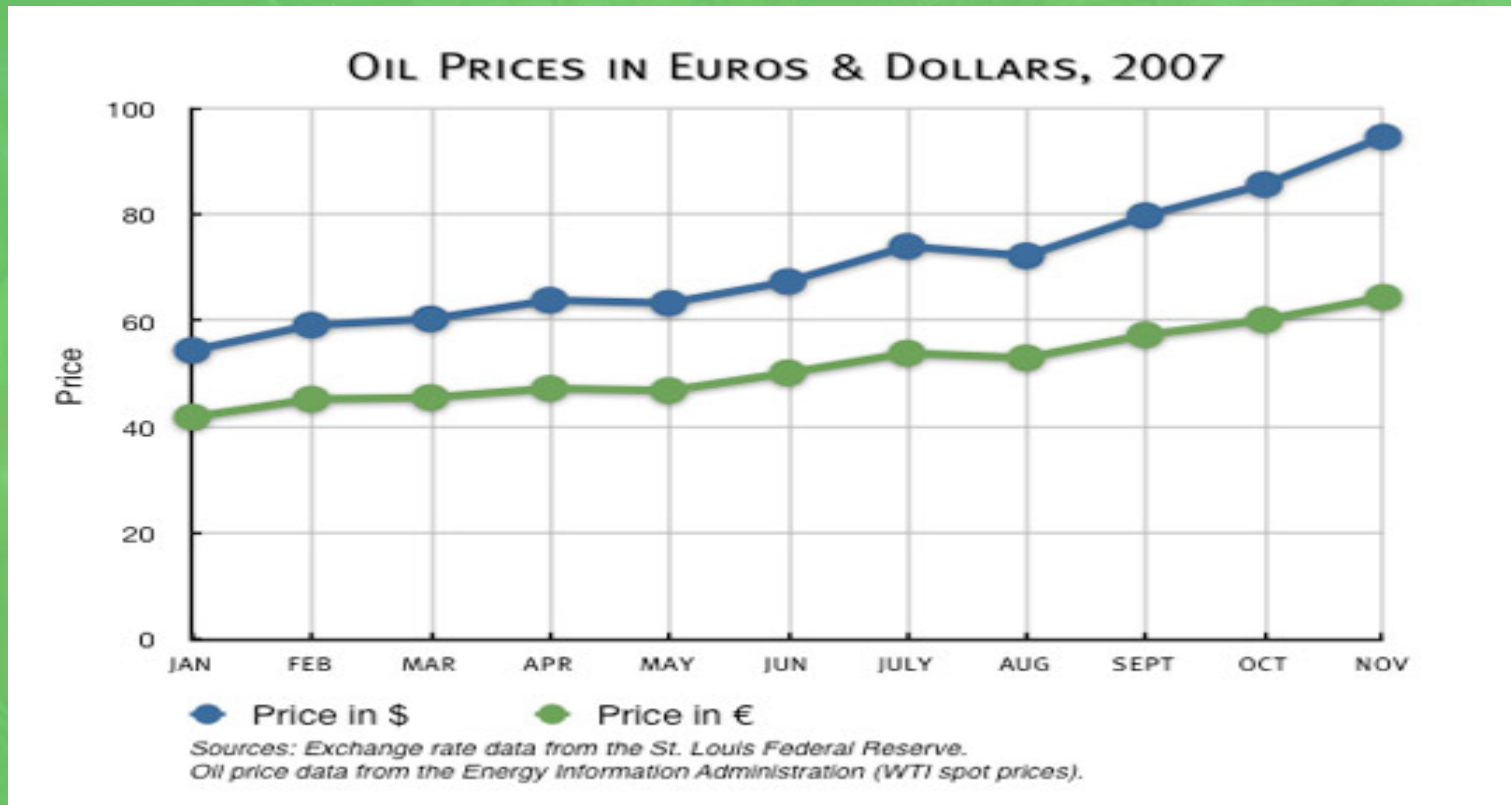
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- Causes of global food price rises
- Guyana's situation
- Initiatives by Government of Guyana (short, medium and long term)
- Initiatives by other Caribbean countries



CAUSES OF GLOBAL FOOD PRICE RISES

Rising Oil Prices



BBC website

<http://news.bbc.co.uk/2/hi/7284196.stm>

29 May 2008

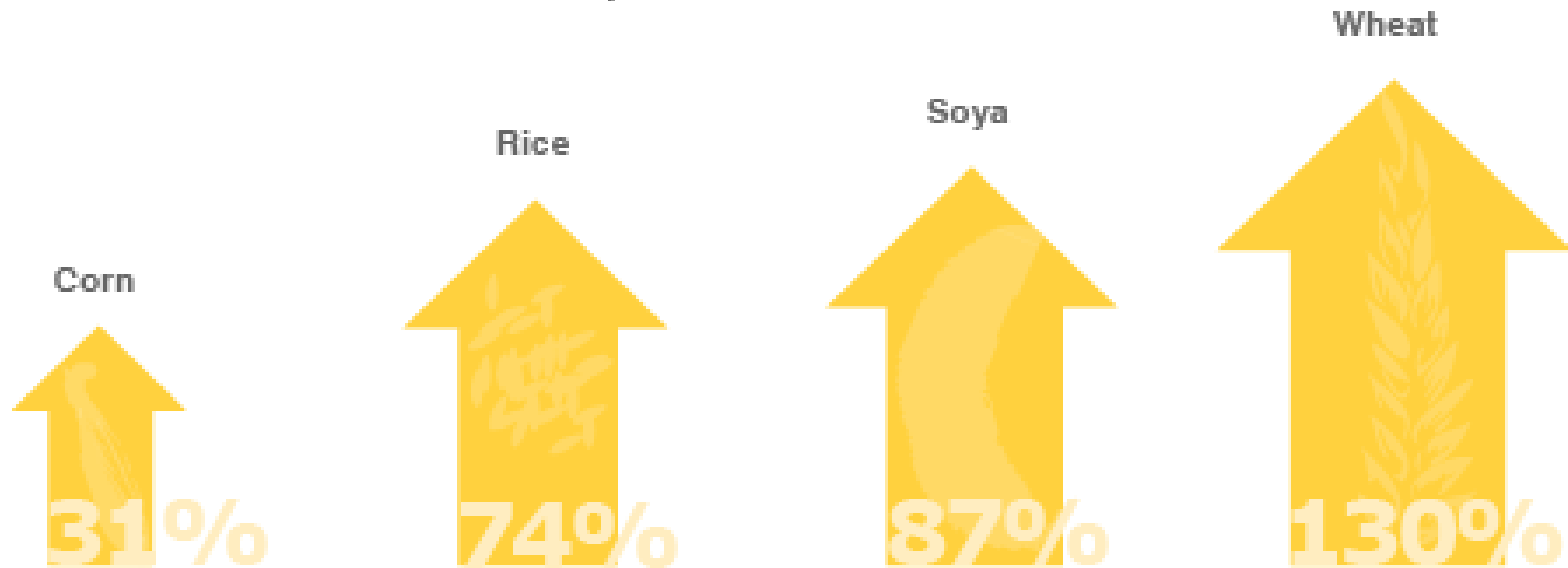


- The rise in international prices of oilseeds and oilseeds products has accelerated in 2007/08, with values climbing to new record levels in March 2008 (FAO)
- World Crude Oil Price has come down from its peak of US\$ 150 a barrel to US \$115 per barrel (BBC 8 August 2008)



Rising grain prices

PRICE RISES IN A SINGLE YEAR, MARCH 2007-MARCH 2008



SOURCE: Bloomberg, except rice: FAO/ Jackson Son & Co

BBC website

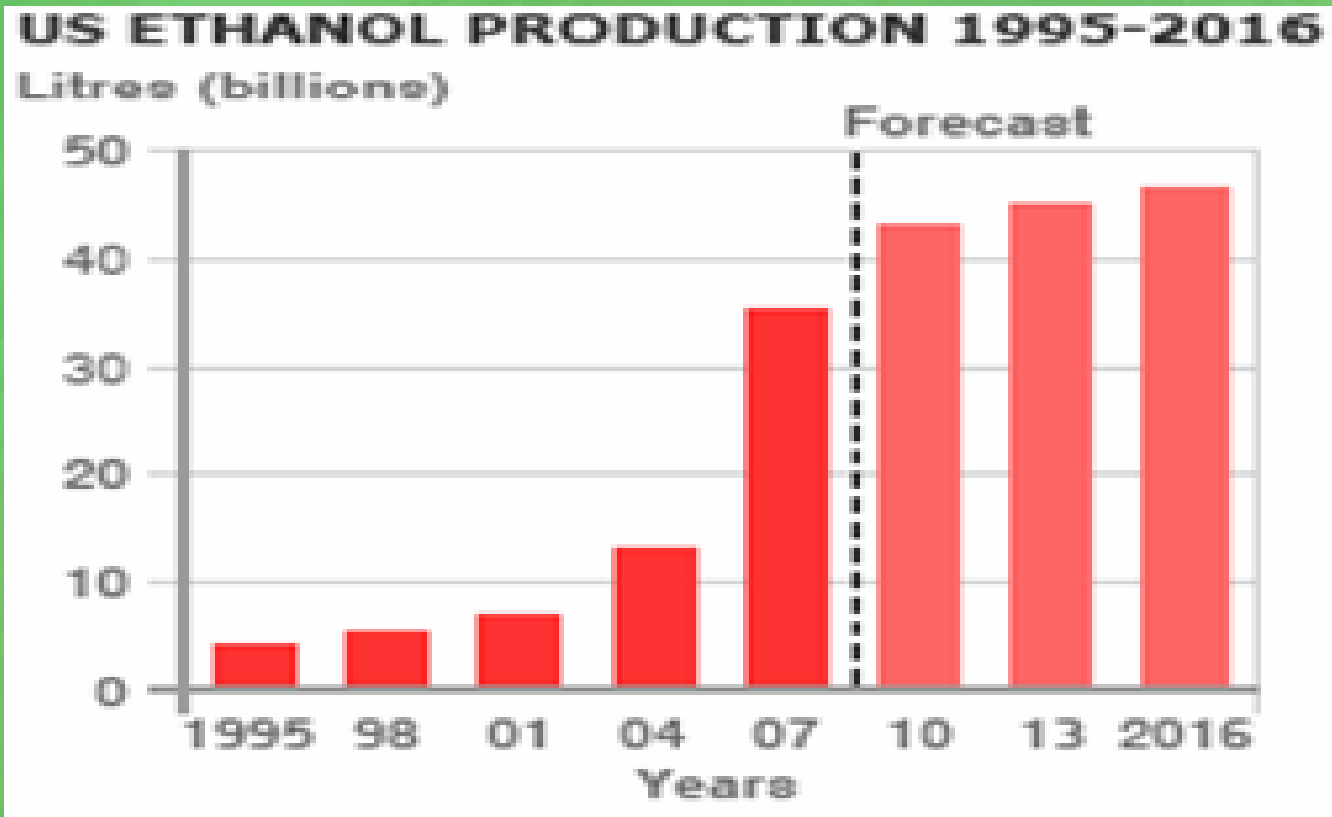
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The World Bank estimates that food prices have risen by 83 % in 3 years



Ethanol Production



Source: FAO/ERS

BBC website

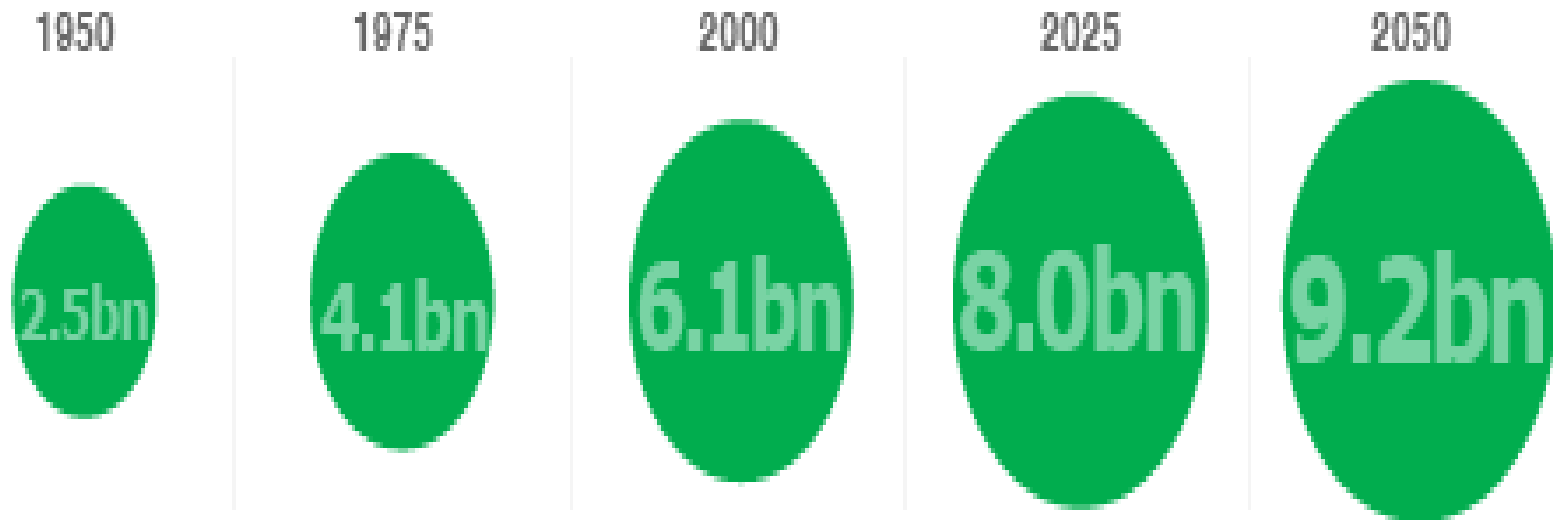
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Population growth

WORLD POPULATION GROWTH



SOURCE: UN

BBC website

<http://news.bbc.co.uk/2/hi/7284196.stm>

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Growing middle class

CHANGING EATING HABITS

Meat consumption in China per capita:

1980



2007



Source: FAO

BBC website

<http://news.bbc.co.uk/2/hi/7284196.stm>

29 May 2008



GUYANA BACKGROUND

- Guyana is a multi ethnic country
- Land mass – 83,000 sq mls (215,000 sq km)
- Population – 752,000
- Rural – urban ratio – 70/30
- Guyana economy well endowed with:
 - Fertile agriculture lands;
 - Available fresh water;
 - Range of diversified mineral deposits;
 - Significant acreage of tropical forest;
 - Rich and exclusive economic fishery zone;

Location of GUYANA in World Map



www.mapsoworld.com



Map not to Scale

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BACKGROUND STATS 2007

- Agriculture - 32% GDP, 37% export earnings
- Employs about 1/3 of the labour force
- Guyana enjoys food security (only country in CARICOM)
- Main agricultural exports:
 - Sugar - US\$ 137 million;
 - Rice – US\$ 55 million;
 - Forestry – US\$70 million;
 - Fish Products – US\$65 million;
 - Other Crops & Livestock – US\$7.5 million.



GUYANA'S SITUATION

- Local food price rises since October 2007
- Rice (gal)– 88%
- Flour (lb) – 22%
- Meat (lb) – 149%
- Dairy (fresh milk per pt) – 26%



INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES



SHORT TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Monitoring of exports and tracking of food supply through the New Guyana Marketing Corporation (New GMC)
- **Reason for measure**
 - To ensure availability of food countrywide
- **Expected outcome**
 - Adequate supply of food for the population
- **Difficulties**
 - The need to enhance capacity of New GMC to enhance data collection and analysis



SHORT TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Removal of VAT on a number of food items including all items in the essential food basket
- **Reason for measure**
 - To decrease food prices without using price controls
- **Expected outcome**
 - To reduce food prices while preserving the cultural taste of the Guyanese population



SHORT TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Reduction of excise tax on diesel (to 0%) and gasoline
 - No taxation on kerosene and cooking gas
- **Reason for measure**
 - To reduce costs of production and reduce impact of rising global oil prices
- **Outcome achieved**
 - Production costs in the agriculture sector have reduced



SHORT TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measures**
 - Approximately \$200 M flour subsidy
 - Non-restriction on the importation of flour
- **Reasons for measure**
 - To cushion the impact of increased flour prices
 - To stabilize prices & attract quality flour in the domestic market
- **Outcome achieved**
 - Vulnerable groups have benefited
 - No shortage of flour supply
- **Difficulties**
 - Funding constraints does not allow all rural poor to benefit



MEDIUM TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Launch of “Grow More Campaign”
- **Reason for measure**
 - To increase local production to meet local & int’l demands
- **Outcome Achieved**
 - Increased incomes for farmers
 - Increased export earnings
 - Enhanced supply and greater price stability
- **Difficulties**
 - High transportation costs
 - Inadequate storage facilities
 - Need for more extension staff



MEDIUM TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Improved Technology
- **Reasons for measure**
 - To increase profitability
 - To reduce farming risks
 - To increase production
- **Expected outcome**
 - Greater efficiency
 - Greater economies of scale
- **Difficulties**
 - New technology is costly
 - Need for increased training for farmers



LONG TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - US \$6M READ Project
- **Reason for measure**
 - To strengthen intermediary service providers, institutions whose services add value to production & marketing systems and increase rural welfare
- **Expected outcome**
 - Will target some 5,200 rural households countrywide
 - Better access to financial & capital access
 - Increased training



LONG TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - US \$21.9M ADP
- **Reason for measure**
 - To contribute to the increase of Guyana's export growth rate & reduce its volatility
- **Expected outcome**
 - Increased Non- traditional exports
 - Increased access to foreign markets
 - Increased private investment in non-traditional agribusiness sector
 - Enhanced food safety
 - Increased agricultural productivity



LONG TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Identification of new lands for increased production in feeds and other crops
- **Reason for measure**
 - To increase supply countrywide
- **Outcome Achieved**
 - Land leases for food production projects were approved e.g. In the month of May there were more than 200
 - 57, 875 acreage of new lands were made available for rice cultivation



LONG TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Increased Agro processing
- **Reason for measure**
 - Many opportunities exist for value-added products
- **Expected outcome**
 - Increase in farmers' income
 - Increased export earnings



LONG TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Increased Investment in Drainage & Irrigation
- **Reason for measure**
 - Need for improved water management & control since this is critical to agricultural production
- **Expected outcome**
 - Enhanced water management
 - Small farmers will benefit
- **Difficulties**
 - Maintenance is costly



LONG TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Project proposal for FAO's US \$20M Grant
- **Reasons for measure**
 - To improve farmers' access to agricultural inputs & services
 - To provide support mechanisms to improve agricultural productivity
- **Expected outcome**
 - Increase in crop production by 10%
 - Reduced spoilage and wastage of perishable produce
 - Increase in farm incomes by at least 20%



LONG TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Enhanced extension service
- **Reasons for measure**
 - To increase the competitiveness of Guyanese products
 - New marketing opportunities for farmers
 - No local supply shortage
- **Expected outcome**
 - Greater efficiency
 - Increased profits for farmers
 - Greater viability of farms



LONG TERM INITIATIVES BY GOVERNMENT OF GUYANA TO COMBAT RISING FOOD PRICES

- **Measure**
 - Agro-Energy/Bio Fuel
- **Reason for measure**
 - To reduce oil & diesel dependence
- **Expected outcome**
 - Agricultural production costs decrease
 - Environmental benefits are recognized



INITIATIVES BY CARICOM TO COMBAT RISING FOOD & FUEL PRICES



INITIATIVES BY CARICOM TO COMBAT RISING FOOD AND FUEL PRICES

- An expert CARICOM team on Sanitary & Phyto-Sanitary measures has been established to facilitate increased inter-regional trade
- Member states will continue to implement national measures to contain prices without compromising macro-economic stability
- Member states will intensify social interventions



INITIATIVES BY CARICOM TO COMBAT RISING FOOD AND FUEL PRICES

- Food production – Government of Guyana has offered to grant member states access to land for the pursuit of agricultural production
- Efforts are being made to increase the regional content in food consumption



INITIATIVES BY CARICOM TO COMBAT RISING FOOD AND FUEL PRICES

- The Leaders have pledged to intensify efforts aimed at developing renewable energy
- Further research & analysis are to be done on the issue of rising cost of living & poverty in member states
- A major consumer public education campaign is to be undertaken



- Guyana has implemented a number of short, medium and long term initiatives
- We are also working inter-regionally with CARICOM members
- We are confident that these initiatives and other combined efforts will be able to successfully cushion the effects of rises in the global food prices



Thank You