

Proposal to assist farmers in getting reasonable price of paddy discussed

NAY PYI TAW, 23 March – Four Hluttaw representatives discussed the proposal approved to be discussed to assist farmers in getting reasonable price of paddy, submitted by Dr Banya Aung Moe of Mon State Constituency-7, at today's Amyotha Hluttaw session.

First, Wunna Kyaw Htin U Win Myint of Sagaing Region Constituency-3 discussed that he is the chairman of the Union of Myanmar Federation of Chambers of Commerce and Industry. Regarding the first point, he explained that in the nations practising market-oriented economic system, governments do not interfere directly in the price rates of crops and commodities. Both government and private sector cannot control market prices that change according to the nature of supply and demand. But, if there are cases of monopolization and sudden fluctuation of prices in the market, government organizations concerned and merchants associations usually take control of them in line with the administrative means and laws.

In neighbouring nations, buffer stock system is adopted for important goods. If there is price hike, part of the buffer stock is sold and if sudden decrease happens, crops of farmers are purchased at reasonable price to cover the production cost. There is another system as well, in which the minimum price is fixed for farmers so that they cannot experience any losses.

However, ways and means have to be sought to be in conformity with the conditions of own nation.

When it comes to prices of foodstuff including rice, global demand and prices have increased after 2007-2008. As a result, Myanmar has been able to extend exports of rice and beans and pulses year by year. Increased price in the global market is an attraction for farmers to try to boost cultivation. Yet, coordinated measures have to be taken sometimes as unprecedented increase in prices can affect the public consumers. Extended exportation of rice and beans and pulses at present is due to the efforts made in the form of public private partnership.

Progress of today's global nations have achieved is thanks to the adoption of export led economic growth model. If there is more public private partnership, exportation can be boosted and farmers will get benefits.

The second point of the proposal states that government's assistance is necessary for products of farmers to be able to get good price in the global market.

For the penetration into the global market, the government is creating opportunities for merchants by making coordination with Myanmar embassies in foreign countries, foreign embassies in the country, international organizations and merchants associations and holding trade fairs and meetings. Farmers, brokers from other towns and merchants on their part are to work hard for boosting crop cultivation. Now, assistance is being rendered to farmers under the programme of public private partnership to increase the quality of two major agricultural products – rice and beans and pulses.

Dr Banya Aung Moe said it is no longer necessary to make any other proposal as efforts are being made under the public private partnership programme.

U Tun Zaw (a) Ko Pauk of Bago Region Constituency-12 in his discussion said concerning the matter of getting good price in international market, in the market economy system, prices are fixed by the market. Crops produced from own country can get good price only if they can seek market in competition with those of other nations in the global market.

Nowadays, modern machines and equipment are being used to produce quality rice. For paddy, a raw material, quality paddy strains are bought. Hence, it is necessary for farmers to grow quality strains in order to get good price. By milling quality paddy, quality rice will be produced and it can be competitively sold in the global market.

As to the second point, he said according to Article 23 (b) of the 2008 Constitution, it is prescribed that the State shall assist farmers in getting reasonable prices of their crops. So, it is not necessary to discuss this point separately.

U Naing Tun Ohn of Mon State Constituency- 5 said boosting agricultural production calls for good cultivation methods, modern equipment, cultivable land, enough capital and manpower.

Agricultural production will decrease when farmers change their profession if they do not earn enough from their crop production.

It is necessary for farmers to enjoy food security, boost production and improve income. So, he said he seconded the proposal.

U Kyaw Thein of Mon State Constituency-4 said if farmers increase their income, their capital will increase, thereby contributing to national income. If there is increase in exports, more foreign exchange will be earned. As the majority of the people are farmers, their improved income will contribute to development of other economic sectors. Therefore, he seconded the proposal, he said.

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In his discussion, Minister for Commerce U Tin Naing Thein said as to the proposal, it will be complete only when the Ministry of Agriculture and Irrigation responsible for boosting agricultural produce and the Ministry of Commerce responsible for trading make clarifications.

So, he himself would made clarifications of the two ministries, added the minister.

The aim of the Ministry of Agriculture and Irrigation is to boost agricultural production. With the boosting of agricultural produce, income of farmers will improve. The aim is being realized in two ways – extension of cultivation acreage and per acre high yield. In the time of the ruling government, more 19.88 million acres of land have been reclaimed. For per-acre high yield, research has been done and the research department and Myanma Agriculture Service are distributing new quality strains. To extend irrigated acreage, dam and river-water pumping projects and underground tapping water tasks have been and are being implemented. Cultivation capacity has increased from 120 % to 172 % contributing to improved income of farmers. Research on new strains has led to high yield.

For example, the first cotton strain produced 350 viss. But Ngwechi-6 cotton can produce more than 1600 viss.

However, there were reports that a viss of cotton formerly sold for K 1000 could get only K 500. In order to keep up the spirits of farmers, A&I Ministry bought a viss of cotton for K 1000. So did the Ministry of Industry-1. Now, the price of cotton per viss is around K 1200.

The Commerce Ministry would discuss the proposal from the viewpoint of trade. Regarding the first point, in the market economy system, prices of all types of goods including agricultural products are decided by market and they vary depending on supply and demand. In the nations practising market-oriented economic system, governments do not usually control price rates of crops and commodities. Before 1988 when Myanmar was practising socialist economic system, there were cases of fixing commodity prices. After 1988 when the nation adopted market economy system, farmers and merchants alike have been trading openly for 20 years.

According to Article 35 of the 2008 Constitution, the State will continue to practice market economy system. Some organizations and companies are buying products of farmers at unreduced price in the harvesting time. So, at a time when growers and entrepreneurs are trading crop products openly in the market, the proposal to interfere in price rates by the government is not appropriate to be approved.

As regards to the second point, the government and private sector should make cooperative efforts for producing quality products to be able to compete with other nations in the global market, growing globally marketable crops according to demand and having direct links with end user countries for crop sales of farmers under the arrangement of entrepreneurs.

In other way, production needs to increase both in quality and quantity.

In the marketing sector, market penetration, regular market shares and good price are necessary. Therefore, the State built a cluster of irrigation facilities within 20 years for long-term development of agricultural sector. Exports of agricultural produce amounted \$ 121.22 m in 2007-2008, \$ 1403.17 m in 2008-2009 and \$ 1657.58 m in 2009-2010. This is because of having good price and boosting agricultural production. The increase in import of agricultural produce is paralleled by the rise in income of farmers.

With crop output growth, the government made necessary arrangements for establishment of rice companies and beans and pulses companies to carry out “Supply Chain Management” which is required for dealing with “procedures for having a share of the international market and a good price starting from 2009.”

The companies are producing and distributing quality strains which are in demand, fertilizers at reasonable price and providing farmers with farm equipment and machines for value added products and dealing with local and foreign markets. So government’s encouragement for formation of companies for agricultural development in accord with the market economy is the basic assistance like the proposal submitted by U Banya Aung Moe.

Some pointed to domestic support, export subsidy, minimum support price and pledging programme which are being practiced in some other countries. The first point is that a few nations out of 194 world nations practice these ways and most of countries cannot practice them due to various reasons such as wealth, storage capacity and management. The second point is that the high purchase price for crops of farmers is banned under Agreement on Subsidies Countervailing Measure of WTO. Since 2001, there have been continuous claims on revocation of such practice made by some developed nations in WTO meeting. The third point is that although a system in which Myanmar Agricultural Produce Trading made deposits on the crops like Minimum Support Price was introduced in Myanmar from 1999-2000 to 2003, it did not work, leaving bad debt of K 3800 million. The fourth point is that assistances which are allowed to be rendered under agricultural agreement of WTO are construction of agro-based infrastructures, research work, pest control and food security. So already implemented works and ongoing works for agricultural development and better socio-economic status of famers are comfortable to the situations in the world and they can help develop systematically.

Permission to import agricultural items and farm equipment with zero tariff and striving for more fertilizer production of the government are services to assist farmers in reduction of production cost without affecting their incomes.

There are many services given by the State for agricultural development and better socio-economic status of farmers. These services are assistances rendered by the government to get a good price for crop. He said he would like to give an account of some ongoing tasks for getting a good price. The first point is that farmers do not get reasonable profits and consumers face rising price due to six stages in rice trading. Now getting a good price is in prospect after companies were set up and direct links with farmers established.

The second point is that exportation of rice mixed with various kinds of rice by some companies is a cause of not getting a good price. Plans are underway to address this problem in cooperation with companies that are willing to make investment in rice production field. The third point is that value added is a cause required for getting a good price. For example, a tone of FAQ mungbean gets US\$ 900 (Yangon FOB) and a tone of SQ mungbean can get US\$ 1000 (Yangon FOB). As a valued added product, it can get US\$ 1300. If color sorter and polisher are used for the product, we can get more price. Milling quality has advanced considerably within two or three years.

The fourth point is that Domestic Market Development is a basic point for ensuring a share of international market and a good price. Public Private Partnership Programme is being realized for organizing workshops for development of brokerages with the aim of ensuring Domestic Market Development.

Measures are being taken for facilitating trading by brokerages in States and Regions. The government is legally handling inappropriate matters and matter of playing market. Besides, assistances are being rendered to conduct market research, to exchange market information, to hold seminars and meetings, to take part in international expos and business meets. Myanmar embassies are also making necessary arrangements in carrying out market penetration.

Dissemination of information about global and domestic commodity price rates is being carried out and the rural people have widened their scope of knowledge in the age of information technology. Merchants are to try to seek market and production companies and farmers are to make cooperative effort to produce quality crops so as to get good price.

The third point of the proposal says that the state is to help in exporting agricultural products to industrialized nations with few taxes or without taxes. At present, Myanmar's export processes are being carried out with GSP (Generalized System of Preference) adopted for developing and least-developed countries by developed countries, the reduced rates adopted between regional countries with open trade, the rates adopted for LDCs by WTO member countries and the reduced rates adopted in accord with ASEAN open trade agreement. Besides, Myanmar is enjoying DFTP (Duty free tariff preference) adopted by India. The ministerial meeting of LDCs including held in Tanzania in 2009 made a resolution to join the market with duty free and quota free. At the 7th ministerial meeting of WTO held in December 2009, Myanmar sought permission to enter the market with duty free and quota free. So, the point U Banya Aung Moe made has been carried out by the State and measures are being taken to continue to implement it.

Overall, it is not necessary to review the proposal as the points included in it have been already prescribed by the State.

Then, Dr Banya Aung Moe thanked the minister and participants for clarifications saying he is glad to learn that the government is trying its utmost for the wellbeing of farmers. Later, the speaker of Amyotha Hluttaw announced the resource person had withdrawn his proposal by himself.