

Commerce Minister responses to proposal of U Aung Zin of Pazundaung Constituency

NAY PYI TAW, 16 March – Four Hluttaw representatives responded to the proposal approved to be discussed to draft a bill that would allow farmers to keep their crops at government organizations and private warehouses at reasonable prices, paving the way for farmers to earn stable price from crop production, made by U Aung Zin of Pazundaung Constituency at today's session of Pyithu Hluttaw.

First, U Myo Thant of Yedashe Constituency said it is difficult to draft such a bill for various reasons such as difficulties in dealing with the staff, sorting various strains of a single crop, the weight and quality of crops that can decrease with the passage of time, standardization of them and getting warehouses to stockpile crops from across the country, the possibility of damage to crops due to natural disasters, difficulty in dealing with different kinds of crops despite manageable keeping of them in some regions and other difficulties like services and transportation.

U Kyi Myint of Latha Constituency said other points should be considered such as purchasing of crops at unreduced price with public budget without interest, bearing some of the warehouse keeping costs and purchasing of crops when prices are going up.

This point is not in conformity with Para-35 of the constitution 'The economic system of the Union is market economic system.

A small nation like Japan, when engaging in cultivation at a high cost for mass production, seeks cash assistance. Japan uses such a system for national food security fearing that Japanese would no longer engage in paddy growing although importation is double cost-effective.

But that system is not suitable for Myanmar.

As prescribed in Para-23 of the constitution saying 'The Union shall assist peasants to obtain equitable value of their agricultural produce', the State will employ suitable methods to address the issue.

U Saw Thein Aung of Hlingbwe Constituency said by nature, farmers are content with their reasonable profits. They lack competitiveness to trade openly in accord with the market economy system.

Speculators can only play markets. So, minimum prices for crops are necessary and it is required of farmers to keep their crops to get stable prices. Therefore, it is necessary for peasants to keep their crops at State- or private-owned warehouses legally. By doing so, both sides will get benefits and markets can easily be sought. Hence, he seconded the proposal of U Aung Zin, added U Saw Thein Aung.

U Ko Gyi of Aungmyethazan Constituency said although the aim of proposal is visionary, there are some points to be considered. Myanmar is a multi-crop producer and will get regular export earnings when exporting its crops. If stockpiled, the flow of export of those crops will cease. Besides, commodity flow of domestic brokerages will stop. With the passage of time, their quality will wane and they will become old crops. In the global market, prices of old crops are far less than those of new crops. So, the cost of warehouse keeping will increase and there will be more expenses than profits. Rather than keeping crops in the long term, exportation of finished products with value added is more effective for peasants to earn more. Therefore, the proposal of U Aung Zin is not appropriate to be approved.

Regarding the proposal, Minister for Commerce U Tin Naing Thein said the first point of the proposal is to draft a bill that can guarantee the insurance of annual paddy crop. According to Myanmar Insurance under the Ministry of Finance and Revenue, crop insurance is not adopted yet in Myanmar. It cannot be accepted as there are difficulties in assessing value, being vulnerable to damage and assessing the level of damage. So, the proposal is not in conformity with the insurance laws and procedures.

Regarding the second point of the proposal, in accord with Para-35 of the 2008 constitution, the State will practise the market economy system. So, the government will not interfere with private assets and businesses. Only the private sector will trade freely in accordance with the market economy system. At present, regional millers, brokers and peasants are engaging in keeping, storing and trading in crops and price-accessing.

It is hoped that U Aung Zin might have made such a proposal in the interest of peasants because in doing so, they will get no worthy prices due to low prices given by brokers, market monopolization and malpractices.

Section 23 of the Constitution of the Republic of the Union of Myanmar says that the Union shall enact necessary laws to protect the rights of the peasants and assist peasants to obtain equitable value of their agricultural produce. The proposal of U Aung Zin is suitable to the rights of the peasants prescribed in the Constitution. But only if there is an agreement between a giver and a receiver in accord with their wish and pledges should the matter of keeping crops of a peasant at the government or organization be carried out. Government's intervention in the matter could lead to malpractices of government's rice purchasing center and warehouses, resentment of peasants, loss and wastage and crimes we experienced in the past. Besides, it would be required to appoint many staff to manage warehouses in order to keep a large amount of crops without having any loss and wastage.

As state-owned warehouses have been privatized, there would be difficult for the governmental department.

Consideration should be given to the issue of management on arguments, unwanted wastage and malpractice. As efforts are being made to get good prices for crops which took four or five months to grow by as value added products in international, consideration should be given to the matter of keeping crops for a long time because it could not get good price due to low quality, falling price and loss and wastage. In the market, commodity flow and capital flow are important for economic progress. So the more we facilitate commodity flow and trading, the more benefits we get.

According to the Ministry of Agriculture and Irrigation, it seems that selling rice in good price after keeping them at the government and organization at reasonable price contributes to rural economic growth. But there would be difficulties such as lack of enough warehouses, storage space for various kinds of crops and capital, taking time to earn trust of peasant, uncertainty about crop price and difficulty in keeping crops not to meet loss and wastage.

That's why he discussed the proposal should not be approved because, in practical terms, there would be many difficulties.

The speaker said all have understood well as the four representatives and the minister had made it clear to the proposal. In holding discussions, the constitution must be respected and the public interest must also be considered. So, the stance of U Aung Zin is to be known.

Then, U Aung Zin thanked the participants and the minister for clarification and submitted the withdrawal of the proposal.

The speaker approved the withdrawal with the consent of the Hluttaw.

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