

A woman with dark hair tied back, wearing a purple patterned shirt and a purple skirt, is sitting on the ground in a lush green field. She is focused on harvesting green pulse plants. A large white plastic bag is visible behind her. The background is filled with tall green plants.

Pulses Value Chain Analysis

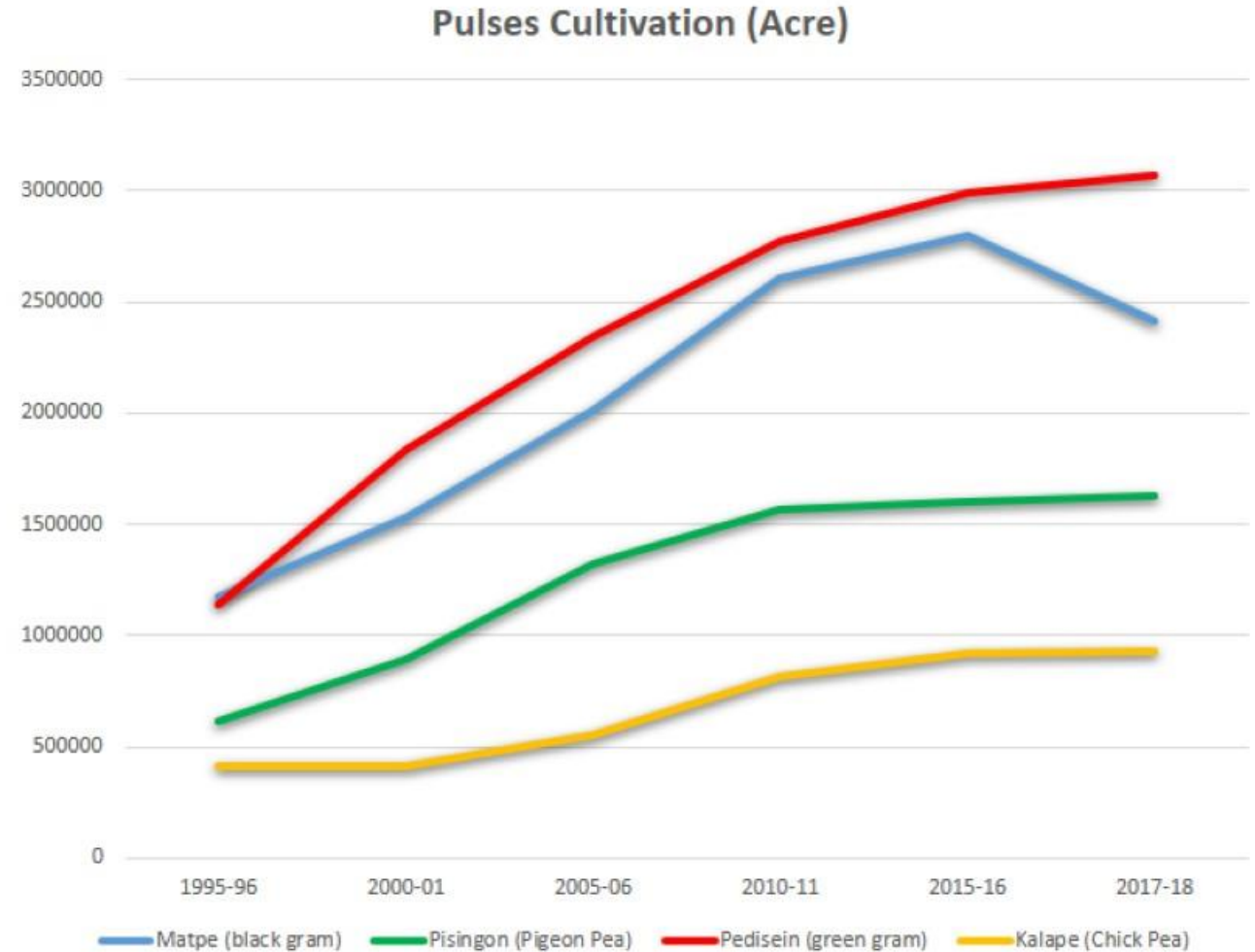
Role of Government in Linking
RVCs and GVCs

Aung Htun, CESD

22 October 2019

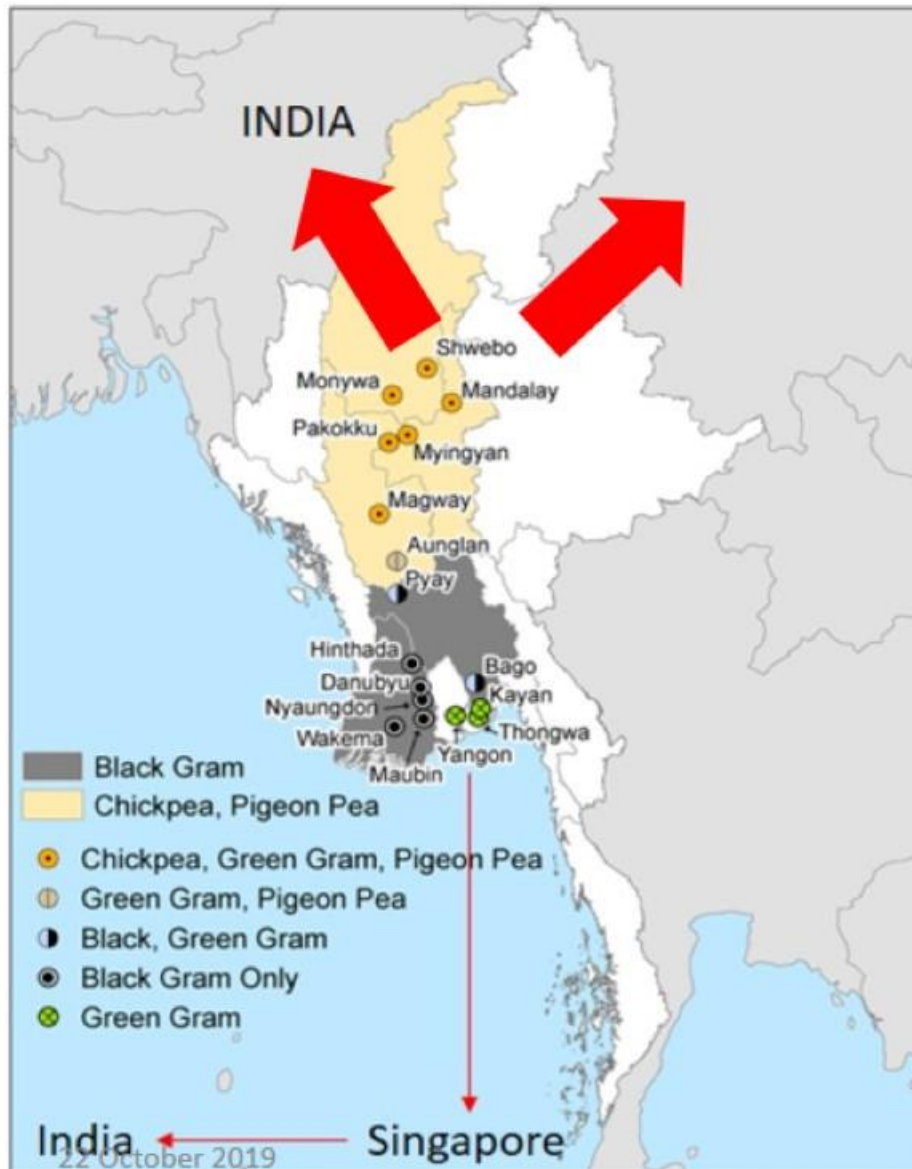
Introduction

- 1962 - 1988, Myanmar's government imposed tight controls in Agriculture sector
 - Agricultural cropping choices
 - Government's monopoly on all agricultural marketing
 - Forced sales at government-imposed prices.
- In 1988, Liberalization for marketing and production in Agriculture sector
 - Opened export marketing to private traders
 - Liberalization in cropping choices (partial)



Ref: Statistical Year Books 2018/ 2017/ 2016

Pulses Export

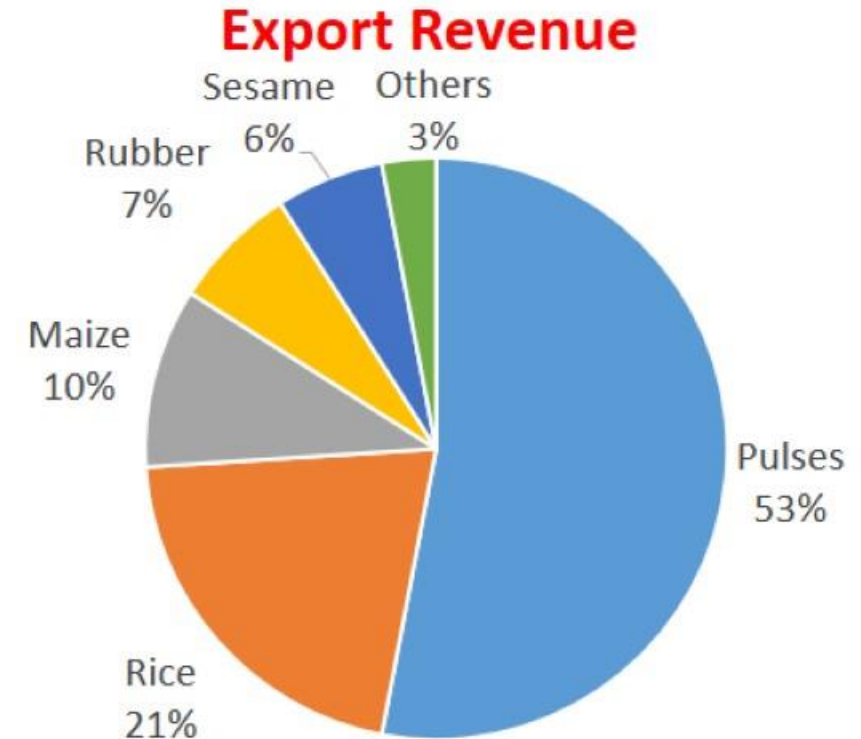
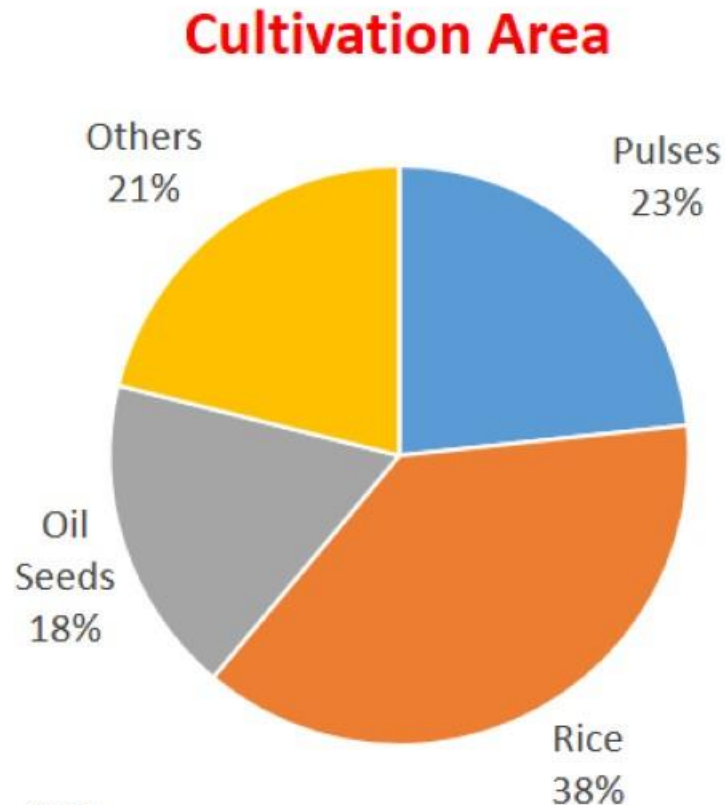


- Dominated Pulses in Myanmar

- Black gram (Matpe) - 99% export via normal trade, mainly to India and other South Asia
- Pigeon pea (Pezingon) – same as black gram
- Green Gram (Pedisein) – mainly export to China via border trade, EU and Japan via normal trade. Now border trade volume rose from 39% in 2013 to 69% in 2018.
- Chick Pea (Kalape) – Mainly for domestic consumption

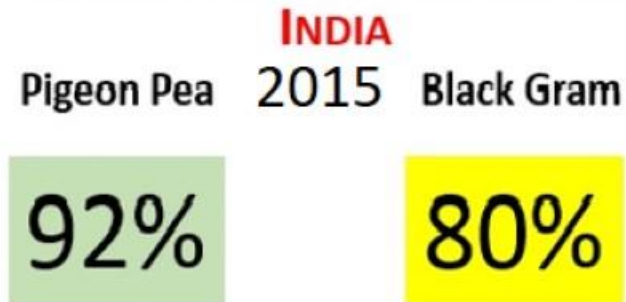
Pulses are important in Agriculture Sector

- Myanmar cultivated pulses in less than 25% of its total sown area; however, the crop received more than 50% of export revenue of agriculture export.
- Myanmar monopolizes black gram and pigeon peas export to India while the latter is also a monopolistic buyer.

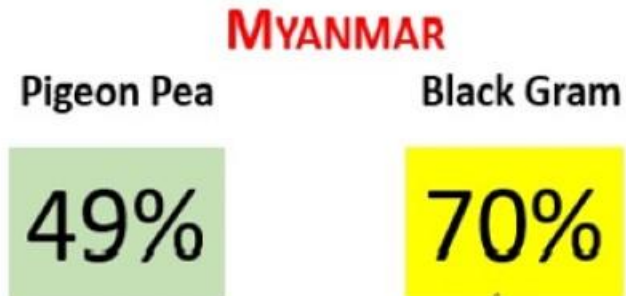


India

Share of Myanmar Export:

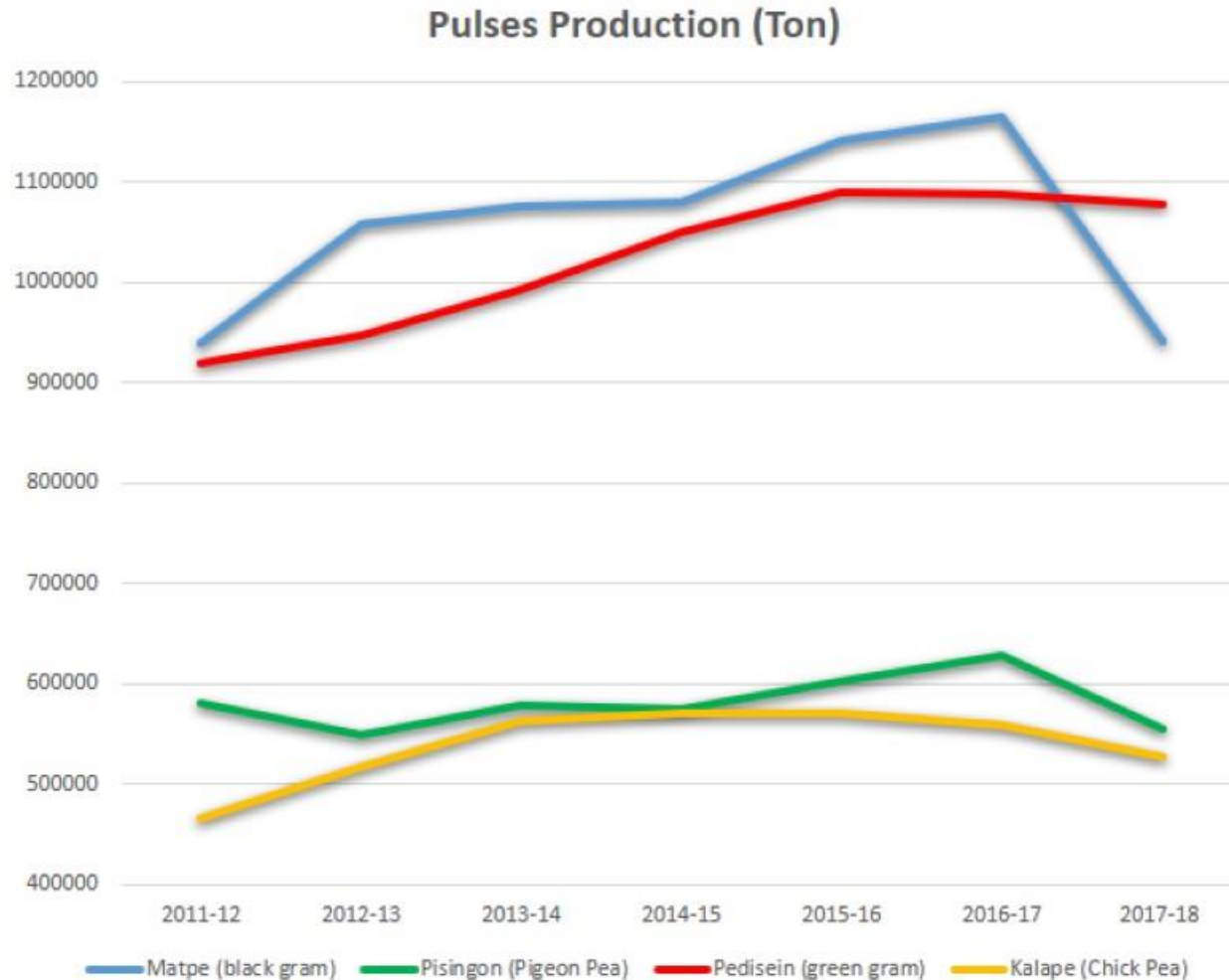


Share of India Import:



- The world's largest pulse producer as well as its largest consumer and importer.
- After 1991, India's trade liberalization opened its large domestic market to international suppliers.
- In 2015, Myanmar accounted for 49% India's pigeon pea imports and 70% of India's Black Gram Imports.
- **Favor to export raw pulses than processed products**
 - Indian importers demand only raw pigeon pea, black gram and green gram, which they process in their own mills and use byproducts for their own, large dairy industry.
 - Myanmar traders claim that Indian import duties on processed pulses place them at a price disadvantage.

Recent Crisis



Ref: Statistical Year Books 2018/ 2017/ 2016
22 October 2019 Pulses linking GVCs - Aung Htun

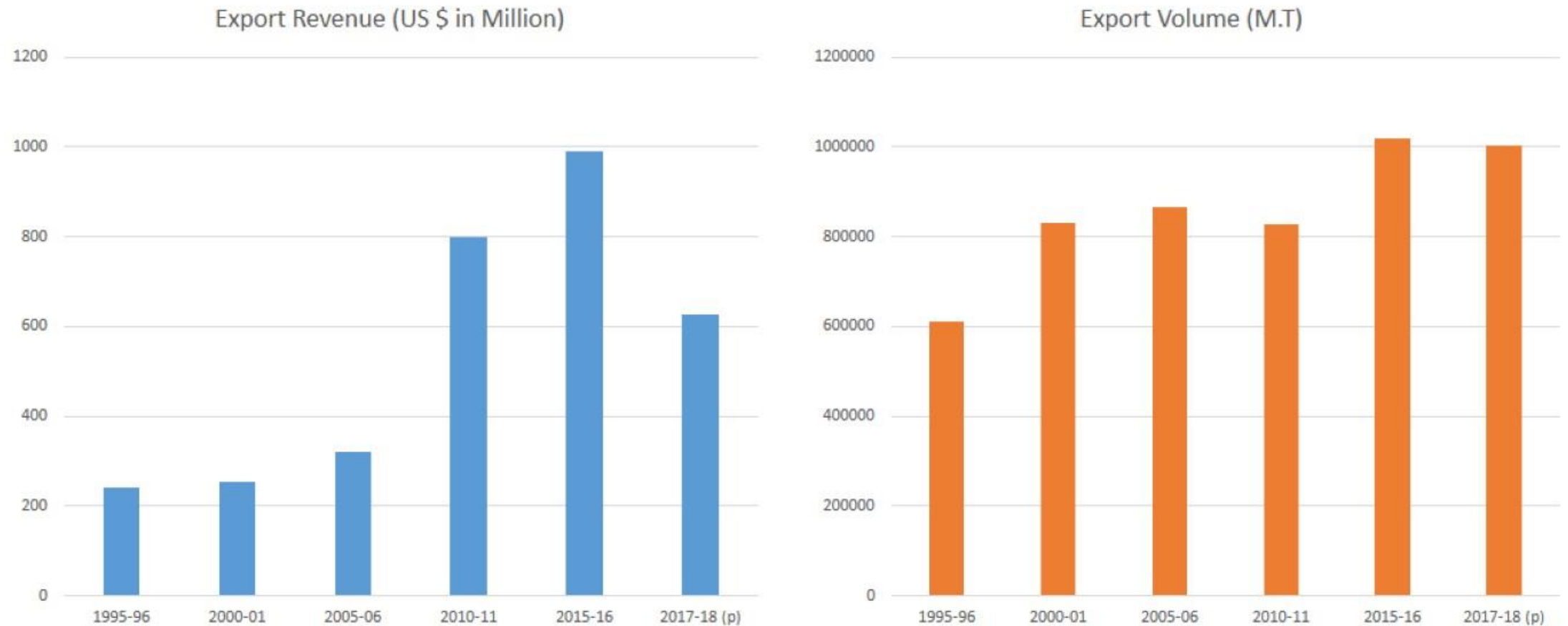
• Recent Crisis in India Market

- Early 2015,
 - Instability in India market, rapidly surged prices
 - pulses prices were peak in end of 2015
 - Then turn to down trend
- August 2017, India government impose import quota for pigeon peas to 200,000 tons as well as to impose similar quantitative restrictions on black gram and green gram until end of fiscal year – March 2018.

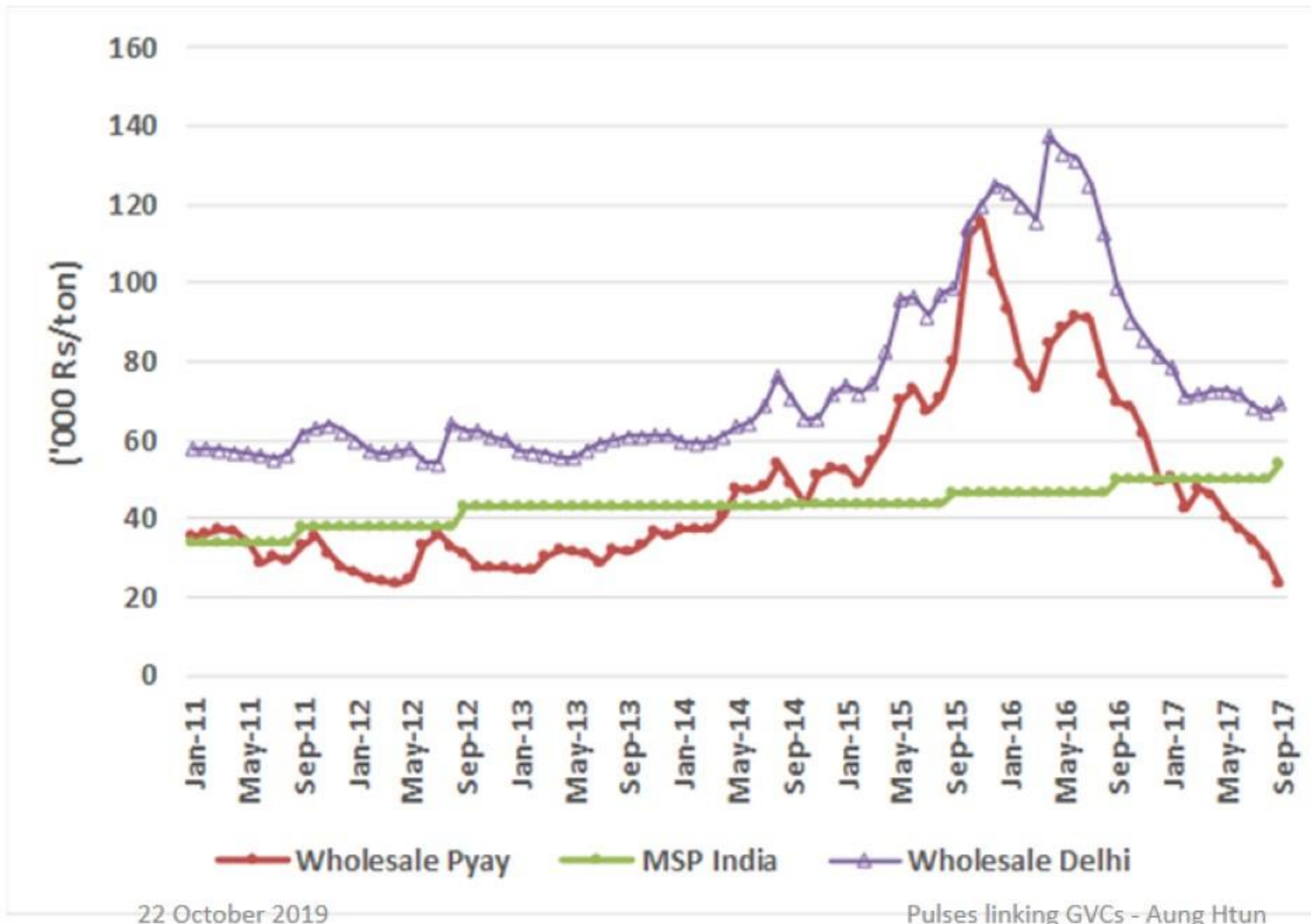
• Consequences To Myanmar

- Negative effects on Myanmar's pulses production. All kind of pulses productions are decline. Black gram production is more leading to down trend.
- Negative effects on Myanmar's export revenue.

Effects of Imposing Import Quota



Recent Crisis (Case Study)



- India Pricing Policy : minimum support price (MSP). India' market price was well above and Myanmar's price was below MSP till early 2014.
- In 2014, drought in India
 - Hoarding pulses for speculative purpose
 - Started surging price above MSP; India and Myanmar wholesale price
 - Surged 2 times above MSP in early 2016
- India government actions
 - Oct 2015**, search and find operation (found several tons of pulses in warehouse for speculation purpose)
 - July 2016**, G2G agreement,
 - Aug 2017**, Imposing import quota to protect India farmers
- In 2016 and 2017, India's bumper harvest was favourable condition for falling prices
- India market price was prevented from stalling and Myanmar market price was still down trend.

Focus on Three Main Areas of Linking GVCs



1. Trade Related Issues
 - Diplomatic Missions
 - National Trade Promotion Programs
 - Arbitration process
 - Financing Mechanism
2. Administrative Related Issues
 - Government Procedure
 - Restrictions and Transaction Costs
3. Institutional Related Issues
 - Institutionalization
 - Rules and Regulations

Trade Related Issues

- **Diplomatic missions**

- Need to develop and expand network of commercial attachés (Coordination with stakeholders and Discussion issues related to Trading, Phytosanitary Measures, Certification, G to G agreements, etc.)
- Commercial attachés needs to improve knowledge of products
- Need to increase dialogue between Ministry of Commerce (MoC), the Ministry of Foreign Affairs (MoFA) and exporters of pulses, beans and oilseeds to ensure effective promotion efforts.

- **National trade promotion Programs**

- Need to initiating trade promotion efforts for priority export sectors. lack of export promotion activities in international markets.
- Absence to assist Myanmar exporters and potential exporters with information such
 - Market trends,
 - Market entry requirements,
 - Opportunities,

Trade Related Issues

- **Arbitration Process**

- In 2016, enacted Myanmar Arbitration Law
- This confirms the low utilization of the court system to conduct international arbitration. No public record of international commercial arbitration cases conducted under it.
- UMFCCL has been trying to set up an arbitration centre since 2017. Directorate of Investment and Company Administration, and the permission to form the centre was granted on 11 March, 2019. The Myanmar Arbitration Centre (MAC) was opened on 3 August 2019.

- **Export Finance Mechanism**

- Export financing products are mostly absent from the financial system.
- Private banks have been authorized to establish international banking businesses. 11 private banks are in the process of installing SWIFT to begin international remittance operations.

Administrative Related Issues

- **Administrative Issues**

- Inefficient customs procedures is limited office hours and weekend closure, which often leads to additional days of surcharge at port.
- Poor logistic infrastructures for logistic, processing and storage
- Expensive toll charges on roads and bridges which increase the transport cost from warehouse to port.
- Traffic jams which require trucks to be on the road for more running hours (up to four hours to complete a journey that would normally take one hour.)
- Limited running hours for container truck

Institutional Related Issues

- **Institutionalization**

- Farmers did not organize outside of government-sponsored cooperatives.
- MPBSMA (Myanmar Pulses, Beans, Sesame and Maize Association) key focal point for the organization of sector development efforts. Insufficient dialogue between the different stakeholders.
- Limited integration of farmers in MPBSMA at the regional and national levels.
- Civil Society Networks are not explicitly engaged in the sector's trade-related activities.

- **Rules and Regulations**

- Myanmar frequently faces issues of residual and low quality in agriculture products during trade.
- Myanmar already enacted laws to improve quality of agriculture products
 - Pesticide Law of 1990 (to regulate the registration and use of pesticides)
 - National Food Law in 1997 (enable the public to consume food of genuine quality, free from danger, prevent injurious to health, supervise production of controlled food systematically, and control and regulate the production, import, export, storage, distribution and sale of food systematically)
 - Fertilizer Law of 2002 (developing and implementing policy related to the oversight of fertilizer use)
 - The Seed Law in 2011 (encouraging participation in seed research and facilitating cooperation in the development of seed businesses)



Policy recommendations - 1: Farmers income

Seed

- Access to seed/ certification / price
- Quality seed / research / supply

Inputs

- Access to inputs / certification/ price
- Good Agriculture Practices

Price

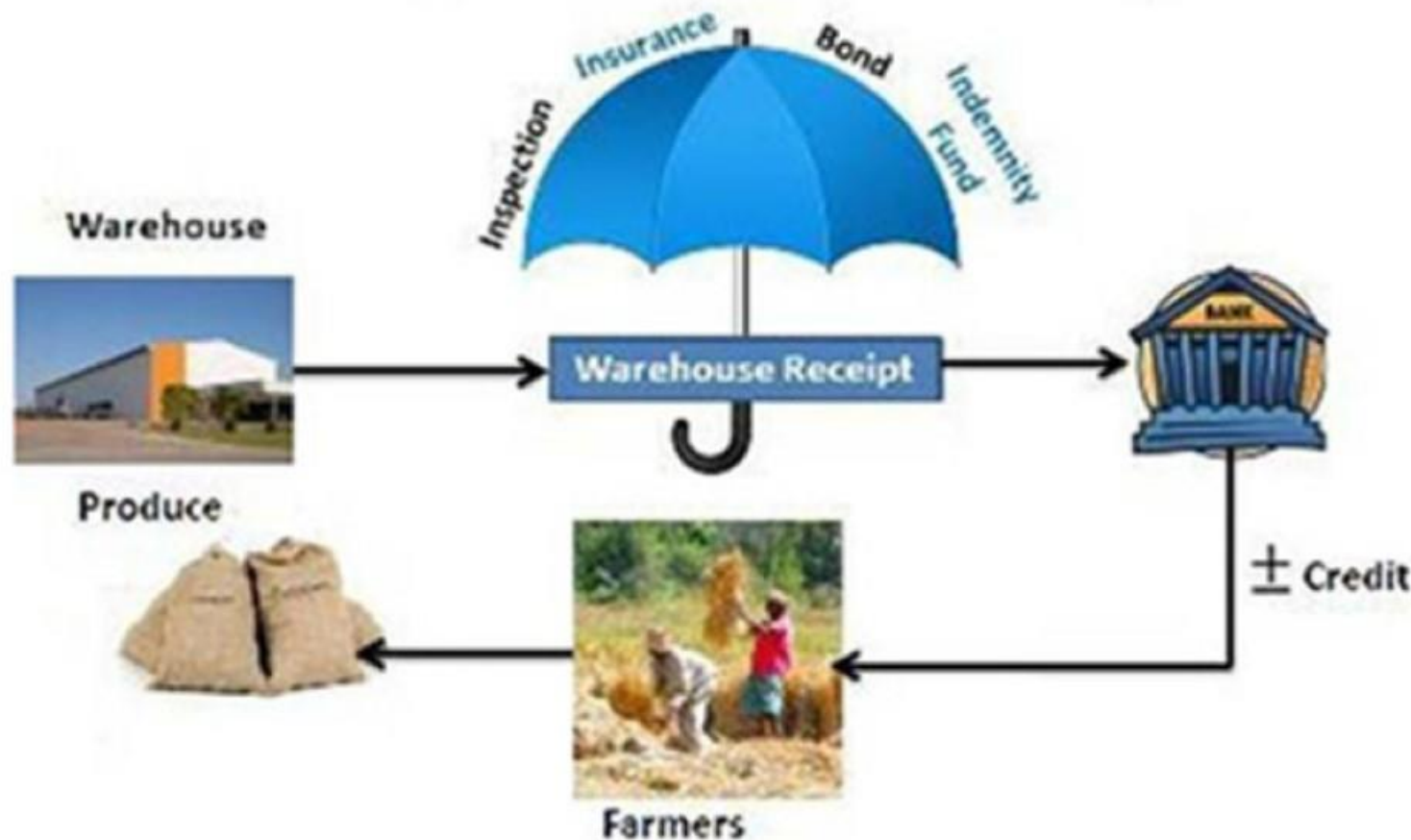
- Price information/ stability
- Farmer association and governance

Credit

- Access to credit, loans and financing
- Insurance and risk management

Policy Recommendation - 2: Marketing

To develop warehouse receipt system and logistic infrastructures



- Upgrade storage, commodity exchange and logistic infrastructures
- Modern warehouse receipt system
- Organizing national promotion activities
- Upgrade diplomatic networks and skills of commercial attaches

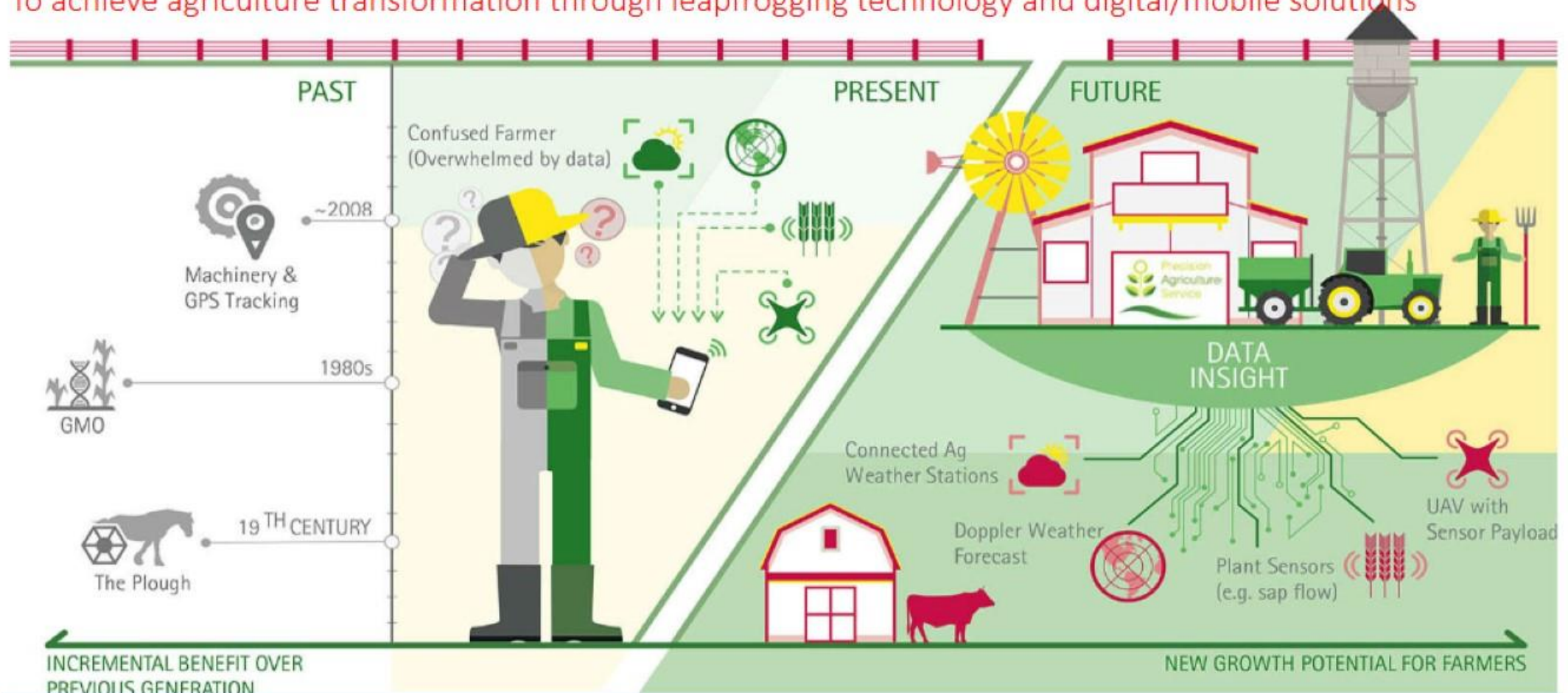
Policy recommendation – 3: Financing support

To introduce value chain financing to guarantee coordinated and collective efforts on scaling up quality production



Policy recommendation – 4: Industry 4.0

To achieve agriculture transformation through leapfrogging technology and digital/mobile solutions



- To promote digital agriculture through mobile/ICT solutions for agriculture to support extension services, to provide credit history for financial inclusion and to promote market links.

By focusing on issues from three main areas and Implementing four policy recommendations will help pulses supply chain to link up with regional and global value chains but also improve socio economic lives of farmers and all stakeholders.

Thank You !!!