

Unleashing Myanmar's Potential: Agricultural Perspective

At Session Two of the Myanmar Roundtable, **Mr Ko Ko Lay**, Deputy Director, Directorate of Trade, Ministry of Commerce, Myanmar, spoke on Trade Opportunities of Myanmar while **Dr Tin Htut**, Rector, Yezin Agricultural University, Myanmar, addressed the issue of 'Unleashing Myanmar's Potential – Agricultural Perspective.' The Session was chaired by **Mr Steven Wong**, Senior Director, ISIS Malaysia. ISIS Analyst **Zarina Zainuddin** reports.

Presenting basic trade data on Myanmar, **Mr Ko Ko Lay** said that Myanmar's exports were mainly agricultural and primary products, while manufacturing goods made up the bulk of its imports. Myanmar's trade was mainly with the Asian countries of Asean, China and India (see Tables 1 and 2) and focused on serving the best interests of its citizens. Lay listed the four objectives of Myanmar's foreign trade, as follows:

- To increase trade volume;
- To encourage private sector development in accordance with the market-oriented economic system;
- To expand the market share of Myanmar products in world markets through collaboration with international organizations; and
- To provide support and necessary assistance for trade facilitation.

Malaysia was Myanmar's third largest Asean trade partner until Fiscal Year (FY) 2010-2011, although Indonesia is expected to edge Malaysia out this year. Malaysia's total trade for FY2010-11 amounted to US\$583.1 million, its trade composition mirroring Myanmar's general trade pattern (see Table 3).

The new Myanmar government, said Lay, is embarking on reform measures covering all sectors, including trade. These efforts are aimed at facilitating trade activities, including allowing the import of important commodities such as fuel, edible palm oil and motor vehicles, the abolishing of commercial taxes on export earnings, and the implementation of the automatic licensing system.



From left: Ko Ko Lay, Steven Wong and Tin Htut

As for future activities, Lay said efforts are being made to ensure continuing growth, contribution of trade to the economy, and development and support of private sector participation, restructuring of trade-related departments and organizations, the review and promulgation of laws and procedures and the increasing of border trade points between Myanmar and its neighbours.

Myanmar faces many challenges. For example, its economy is heavily dependent on its agriculture sector. While prices of agricultural products are going down, costs of production are increasing. Agriculture inputs and labour costs are relatively high. The government has responded to these challenges by implementing several measures, such as increasing support to farmers by providing better quality seeds, increasing access to credit, seeking foreign investments, developing the rice industry and increasing access to new markets. In order to sustain these reform efforts, Myanmar will need a lot of assistance such as financial (grants, aid etc) and technical assistance and technology transfer, as well as assistance in capacity-building.

Table 1
Foreign Trade of Myanmar from 2009 - 2012 (US\$ Million)

Sr. No.	Fiscal Year	Export	Import	Volume of Trade	Balance of Trade
1.	2009-2010	7586.94	4181.40	11768.34	(+) 3405.54
2.	2010-2011	8861.01	6412.73	15273.74	(+) 2448.27
3.	2011-2012	9135.60	9035.06	18170.66	(+) 100.54

On the other hand, Myanmar has rich natural resources, a high literacy rate and a huge labour force. All these, combined with the reform in all sectors of Myanmar's economy, present plenty of opportunities for those who are willing to avail of them. In this context, Lay invited Malaysians and other foreign investors to visit Myanmar and take advantage of the opportunities.

The second speaker, **Dr Tin Htut** focused mostly on the agricultural sector and agriculture institutions. Like the first speaker, he was happy and hopeful about the comprehensive reforms undertaken by Myanmar's elected government, in particular its goal of being an agriculture-based, industrialized nation. The agriculture sector currently contributes about 32 per cent to Myanmar's GDP, employing around 60 to 70 per cent of the work force.

Increasing agricultural productivity and rural development are the keys to Myanmar's development plans. However modernizing the agriculture sector is not an easy task: the land-man ratio is about 0.43ha/capita with average agriculture holdings at about 2.5 ha, and the ratio of irrigated land to agriculture at around 18.1 per cent. There is much room for growth in agriculture (as Table 4 indicates): Myanmar's land use and level of mechanization is well below that of the rest of Asia.

Given the prominence of the agriculture sector, Tin Htut contended that efforts to alleviate poverty would only come about through rural development policy with measures focusing on increasing productivity, know how, diversification, market-oriented production, effective micro-finance and loan programmes, and better management practices.

Five key elements are needed for doubling farm income. They are:

1. Ensuring profits and sustainable markets for crops and crop products;
2. Using marketable crop varieties and good quality seeds;
3. Applying good agricultural practices and best management practices;
4. Utilizing chemical fertilizers and manure along with other inputs efficiently, and
5. Saving on seed, and reducing production and transaction costs.

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Table 2
Myanmar's Foreign Trade: 2009 — 2012

Sr. No.	Country	FY 2009-2010			FY 2010-2011			FY 2011-2012		
		Export	Import	Total	Export	Import	Total	Export	Import	Total
1.	Asian Countries	7059.101	3879.235	10938.336	8411.525	5785.213	14196.738	8584.056	8110.820	16694.876
	(a) ASEAN	4141.030	1922.137	6063.167	3930.840	2840.600	6771.440	4676.692	4020.570	8697.262
	(1) Brunei	0.750	0.030	0.780	0.370	-	0.370	1.330	0.020	1.350
	(2) Cambodia	-	0.180	0.180	0.040	1.360	1.400	0.360	1.110	1.470
	(3) Indonesian	37.430	140.070	177.500	41.110	275.490	316.600	40.940	431.820	472.760
	(4) Laos	-	-	-	0.020	-	0.020	0.030	-	0.030
	(5) Malaysia	152.610	159.520	312.130	437.800	145.320	583.120	152.040	303.410	455.450
	(6) Philippines	27.210	14.160	41.370	22.300	16.970	39.270	34.320	14.640	48.960
	(7) Singapore	670.410	1202.190	1872.600	456.990	1645.320	2102.310	542.750	2516.130	3058.880
	(8) Thailand	3197.870	378.677	3576.547	2905.180	709.090	3614.270	3823.832	691.150	4514.982
	(9) Vietnam	54.750	27.310	82.060	67.030	47.050	114.080	81.090	62.290	143.380
	(b) Other Asian Countries	2918.071	1957.098	4875.169	4480.685	2944.613	7425.298	3907.364	4090.250	7997.614
	(1) Bangladesh	69.336	11.442	80.778	125.024	11.611	136.635	70.585	14.220	84.805
	(2) China (PRC)	634.968	1258.091	1893.059	1203.560	2168.522	3372.082	2214.300	2786.840	5001.138
	(3) Hong Kong	947.700	10.880	958.580	1894.690	8.440	1903.130	41.470	9.710	51.180
	(4) India	1013.137	193.515	1206.652	781.591	195.460	1067.051	1045.989	325.380	1371.369
	(5) Japan	177.350	259.110	436.460	237.430	256.330	493.780	320.200	502.170	822.370
	(6) Korea (ROK)	75.580	224.060	299.640	148.390	304.230	452.620	214.820	451.930	666.750
2.	European Countries	132.050	96.340	228.320	120.880	161.980	282.860	131.520	253.170	384.690
3.	USA	2.560	18.520	21.080	2.210	59.470	61.680	29.450	263.620	293.070
4.	Others	393.230	187.300	580.530	326.390	406.070	732.460	390.580	407.453	798.033
	Total	7586.941	4181.395	11768.336	8861.005	6412.733	15273.738	9135.604	9035.063	18170.667

Table 3
Myanmar - Malaysia Trade by Commodity
from 2009 - 2012 (US\$ Million)

Sr. No.	Description	FY 2009-2010	FY 2010-2011	FY 2011-2012
1.	Export	152.610	437.800	152.040
	Agricultural Products	111.750	128.637	85.330
	Forest Products	2.917	3.632	4.317
	Animal Products	0.093	0.816	0.145
	Mineral Products	8.396	3.000	0.375
	Marine Products	20.270	22.173	36.505
	Manufactured Goods	7.520	7.694	6.638
	Others	1.664	271.848	18.730
2.	Import	159.520	145.320	303.410
	Capital Goods	21.968	25.558	39.632
	Industrial Raw Materials	57.437	53.154	65.229
	Consumer Goods	80.115	66.608	198.558
3	Total	312.130	583.120	455.450

The agriculture sector in Myanmar is under the purview of the Ministry of Agriculture and Irrigation (MOAI) which houses twelve departments, including the Department of Agriculture Planning, Department of Irrigation, the Myanmar Agriculture Development Bank, Agricultural Mechanization Department and Yezin Agricultural University. Tin Htut identifies the three important tasks of MOAI as seed sector development, training and education, and research and development.

In going forward, it is also important for the MOAI departments and operations to undergo comprehensive reform so as to nurture and cultivate 'good institutional practices and culture.' Such reform, said Tin Htut, should include bottom up initiatives while taking into consideration

factors such as Human Resource Development (HRD), loans and financial assistance, time frames, and technical assistance.

Myanmar should take note of the changing paradigm in agriculture, particularly in areas such as knowledge-based agriculture, adaptation to the reality of climate change, bio-energy development, etc. As the participation of the farming community is vital for the transformation of Myanmar's agriculture sector, agriculture institutions should play a leading role in the new agriculture paradigm by:

- Providing leadership, management and planning skills;
- Providing training to instill awareness about natural resource management;

- Producing well-trained graduates;
- Collaborating in universities-networks and research-institutions-networks;
- Initiating new trends in research based on problems of farmers on the field; and
- Participating in National Policy Research (NPR).

However, there are several constraints that will impede the development of educational institutions. These include shortages of well-trained scientific and technical staff, the possibility of government budget cuts, low levels of funds for operational expenses, low salaries as well as poor incentives for research staff, inadequate personnel management procedures and policies, and inadequate research priorities setting, planning and programming.

These challenges can be met by improving, strengthening and enhancing the teaching and research environment as well as the

bureaucratic processes within the agriculture institutions. The links and cooperation between agriculture institutions and those between agriculture institutions and relevant government agencies should also be enhanced and strengthened.

Tin Htut said Myanmar also needs external help, both in bilateral and multilateral form, to realize its full potential. Help is needed not only in agricultural HRD, but also in rural development, and in economic growth. Foreign aid that is focused on agricultural HRD, as well as on 'promoting public education for democratic practices,' is particularly welcome.

In conclusion, Tin Htut reiterated key strategies for Myanmar to achieve its full potential: prioritization; skills-building; developing good institutional practices and culture; improving interconnectivity; and well-formulated investment strategies.

Table 4

Land Potential			
Land Use among neighbor countries			
<i>Country</i>	<i>Total land area (million Acres)</i>	<i>Agricultural land (million Acres)</i>	<i>Percent</i>
World	32,132	3,773	11.7
Asia	8,348	1,329	15.9
Myanmar	167	30	17.9
Thai	126	47	36.9
Vietnam	77	23	30.4
Indonesia	448	92	20.5
Malaysia	81	19	23.1
Philippines	74	25	34.5
Laos	57	3	5.8
Cambodia	44	10	23.0
China	2,305	303	13.1
Bangladesh	32	21	66.8
India	735	418	56.9

Source: Myanmar Agriculture in Brief (2010)