

What Rice Policy Framework Will Best Support Myanmar Agricultural Strategy?

Agricultural Policy Working Group Discussion Forum

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Outline of points to introduce discussion

- Goal: to set the stage for a discussion of how rice policy can best support the new agricultural strategy

Roadmap:

- What is the purpose of a rice policy framework?
- Characteristics of domestic and export market for rice
- Discussion of objectives for rice policy
- Discussion of principles for rice policy
- Discussion of instruments for rice policy
- Next steps

What is a policy framework?

A compass to orient the sector's participants and stakeholders. The four quadrants of the compass are:

- national objectives and priorities for a sector,
- the principles by which those objectives will be achieved,
- the rights, roles and responsibilities of different economic agents (consumers, producers, processors, traders), and
- the acceptable fiscal cost of implementing the policy.

Related to, but not the same as, a strategy, which is a detailed roadmap for how the policy will be implemented.

Characteristics of international and domestic rice markets

- World market prices are inherently unstable
 - Stabilized up to a point by global stocks
 - Aggravated by unpredictable country restrictions
- World rice consumption increasing very slowly
- Export markets are extremely competitive
 - Even major players are struggling due to rising costs
- Exporting countries have lower farm-gate prices than importers
- Myanmar produces and consumes a wide variety of qualities
 - Flexibility for consumers to adapt to price instability
 - Difficulty for producers to preserve quality in monsoon rice

What should be policy priorities in the context of the new agricultural strategy?

- Profitability for smallholder farmers
 - Farm level (rice and other enterprises)
 - Enterprise level (rice fields)
- Stability of prices for farmers
- Availability and affordability for consumers
- Stability of prices for consumers
- Quantity / value of exports (or imports)
- Fiscal cost/revenue targets (share of government expenditure/revenue to support/generate)

Ranking among these possible objectives is necessary to address conflicts/tradeoffs between them

What should be the principles for achieving policy objectives?

- Freedom of choice for farmers versus constrained choice
 - Choice may be limited by other factor than policy (e.g., agroecology)
- Market determined prices versus managed prices
- Competitiveness through productivity gains and quality improvement versus subsidies
- Sustainability of land and water resources versus resource degradation
- Consumer and producer health

What are the most appropriate instruments in light of objectives and principles?

- Farm productivity and profitability investments
- Marketing productivity investments
- Trade Policy
- Macroeconomic policy
- Banking and finance policy
- Stock policy
 - Commercial stocks
 - Emergency reserve stocks
- Subsidies
 - Producer subsidies
 - Consumer subsidies / safety nets

Next steps.....

- Stakeholder mapping
 - What are the likely positions of different stakeholder groups in regard to objectives, principles, instruments?
 - Who are the influential/veto players among supporters and detractors?
- Process mapping
 - What consultative process should be followed?
 - Who will be accepted as an honest broker in guiding the process?
 - What evidence needs to be assembled to make the case to address concerns of various stakeholder groups?