TRADE IN AGRICULTURAL PRODUCTS

Synopsis of Non-Tariff Measures for the Protection of Agriculture or in support of Incomes of Agricultural Producers

BURMA

I. NATIONAL AGRICULTURAL POLICIES

A. General Objectives

Just as rice completely dominates agricultural production, it also dominates the country's exports. Rice has accounted for 75 to 80 per cent of the total value of exports; other agricultural products, principally, cotton, rubber, pulses, and oilcakes, have accounted for an additional 15 per cent. The volume of agricultural imports is small, about one-fifth of total imports, and consists largely of cotton and jute goods, coconut oil, dairy products, wheat flour, and sugar.

The essential objectives of the Government's agricultural policy are to maintain a large volume of rice exports and to re-attain by 1960/61 the pre-war level of export availability of rice, i.e. three million tons, in order to provide much needed foreign exchange.

Additional objectives to which agricultural support measures of various kinds are directed include the rapid expansion of the area under rice and, in order to diversify agriculture and to reduce expenditure on imports, the expansion of acreage planted to, and increased production or improved quality of, groundnuts, cotton, jute, coconuts, tobacco, sugar, oilseeds, dairy products, raw silk, coffee and onions.

Prepared by the secretariat.

Motivation for these policies comes from three main governmental organizations: the Land and Rural Development Corporation (LRDC); the complementary Industrial Development Corporation (IDC); and the Department of Agriculture.

Production and export targets have also been established for a number of crops other than rice. The earlier economic development plan had to be revised because of foreign exchange difficulties. Emphasis was switched from slowly maturing, foreign exchange-consuming projects, especially building construction, to projects capable of earning or saving foreign exchange in the short period, especially in agriculture. Industrialization remains, however, the long-range economic policy objective.

B. Special Measures

Certain agricultural imports or exports are under government monopolies, or almost entirely controlled by the Government (see Sections V and VI).

Rice is the only agricultural product in regard to which the Government has established a comprehensive price policy. The main objectives of the price policy for rice are to stabilize internal economy and to secure for national purposes any gains to be realized from rice exports. The main agent of the Government's rice price policy is the State Agricultural Marketing Board (SAMB). In general terms, the statutory functions of the SAMB are to manage, supervise, and improve the processing and marketing of agricultural products. Specifically, the SAMB is instructed to accept, procure, buy, store, handle and transport agricultural products; process agricultural products; sell or distribute agricultural products in or out of Burma; sell or distribute and hire materials, vehicles, machines and machinery goods; buy, construct, hire, sell or allocate land, industrial buildings, warehouses and other buildings; and inspect, experiment and conduct research.
SAMB purchases paddy from cultivators and milled rice from millers. The guaranteed minimum producer price is fixed for paddy at 300 kyats per 100 baskets (of 46 lb.) of average quality, premiums of 25 and 50 kyats being paid for superior qualities. The fixed price for milled rice is based on 235 kyats a metric ton, of fair average quality. Total purchases by SAMB amount to about one-third of the total rice production of the country.

Private trade in paddy or rice for internal consumption is free in the sense that for internal distribution by private channels consumer prices are not fixed. Nearly all the domestically marketed rice moves to the consumer through private commercial channels. However, government policy does influence the price of locally consumed rice. The fact that farmers may sell their paddy to SAMB at a guaranteed minimum price might have an effect on the price at which private traders may purchase paddy for domestic market. SAMB offers some of its milled rice for retail sale at fixed prices, when and where the market prices tend to rise too high.

SAMB sells on the export market most of the rice which it has procured (see Section V).

Expansion of the production of Virginia-type flue-cured tobacco is one of Burma's most successful development programmes to date. The LRDC has loaned money for the construction of curing barns and has spent considerable time and effort in furthering the production of this type of tobacco so that it may be used in the local cigarette industry. Ultimately Burma intends to eliminate imports of Virginia-type tobacco.

The LRDC programme also deals with improving the quality of cotton. There has been some improvement in staple length of Burmese cotton, and more of the domestic crop is being used in domestically produced textiles. Burma plans to increase the number of cotton textile mills.
The IDC has been instrumental in obtaining two large sugar mills, and it is anticipated that if sufficient cane can be grown to keep this increased mill capacity fully utilized, Burma will be close to self-sufficiency in sugar. The retail price is informally controlled.

Both the LRDC and IDC have been active in developing dairy projects, including a factory for sweetened condensed milk. The retail price of milk is informally controlled. Burma is also developing a programme under IDC for increasing the production of raw silk. The Government has been planting mulberry trees and has been constructing reeling plants in various parts of Burma. The LRDC has a programme for increasing production of coffee. The development of coconut plantations is another LRDC programme.

II.

**SUBSIDIES**

(Including all forms of income and price support)

The mechanization of farm operation is promoted by making tractors and implements available at subsidized rentals or purchasing prices.

The Government has continued to help develop jute, cotton, coconut and tobacco crops, but has granted no direct subsidies to farmers.

III.

**COST OF PROGRAMMES AND FARM NET INCOME**

A. Total cost of Government support programmes for each of the last three years

[To be furnished by the Government of Burma]

B. Farm net income for the same years (if not available, total value of farm production)

[To be furnished by the Government of Burma]
IV.

MEETING REGULATIONS

No such regulations are in force in Burma.

V.

STATE-TRADING OPERATIONS

(Including private enterprises enjoying special privileges)

The export pricing and monopoly selling operations of SAMB secure for Government purposes the profits on the exportation of rice. SAMB exports most of the rice which it has procured, and only relatively small quantities are released in the domestic market. Each year, the Government determines the export allocations for the various countries of destination. Since 1951 a tender system has been in operation, and any private export agency may negotiate transactions directly with the Board. However, all rice exported must be purchased from SAMB. The Government has adopted a policy of long-term contracts for exports of rice to some of the principal importing countries. Such contracts are currently in operation with Ceylon, Japan, India, the USSR and Yugoslavia.

SAMB is in some ways concerned also with a number of other agricultural commodities; it grants licences for the export of pulses, oilcakes, potatoes, maize and some spices.

Government agencies, such as the Civil Supplies Management Board and the Co-operative Wholesale Society, are either the sole importers or main importers of many items. These items are distributed to the public on a ration card system through consumer co-operatives, and the price is usually much less than in the open market.

VI.

IMPORT RESTRICTIONS

The general shortage of foreign exchange has necessitated a policy of licensing imports so that imports of agricultural products (and consumer goods) may be carefully controlled. The import of some agricultural
commodities has been prohibited and foreign exchange has been used for agricultural commodities only where there has been a pressing need. Few agricultural items may be purchased under open general licence.

VII.

MEASURES WHICH TEND TO REDUCE OR REMOVE THE NEED FOR NON-TARIFF MEASURES OF PROTECTION OR SUPPORT

[To be furnished by the Government of Burma.]