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Rice Market under Halfway-liberalised Economy in Myanmar: Structure, Conduct and Performance Approach

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Abstract

Rice plays an important role in Myanmar's economy as a staple food and a high amount of foreign exchange earnings comes through export. The agricultural economy of Myanmar has been under transition from a planned to a market system since the late 1980s. Two liberalisations of rice marketing had been done in 1987 and 2003. The first liberalisation implemented by allowing free domestic marketing and private export of some agricultural products except rice. Rice procurement and rationing systems were abolished under the second liberalisation. However, the government is still not undertaking full-scale rice export deregulation actually. Therefore, the rice marketing system in Myanmar works within the boundaries and limitations of a halfway-liberalised economy which triggers questions about the structure, conduct and performance of the rice marketing system. In this study, the general SCP (Structure, Conduct and Performance) approach is adapted, which allows for feedback relationships, competitive behaviour (conduct) of firms and performance (in terms of price, transaction cost, etc.) that might influence the market structure elements by analysing the secondary and primary market survey data of rice surplus and deficit regions. Market structure describes the environment and the characteristics of a market that exercise strategic influence on the nature of competition and pricing. According to the findings, dimensions of rice market structure seem to be competitive market however government intervention on the supply side exists as the land policy tightly controls paddy production and procurement systems as well. Market intermediaries set the rice price as the prevalent market even though they are not allowed to access the international market as export is monopolised by government institutions. Therefore, the rice market performance indicates a lower retail price share to producers from the results of high marketing margins along the channels across rice markets taken in this study. The results show an idea intended for the rice market that the current policy environment might develop by deregulation of land policy on the supply side along with getting access to the international rice market on the demand side to become an efficient competitive rice market in Myanmar.

Keywords: Halfway-liberalised economy, Myanmar, rice market, SCP approach