



To overcome the market and institutional barriers of smallholder dominated rice farming and related activities in Myanmar, government had given the attractive policy that is priority of export licenses to private rice specialization companies (RSCs).

RSCs have been actively involved along Myanmar rice value chain via launching resource providing contract system in major rice producing areas of Myanmar since 2008. However, the activities of RSCs gradually decreased after government abolished their export priority in 2011.

This study contributes to examine the performances of private rice specialization companies in Myanmar rice value chain in comparison with conventional one based on two selected RSCs in Ayeyawaddy and Bago West Regions during 2014-2015 monsoon rice season.

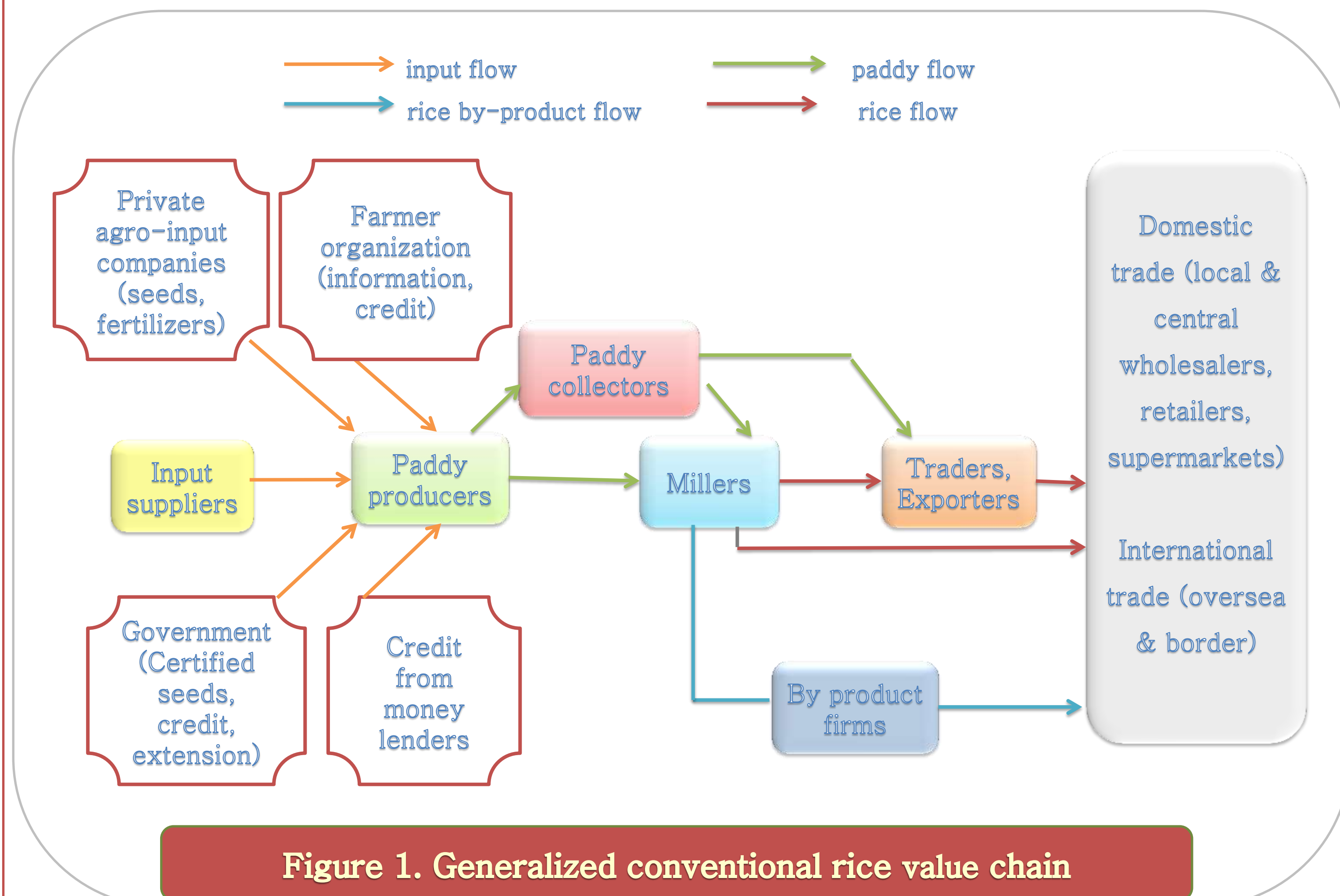


Figure 1. Generalized conventional rice value chain

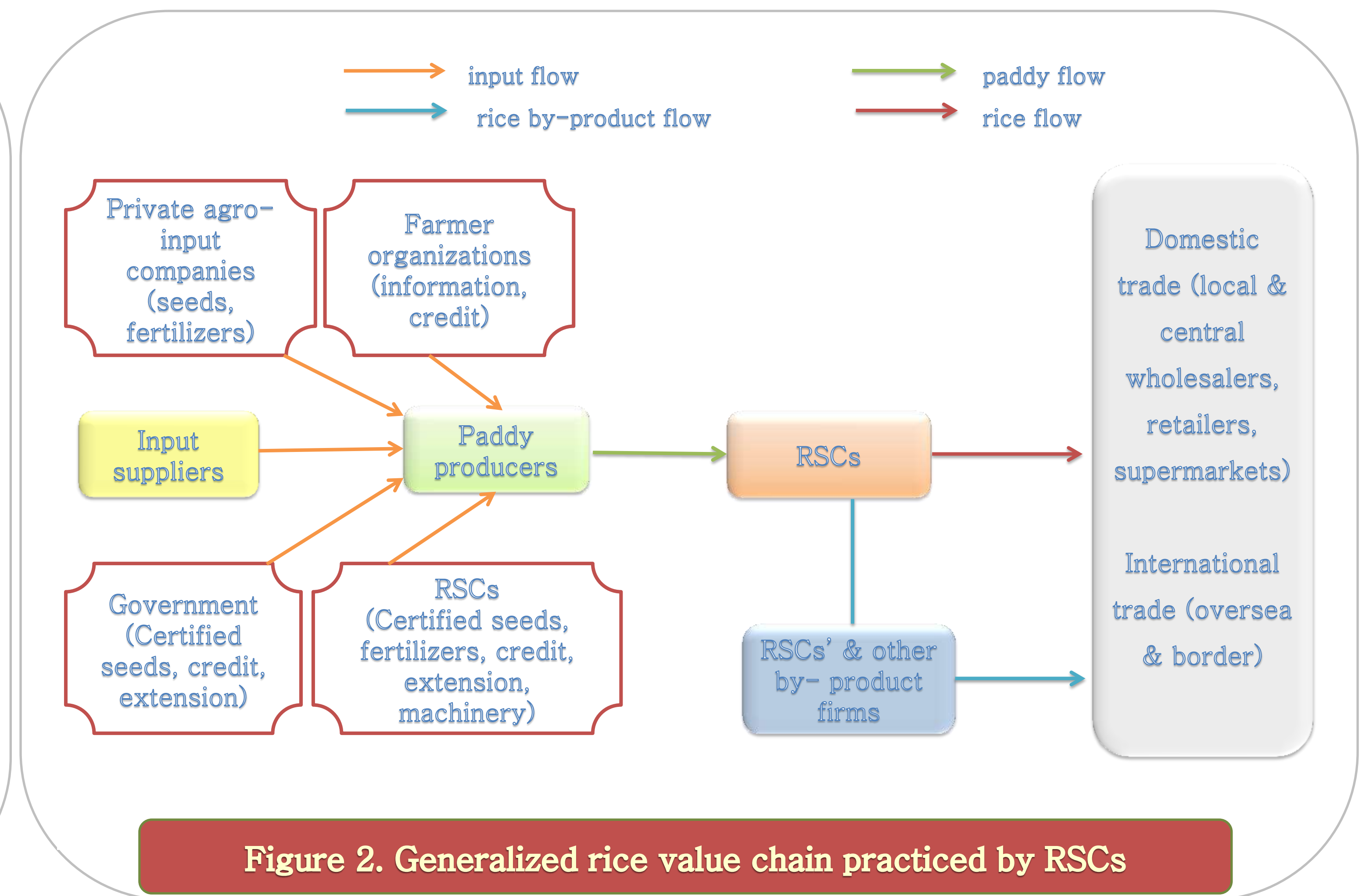


Figure 2. Generalized rice value chain practiced by RSCs

Note: Figures are illustrated by author's own survey data during 2014-2015 monsoon rice season.

Table . Summarized comparison between rice value chains between conventional and RSCs' contract system

Value chain stages	Characteristics	Conventional rice value chain (without contract system)	RSCs' rice value chain (with contract system)
PRODUCTION	Seeds	<ul style="list-style-type: none"><li>Various rice varieties.</li><li>Own reserved seeds are majority while very few smallholders purchase certified seeds from public and private sources.</li></ul>	<ul style="list-style-type: none"><li>Few rice varieties which have high demand in domestic and export markets.</li><li>Most contract grain producers use own reserved seeds while all contract seed producers use certified seeds provided from RSCs.</li></ul>
	Fertilizers	<ul style="list-style-type: none"><li>Private agro-input companies' dealers and shops in direct cash or later payment including interest.</li></ul>	<ul style="list-style-type: none"><li>Private agro-input companies' dealers and shops in direct cash or later payment including interest.</li><li>Supports from RSCs as credit in kind without interest.</li></ul>
	Seasonal Credit	<ul style="list-style-type: none"><li>Government (Myanmar Agricultural Development Bank) with 0.045% interest, farmer organizations without interest, and private money lender with high interest rate.</li></ul>	<ul style="list-style-type: none"><li>Government (Myanmar Agricultural Development Bank) with 0.045% interest, farmer organizations without interest.</li><li>Gold Delta RSC provides credit while Khittayar Hinthar RSC has no credit provision.</li></ul>
	Machinery	<ul style="list-style-type: none"><li>Very limited own machines or rent from farmers to farmers.</li></ul>	<ul style="list-style-type: none"><li>Both own machines and RSCs' mechanization service.</li></ul>
	Technical supports	<ul style="list-style-type: none"><li>Government extension service and farmer organizations.</li></ul>	<ul style="list-style-type: none"><li>Both government and RSCs' extension services, farmer organizations.</li></ul>
	Infrastructure	<ul style="list-style-type: none"><li>Still underdeveloped government's provision</li></ul>	<ul style="list-style-type: none"><li>Still underdeveloped government's provision and partially by RSCs</li></ul>
PROCESSING	Supply point	<ul style="list-style-type: none"><li>Paddy collectors, and mills in big cities.</li></ul>	<ul style="list-style-type: none"><li>Collection points and mills of RSCs.</li></ul>
	Payment	<ul style="list-style-type: none"><li>On the spot or within a few days or months.</li></ul>	<ul style="list-style-type: none"><li>On the spot</li></ul>
	Storage facilities	<ul style="list-style-type: none"><li>Low capacity storage warehouses.</li></ul>	<ul style="list-style-type: none"><li>High capacity storage warehouses.</li></ul>
	Mills	<ul style="list-style-type: none"><li>Small scale local mills with low milling productivity</li></ul>	<ul style="list-style-type: none"><li>Renewed and modernized rice mills integrating with rice processing complex, high milling productivity</li></ul>
MARKETING	Domestic markets	<ul style="list-style-type: none"><li>Large share in wholesale and retail shops while few in supermarkets.</li></ul>	<ul style="list-style-type: none"><li>Large share in wholesale and retail shops while few in supermarkets.</li></ul>
	Export markets	<ul style="list-style-type: none"><li>Export 25% broken rice mostly through border trade.</li></ul>	<ul style="list-style-type: none"><li>Export more good quality of rice (5% and 10% broken) to oversea trade as well as 25% broken rice to border trade.</li></ul>
	By-products	<ul style="list-style-type: none"><li>Supply to small scale local animal livestock rearing.</li></ul>	<ul style="list-style-type: none"><li>Go to RSCs' and others feed mills for livestock industries.</li></ul>

## Conclusions and Recommendations

- Activities of private rice specialization companies (RSCs) via contract farming system are observed as:
  - ✓ providing the opportunity to use quality ensured certified seeds, better quality agro-chemicals, sufficient credit access and frequent extension contacts,
  - ✓ producing better quality and market demanded rice varieties which can be processed at modernized mills and
  - ✓ ensuring the product market for contract smallholders.
- Rice value chain practiced by (RSCs) is clearly shorter as compared to conventional one and shows better performances in production, processing and marketing stages.
- Especially the production and processing stages of conventional rice value chain would need new investment and improvements to have the greater impact on rice sector development.