

GENERAL AGREEMENT ON TARIFFS AND TRADE

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EXPANSION OF TRADE - AGRICULTURAL POLICY

Report of Committee II on the Consultation with Burma

1. In accordance with the Decision adopted by the CONTRACTING PARTIES at their fourteenth session that consultations should be held with the individual contracting parties regarding their agricultural policies, the Committee carried out the consultation with Burma. The Committee had before it a synopsis, furnished by the Government of Burma in document COM.II/2(W)/Rev.1, of non-tariff measures for the protection of agriculture or in support of incomes of agricultural producers. The consultation was conducted on the basis of an opening statement by the representative of Burma, discussion on points arising from this opening statement and examination of the background documentation furnished by the Government of Burma. The consultation was completed on 4 November 1959.

A. General Agricultural Policy

2. In his opening statement the representative of Burma stated that land use surveys conducted recently revealed that of the total area of 167 million acres, 58 million acres were cultivable land, 34 million acres were suitable for use as grazing land, 70 million acres were forest lands and 5 million acres were covered by rivers, lakes, roads, etc. The present area under crop cultivation was a little less than 18 million acres while that under Forest Reserves was only 22 million acres, so that there existed immense potentiality for development of land resources. In Burmese agriculture, the type that predominated was monoculture, a typical example of which was rice cultivation; this prevailed throughout Lower Burma where rice was almost the only crop grown. Monoculture covering about two-thirds of the cultivated area had considerably influenced Burma's economy. To what extent it should give way to diversification was a problem that the planners of Burmese agriculture were now tackling. More diversified agriculture existed in Middle Burma where the principal products were cotton, pulses and oilcakes.

3. The general objectives of agricultural planning in Burma were to raise the standard of living of the cultivators, to make the maximum contribution through agriculture to national income and economic development, to attain the optimum use of agricultural resources, to increase the production of agricultural commodities which could economically be exported to provide the required foreign exchange earnings for the import of capital goods for development and consumer goods to offset inflationary pressures, to increase production of those agricultural commodities in which the Union was deficient and which could

economically be produced in the Union, to take proper conservation and other measures required for preventing floods, denudation of land, formation of deserts and for continuing increases in agricultural output and to integrate agricultural development with the economic development of the country as a whole.

4. The overall goals of the agricultural plan formulated recently called for an increase in agricultural production so as to restore pre-war levels of rice exports and to provide for greater diversification of production. The plan also called for measures to assure a more equitable distribution of this production through programmes for improving land conditions, provision of farm credit at reasonable rates and the development of co-operative facilities for processing, marketing and storage. Provision had also been made for proper conservation measures.

5. The present production targets called for rehabilitation of approximately 2 million acres of abandoned agricultural land; it was expected that the goal would be attained as a result of improved security conditions, repair of embankments, drainage and irrigation works, and financial and technical assistance in clearing land. Detailed programmes had also been set forth for increasing yields on existing cultivated lands. These programmes provided for better control of water, use of fertilizers, better land use, multiple cropping, use of improved varieties and more efficient processing and storage. The third part of the programme for increasing production consisted of plans for developing new lands. Burma still had tremendous land resources which could be put into production directly by means of implementing projects such as land reclamation, irrigation, drainage, soil conservation and afforestation and indirectly through the provisions of various services such as research and extension activities and provision of sources of credit, and assistance in marketing through improved marketing standards, marketing information and processing and transport facilities. Furthermore, a number of institutional reforms were being vigorously carried out in order to assure farmers of more equitable land tenure conditions and to allow farmers to pool their resources on a co-operative basis particularly in the fields of credit, processing and marketing. Intensive studies and research were being conducted to develop new methods for increasing productivity. Forestry research was uncovering new uses for Burma's forest resources and developing methods for assuring high levels of sustained yields. Fisheries research was being initiated to provide basic data necessary for exploiting both inland and deep-sea fishery resources.

6. The representative of Burma concluded his statement by drawing the attention of the Committee to the fact that the Government of Burma had adopted no support measures in respect of any of the agricultural commodities on which the Committee had agreed that the consultations should in the main be concentrated. The general shortage of foreign exchange had necessitated a policy of import restrictions but imports of agricultural products, with a few exceptions, were licensed liberally.

7. The Committee expressed appreciation for the clear account of the difficulties facing Burma and the policies which had been adopted to overcome them. Members of the Committee noted the statistics which had been given in the background documentation furnished by the Government of Burma on the cost of government agricultural programmes and enquired whether these figures related to government price support operations for agricultural products or to agricultural support in the sense of providing the necessary infra-structure in the less-developed areas. The representative of Burma stated that the statistics which had been provided related to the budget allocations of capital to the Land and Rural Development Corporation to finance the technical assistance undertaken by this public agency and did not relate to price support operations. The Government of Burma had been unable to supply figures relating to farm net income and had instead furnished statistics on the value of farm production. One member of the Committee noted that despite an increase in the budget allocation in 1957/58 there had been a fall in the value of farm production in the same period. The representative of Burma explained that there had been a drastic decline in agricultural production due to the very poor weather conditions in that year which had resulted in low harvests in the whole of South East Asia.

8. Members of the Committee noted that the essential objective of governmental agricultural policy was to maintain a large volume of rice exports and to re-attain by 1960/61 the pre-war level of exports of 3 million tons. They asked whether, in view of world supplies of rice at the present time, the Government of Burma was satisfied that this objective was wise and, having regard to the Government's policy of keeping down prices to producers in relation to the return the Government derived from exports of rice, whether this objective would be achieved. The representative of Burma said that, in view of the increase of population in the rice-eating countries, the Government of Burma was satisfied that it could attain its objective and that it would be possible to export rice without much difficulty for some years to come though it was, of course, concerned at the attempts which were being made in countries not having the natural advantages of Burma to stimulate production of rice.

9. In reply to questions from members of the Committee about the basis on which the guaranteed minimum price for rice was calculated, the representative of Burma stated that the price was in general based on the cost of production and it was announced annually just before the beginning of the purchasing season. Producers were not obliged to sell to the Government and, depending on the state of the market, private buyers would pay higher or lower prices than that set by the Government. No direct subsidies were granted to producers of rice, but the Government granted certain facilities such as loans. In reply to questions about profits from exports of rice, the representative of Burma stated that rice was exported at a price higher than the guaranteed minimum price paid to the farmers. The profits on exports were returned to the Exchequer from the State Agricultural Marketing Board, through which State-trading agency all exports were made, and part of these profits was used for the benefit of the farmers in the supply of farm credit at reasonable rates of interest, fertilizers at cost, welfare services and the hire of tractors. Members of the Committee noted the statement of the representative of Burma that the guaranteed minimum price was in general based on the cost of

production but pointed out that the price to producers had remained at the same level for the period 1948 to 1958. The representative of Burma agreed that the price to producers had remained unchanged for the last ten years but stated that the Government had lately introduced a sliding scale of prices. In the belief that storage of paddy by farmers would be more economical than storage by the State Agricultural Marketing Board (SAMB), SAMB now offered a higher price for paddy offered at later months of the year after the harvest.

10. In reply to further questions about the operations of SAMB, the representative of Burma stated that the agency was not obliged to purchase all paddy offered at the fixed price. When the agency was unable to handle physically all supplies on offer, it furnished loans to private millers to enable them to buy paddy on its behalf from producers. Most of the paddy was processed by private mills. Members of the Committee asked whether, in the view of the Government, an increased price for rice would be an incentive to increased production. The representative of Burma stated that activities of the paddy producers had been hampered by civil unrest over a long period, and increased security would be likely to prove a more effective means of securing increased production than a higher guaranteed price.

11. Members of the Committee noted from the background documentation that, in order to diversify agriculture and to reduce expenditure on imports, an additional objective of government agricultural policy was the expansion of acreage and increased production of improved quality of certain crops. They noted that for some of the products concerned e.g. sugar and coffee, substantial world surpluses existed at present and enquired whether it was the intention of the Government of Burma to aim at self-sufficiency in these items. They also enquired whether there were any plans for increase in exports of teak for the production of which there were natural advantages in Burma and for which a ready world market existed. Members of the Committee also noted that production and export targets had also been established for a number of crops in addition to rice and requested details of the measures that had been taken to reach these targets.

12. The representative of Burma stated that no price support measures had been adopted for these goods; governmental support was in the form of technical assistance. The Government of Burma was aiming at self-sufficiency in the commodities concerned but not in production for export. Exports of teak were low compared with Burma's capacity and measures were in operation to increase exports of this commodity.

13. Members of the Committee noted that imports of many agricultural products were permitted only through Government agencies such as the Civil Supplies Management Board. While they could appreciate that some restrictions were necessary for balance-of-payments reasons, they questioned whether it was essential that monopolies should be maintained for the import of goods which did not compete with local produce. The representative of Burma stated that in the view of his Government it was necessary to maintain monopoly control over imports of most agricultural products in order that supplies should reach

the consumer in sufficient volume and at reasonable prices. Since the downturn in the world price of rice in 1953/54, Burma had suffered from a chronic shortage of foreign exchange and her need for capital imports for her development programme continued to be pressing. It remained necessary to restrict imports and the Government was of the view that the most effective means of making available adequate supplies of essential consumer goods was through the mechanism of State trading.

14. Members of the Committee noted references to the limited scope that existed at present for participation by private traders in the export trade in rice and asked for information on the long-term prospects for development of private trade in rice exports. In reply, the representative of Burma stated that lately the Government had been encouraging increased participation by private trade in the export of rice and it was the Government's intention that this policy of encouragement should continue. Members of the Committee noted that export licences were required for other agricultural commodities and asked whether this requirement imposed serious restrictions on freedom of trade in these items. In reply, the representative of Burma stated that enterprises had to register as exporters with the Exporters Registration Board; this requirement created little difficulty and the additional requirement of export licences was a formality which did not lead to restrictions on trade.

15. In response to requests from members of the Committee, the representative of Burma undertook to furnish, for the records of the Committee, statistics relating to production of the principal agricultural products produced in Burma.

B. Commodities

16. This section of the report summarizes the additional points which arose during the consultation on those commodities, entering importantly into world trade, on which the Committee had agreed the consultations should in the main be concentrated.

Dairy Products and Meat

17. Members of the Committee noted from the background documentation furnished by the Government of Burma that there appeared to be some production of dairy products. While they recognized that production and consumption of such items was not likely to be large at the present time, they nevertheless expressed their interest in the intentions of the Government of Burma in regard to these items. They also noted that no reference had been made in the documentation to plans, which members of the Committee understood had been adopted by the Government of Burma, for the development of dairy projects, including a factory for sweetened condensed milk. Members of the Committee also noted the existence of a large acreage of grazing land and sought information on the utilization of this land and the intentions of the Government of Burma in regard to production of livestock, liquid milk, etc.

18. In reply the representative of Burma stated that his Government had no immediate plans for development of dairy projects. Liquid milk production was negligible and, because of transport and refrigeration difficulties, it was unlikely that there would be any increase in consumption. Consumption of milk in Burma was mainly in the form of condensed and evaporated milk and imports of these items, which were made through the State monopoly, the Civil Supplies Agency, had risen from 18 million kyats in 1951/52 to 47 million kyats in 1958/59. The Government's pilot project in Maymyo for the production of condensed milk had been abandoned. As regards the existence of grazing lands, it was explained that this was as classified from a Land Use point of view and that these lands did not support any dairy and livestock population on a commercial basis. There had been indiscriminate slaughter of draught cattle during the war, and the Government's intention had been to restore the numbers of draught cattle to the pre-war level. A ban on the slaughter of cattle had been in operation for ten years and the present herd of about $3\frac{1}{2}$ million was about the same as the pre-war herd. The ban had recently been lifted but, despite partial mechanization programmes, the Government did not envisage a sizeable surplus of cattle nor did they envisage any large-scale production of cattle for meat as a result of the raising of the ban since a sizeable proportion of the population were non-meat eaters on religious grounds.

Sugar

19. Members of the Committee, noting the objective of the Government of Burma to increase the acreage planted to sugar, enquired whether the Government was aiming at self-sufficiency in this product and pointed out that there was a substantial surplus of sugar in the world at the present time. They enquired whether it was the expectation of the Government that increased production of sugar would be achieved on an economic basis or whether such increased production would have to be protected by quantitative restrictions. Members of the Committee noted the reference in the background paper to the informal control of the retail price of sugar and asked for details of this control.

20. In reply, the representative of Burma stated that there was already a large production of sugar cane in Burma and two new sugar mills had been established in addition to the one mill which had existed before the war. The intention of the Government was to achieve self-sufficiency, but this aim would not be pursued on an uneconomic basis. The distribution and price of sugar for domestic consumption was not controlled by legislation, but the Government issued a directive in the nature of a request that the retail price of sugar should be no higher than a certain level.

Fish

21. One member of the Committee requested further information on development programmes for the fishing industry. The representative of Burma stated that the Government programme for fisheries was not yet implemented, but it was the intention of the Government to develop the fisheries along the coast of Burma and to undertake deep-sea fishing projects. Meanwhile, Burma imported approximately \$2½ million worth of dried fish annually from India, Pakistan, Singapore, Hong Kong and canned fish from Japan.