

Challenges of local market development for small holder ecologically friendly products

Theingi Myint
Associate Professor
Department of Agricultural Economics
Yezin Agricultural University
Myanmar

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Introduction-Challenges of Organic Market in Myanmar

- ❑ Organic agriculture is tiny and organic market is in infant stage relative to neighboring countries in Asia
- ❑ The lack of understanding about the potential side effects of chemicals was holding the organic industry back
- ❑ Supply for organics is still inconsistent and low in volume
- ❑ The main issue faced in the past was the lack of a certification body for organic products
- ❑ Certification programs such as the MOGPA's give consumers – and retailers – confidence that the product on offer is really organic. But it is still limited
- ❑ But, certified organic products are normally sold as conventional products because here is no real organic market. For farmers, it is little economic incentive to switch.

- ❑ If the supply situation improves, sales should pick up. There is a growing number of suppliers wanting to supply organic foods.”
- ❑ Even when products are certified, it takes a increase of trust for customers to buy organic
- ❑ Interest from customers is still limited for organic products
- ❑ Demand has to pick up first for organic products to be successful
- ❑ Organic products, by nature, are more expensive and often less presentable
- ❑ The success of organic products therefore depends mainly on customers who have their mind set on buying organic. This group of customers will remain very small for the time being in Myanmar.

Pesticide Consumption in Asia

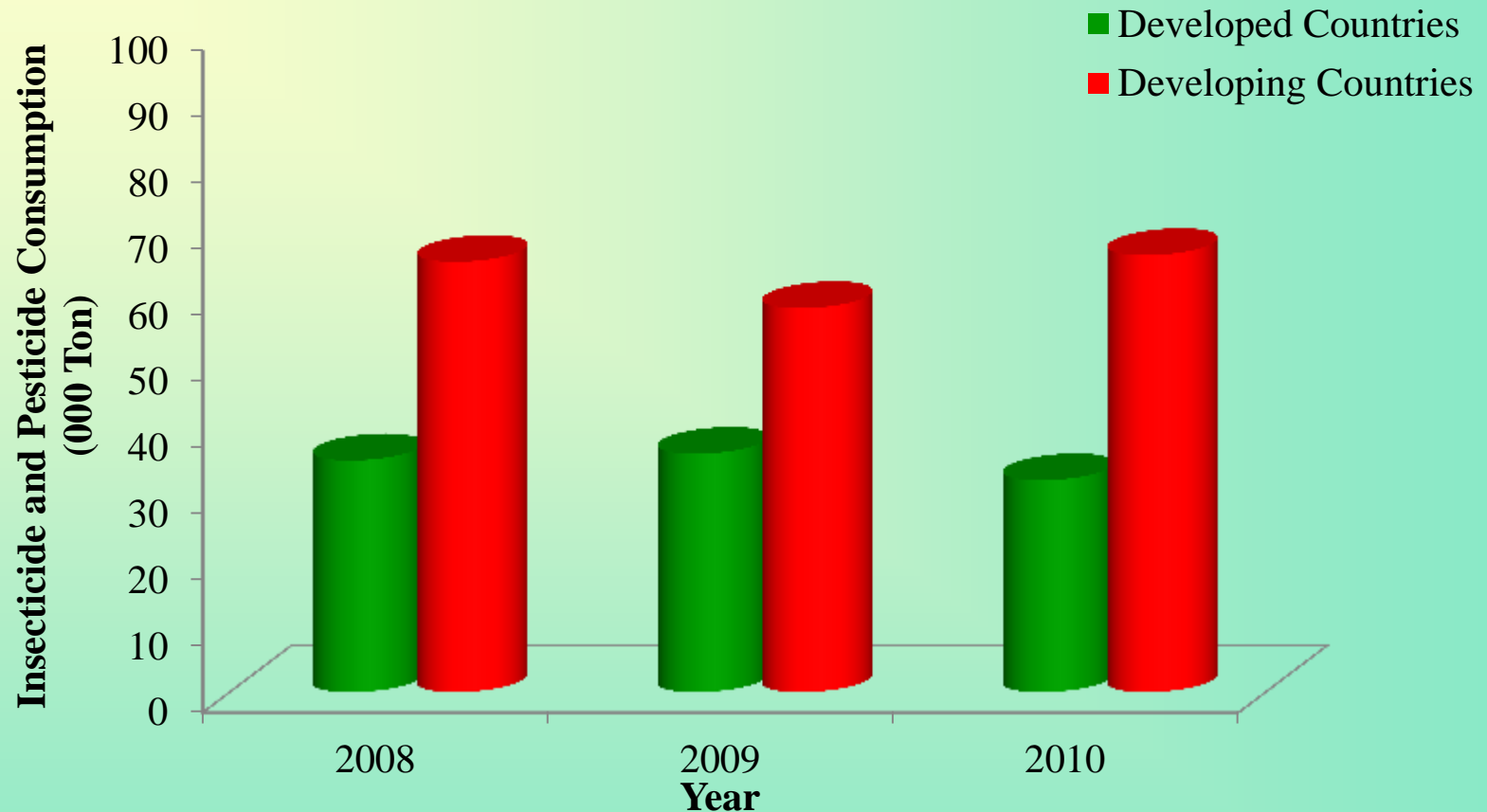


Figure1 Insecticide and Pesticide Utilization in Developed and Developing Countries of Asia (2008-2010)

Source: FAO, 2011

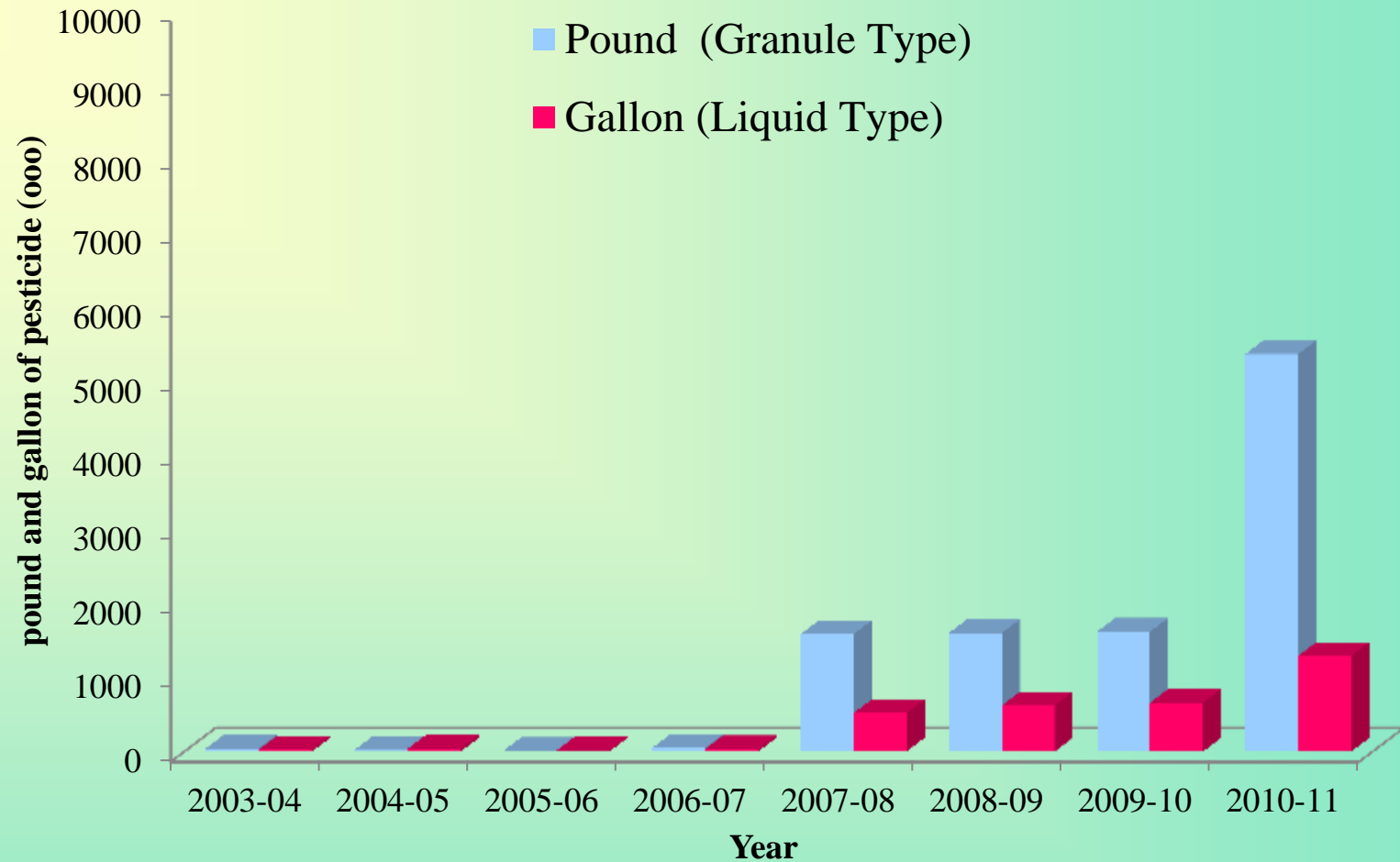


Figure 2 Pesticide Utilized for Plant Protection in Myanmar

Source: CSO, 2012



Environmental Awareness and Willingness to Pay of Vegetable Farmers for Organic Farming Development, Hmawbi, Feb. 2014

Farmers Demographic Characters	
Item	Mean
Age (Year)	41.23
Experience (Year)	16.12
Education (Year)	2.50
Family Size (No.)	4.68
Farm Size owned (acre)	1.09
Farm Size rent (acre)	0.03
<i>Number of respondents</i>	60

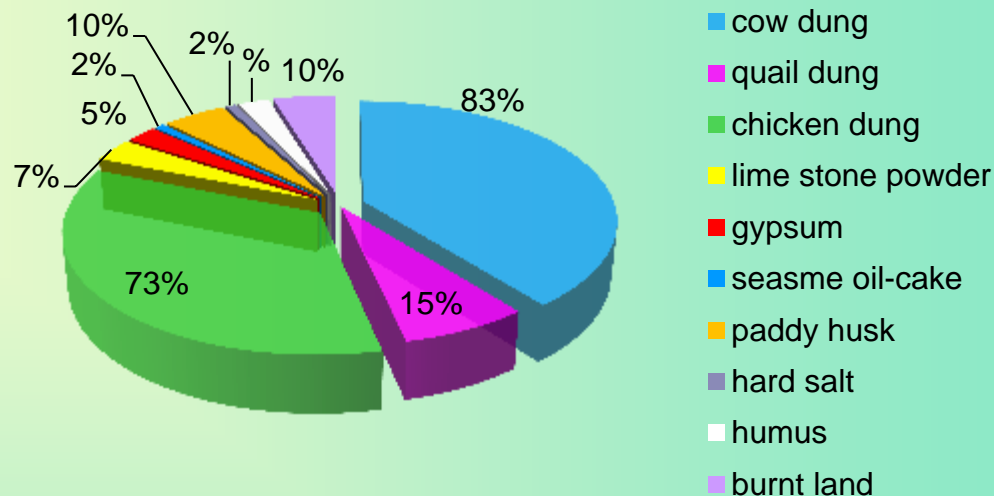


Figure 3 Current usage of organic fertilizers for soil conservation practices

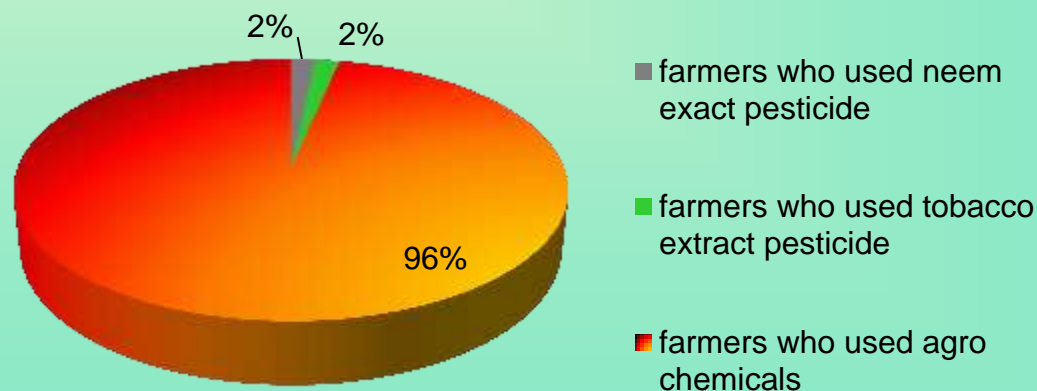


Figure 4 Current usage of pesticides for plant protection practices

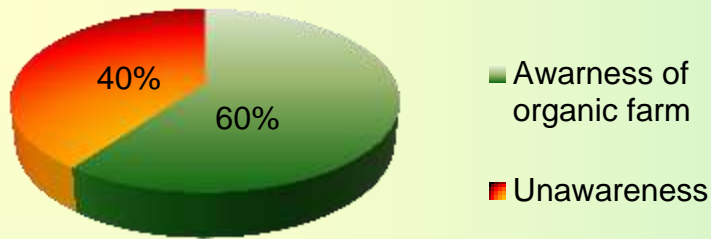


Figure 5 Awareness of organic farming practice

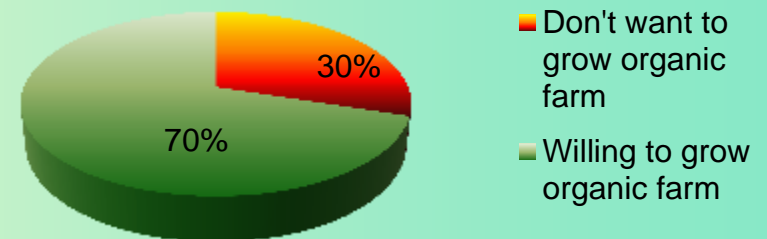


Figure 6 Willingness to grow organic farming practice

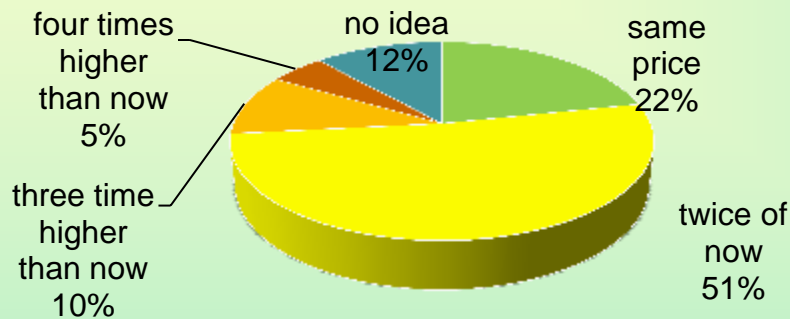


Figure 7 Expectation of price premium to grow organic

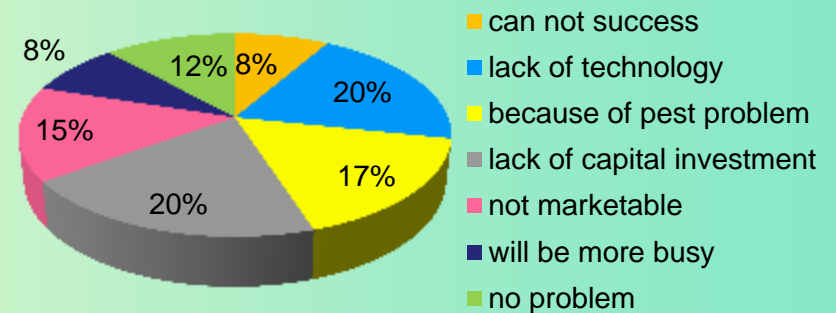


Figure 8 Constraints to grow organic farming

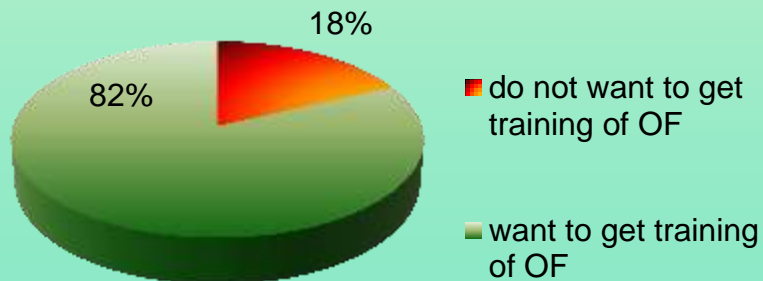
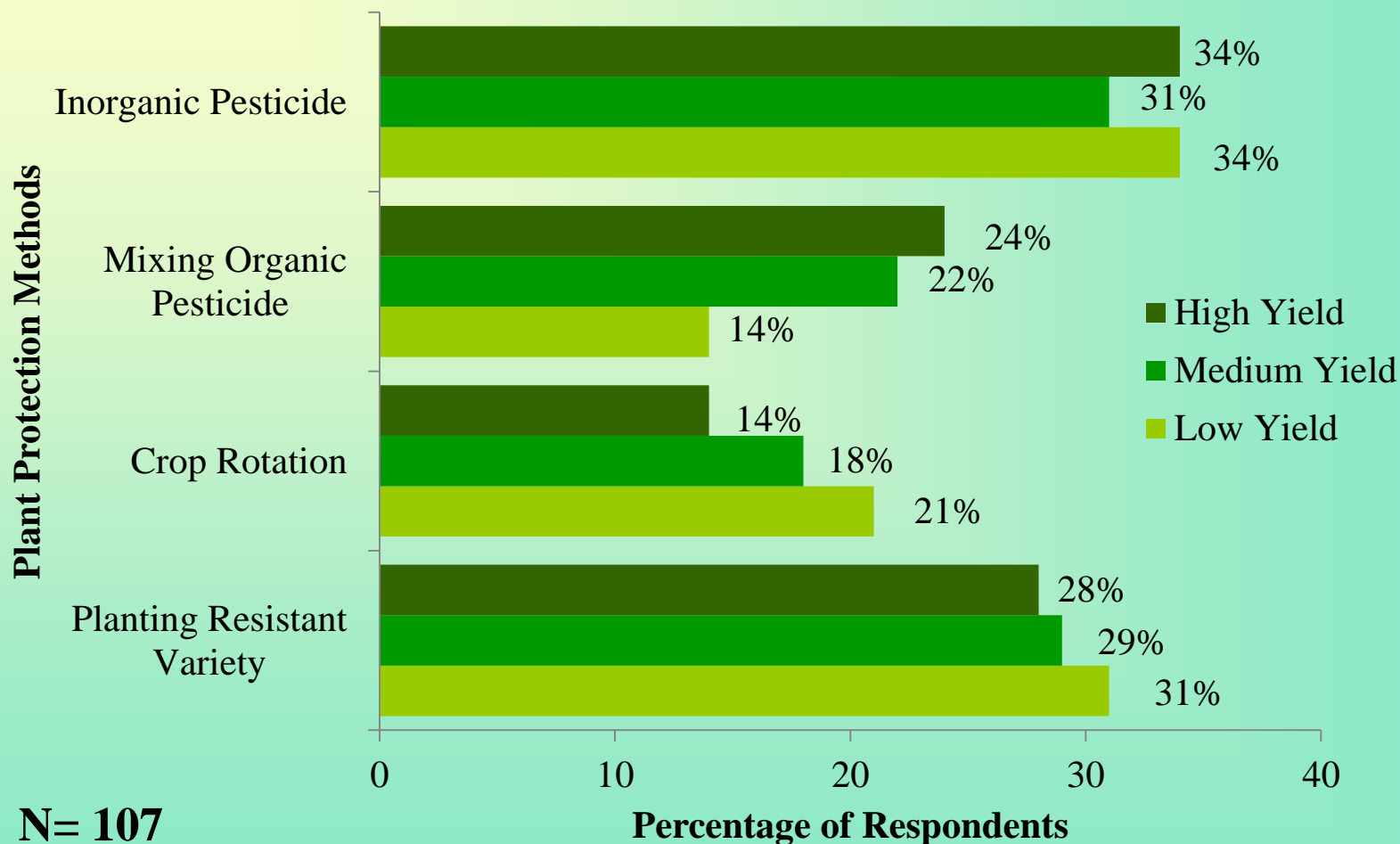
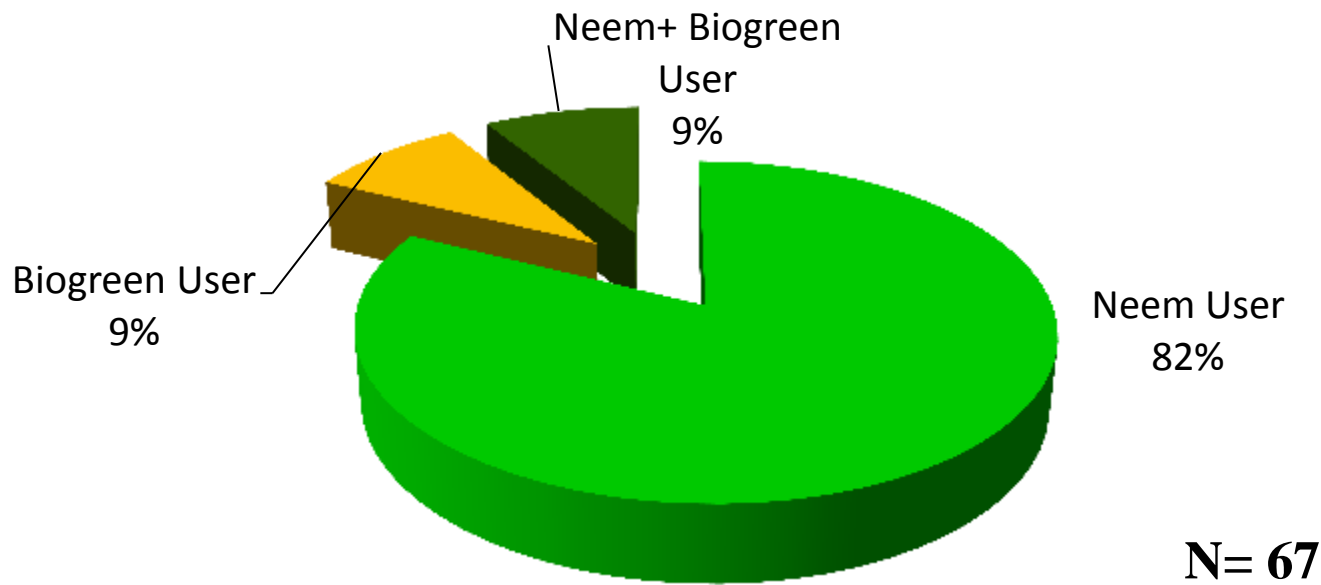


Figure 9 Willingness to receive training of organic farm practices

DETERMINANTS OF ENVIRONMENTAL AWARENESS INDEX AND PESTICIDE DEMAND OF TOMATO FARMERS IN INLE LAKE, EI MON THI DAR KYAW & THEINGI MYINT, 2014





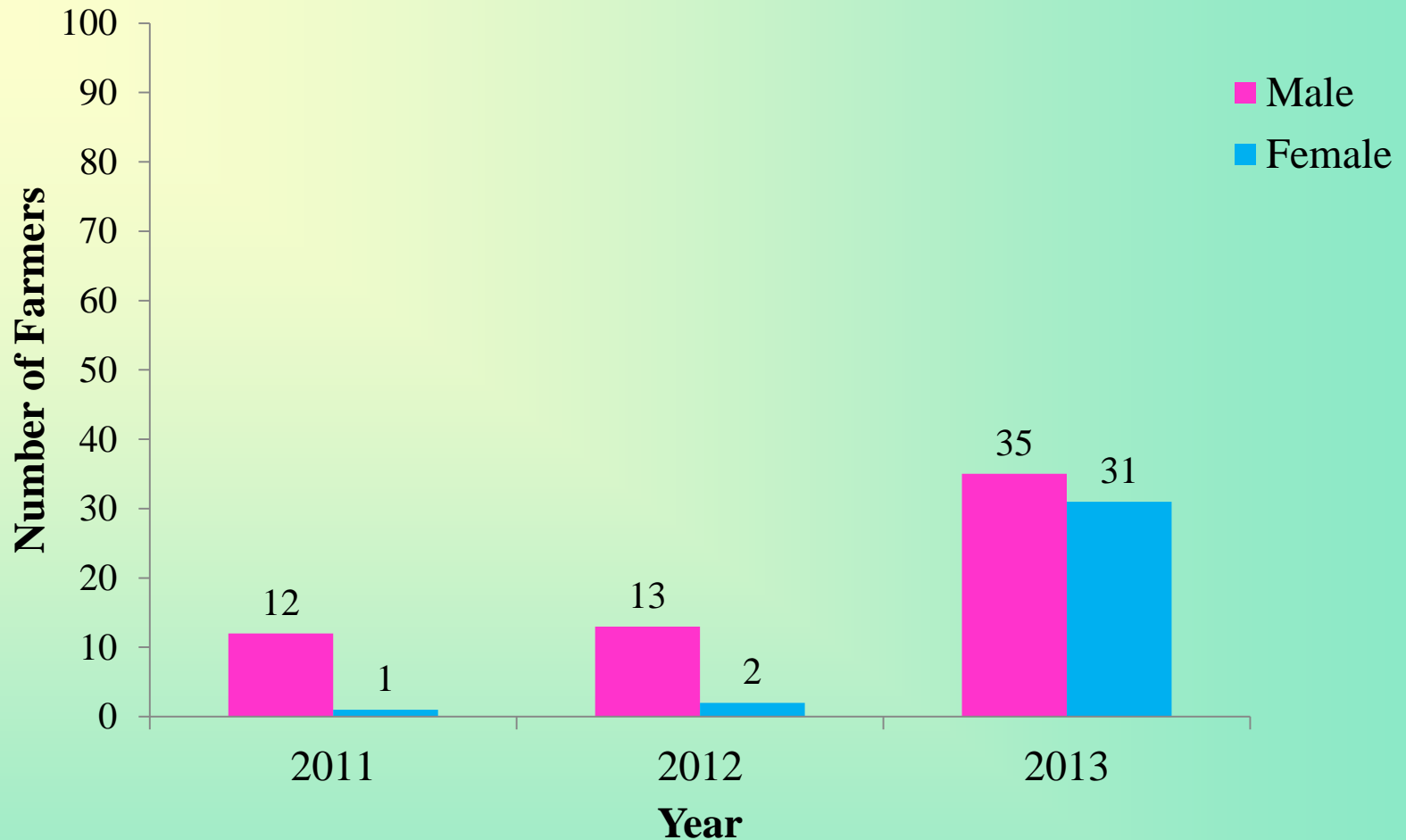
Ratio of Farmers who Use Organic Pesticide

Brands of Applied Inorganic Pesticides by Sample Farmers, N=107

No	Brand	Percent of Respondents
1	Golden Lion	44
2	Awba	42
3	Fanlink	10
4	Not Register	8

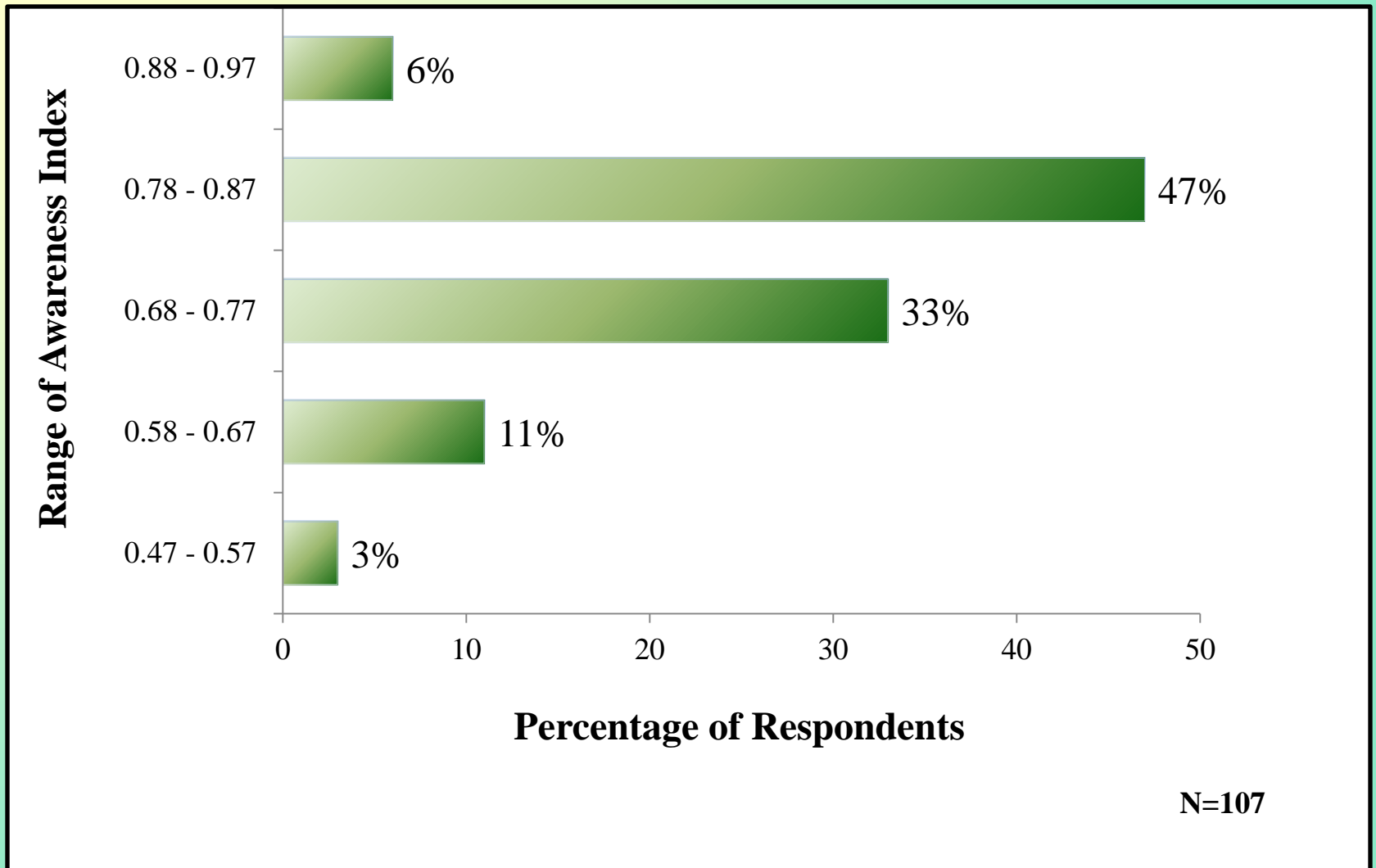
Long Term Diseases Claimed by the Sample Tomato Farmers in Inle Lake

Symptoms	Percent of Respondents		
	Low Yield	Medium Yield	High Yield
	Group	Group	Group
Skin Irritation	13	13	13
Stomach Ache	13	2	10
Hypertension	8	2	12
N	37	33	37



Number of Pesticide Poisoning Cases in Inle Lake, 2011-2013

Source: Official Reports of Three Villages' Clinics of Inle Lake, 2013



Range of Awareness Index by Ratio of Respondents

Environmental Awareness

- Farmers notices pesticide harmful effects, however, they had not willingness to reduce the pesticide usage
- Lack of the formal proper pesticide utilization training was the major problem for the farmers in Inle Lake

Environmental Awareness Function

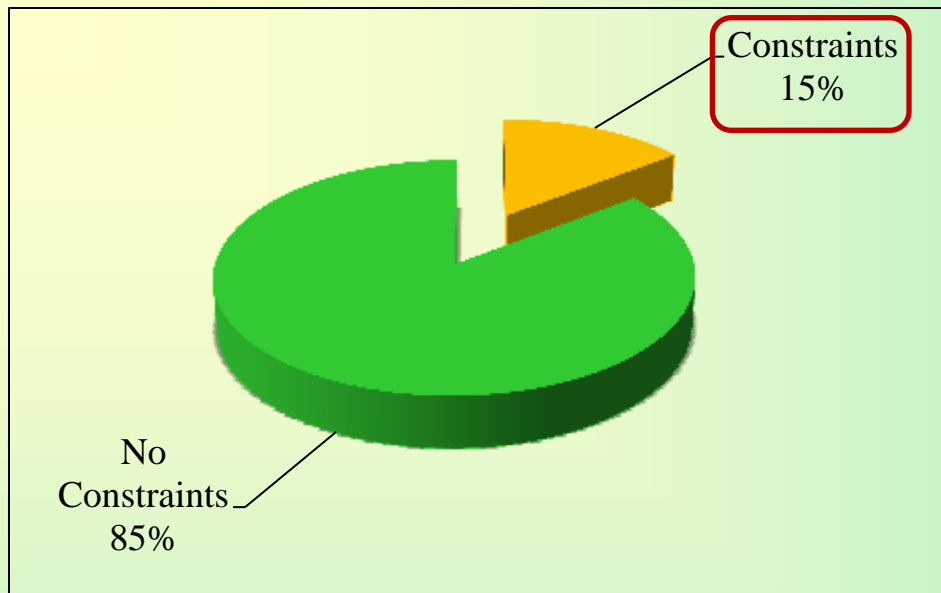
- Older farmers, small farm size owner and less pesticide used experience farmers had environmental awareness based on regression analysis

Pesticide demand Function

- The use of pesticides was regardless the education level and price of pesticides

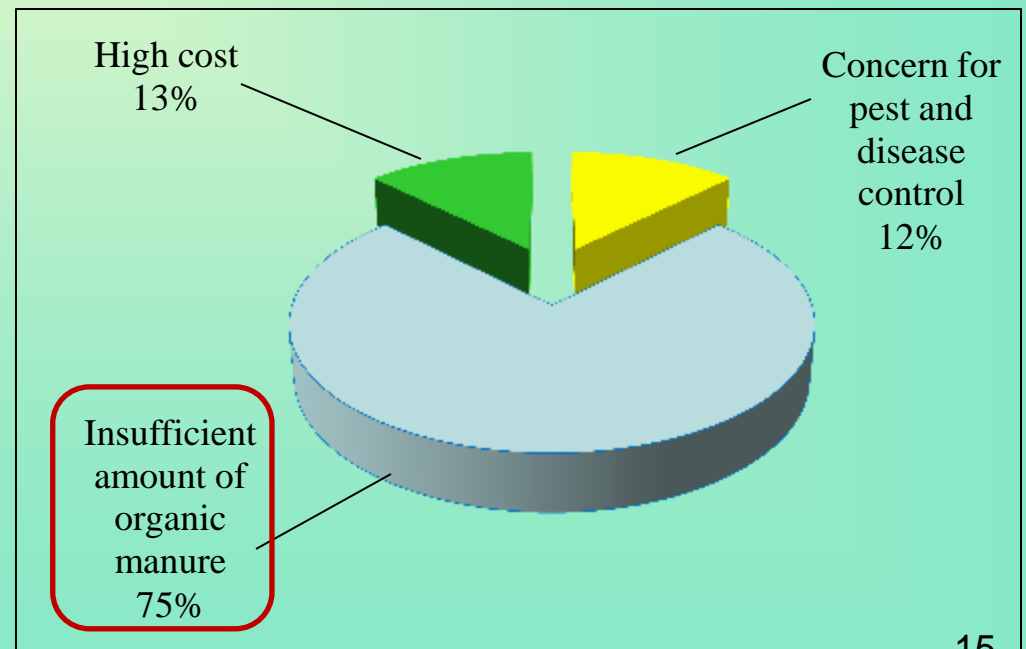


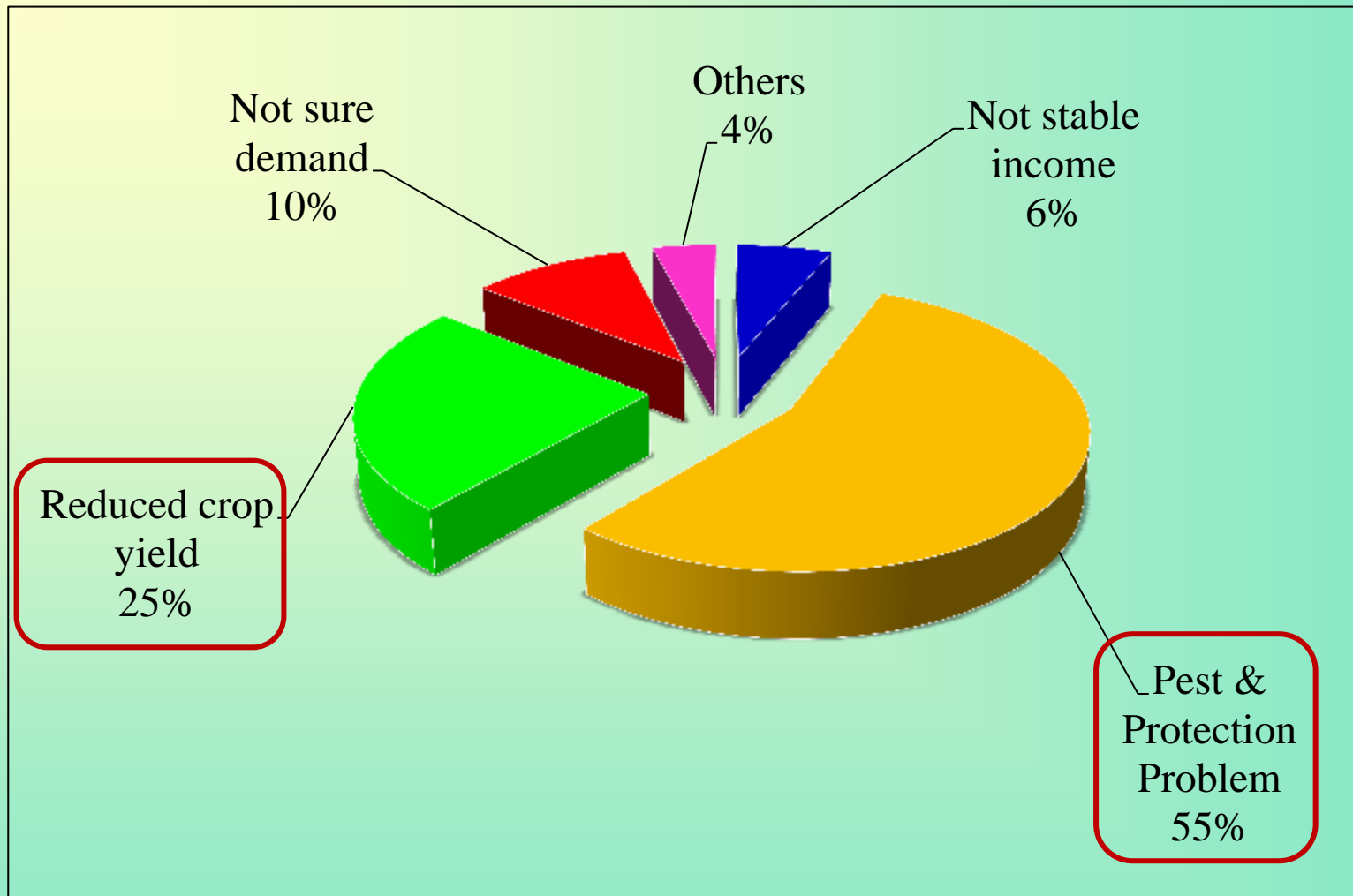
Environmental Awareness and
Willingness to Accept of
Vegetable Farmers towards
Organic Farming in Pyin Oo Lwin
Township,
Myo Sabae Aye and
Theingi Myint, 2015



Ratio of sample farmer who has constraint for using organic materials (n = 55)

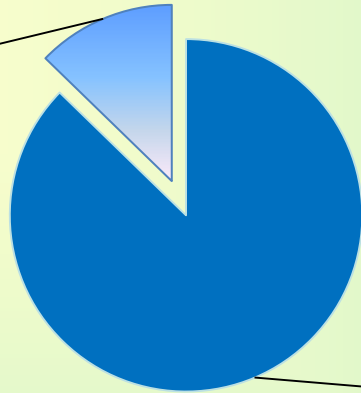
Type of constraints of sample farmers





Constraints for producing organic farming of sample respondents

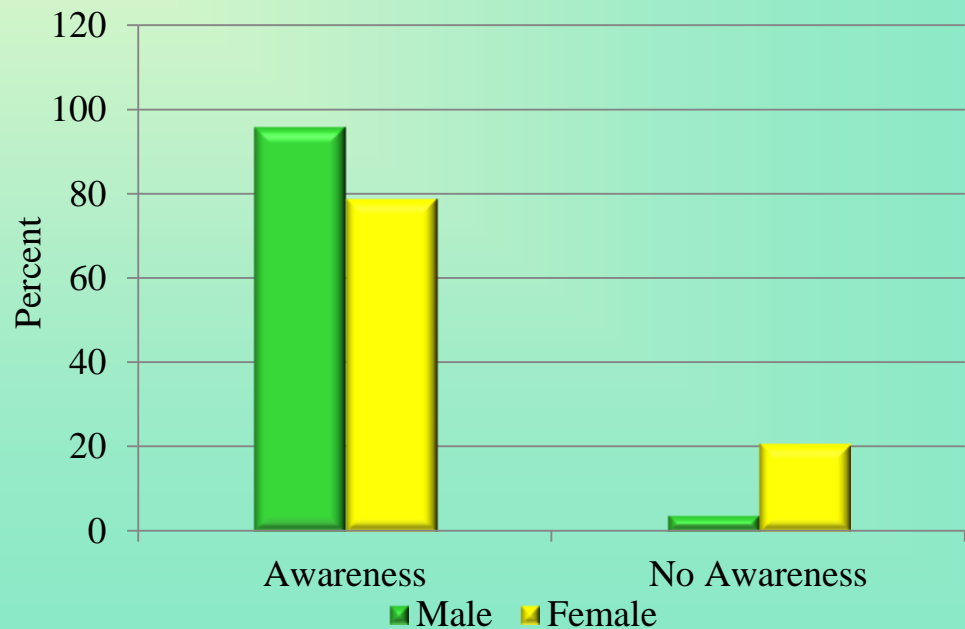
**No
awareness
13%**



**Awareness
87%**

**Awareness of chemical residues
of sample respondents**

**Awareness of chemical
residues by gender**



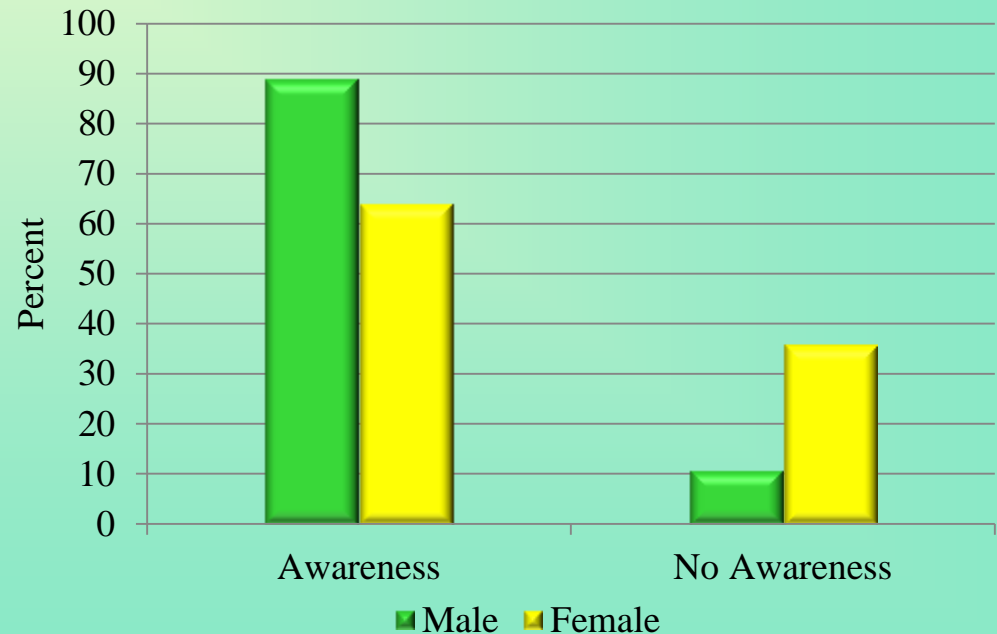
**No
awareness
24%**



**Awareness
76%**

**Awareness of adverse effect on
environment**

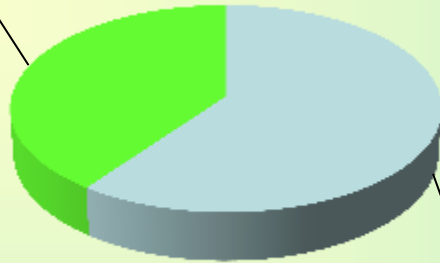
**Awareness of adverse effect
on environment by gender
issue**



Environmental awareness index of selected farmers

Range of Awareness Index	Definition	Percent of respondents
0.35-0.56	Limited Awareness	15
0.57-0.78	High Awareness	53
0.79-1	Fully Awareness	33
Total		100

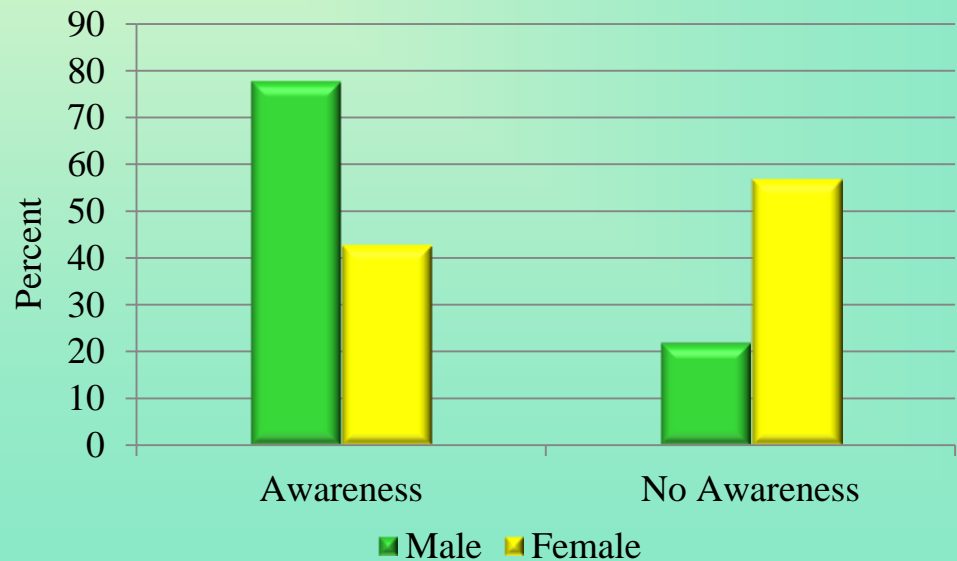
No
awareness
40%



Awareness
60%

**Awareness for perceive of
organic farming**

**Awareness for perceive of
organic farming by gender**



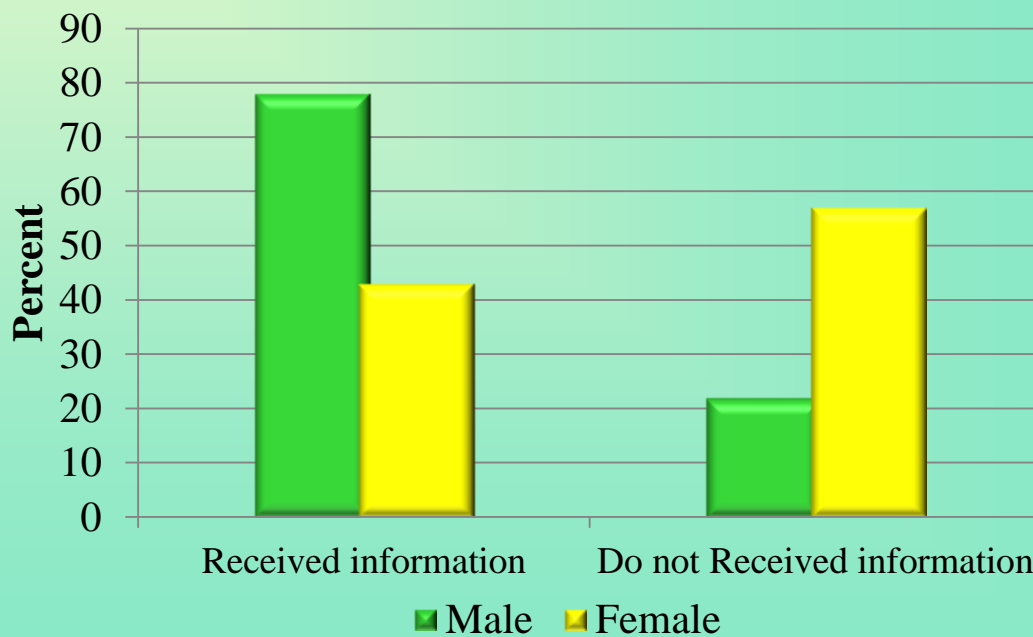
Non
Received
information
40%



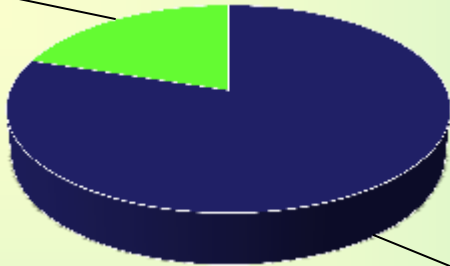
Received
information
60%

Information receipts of organic farming

Information receipts of organic farming by gender



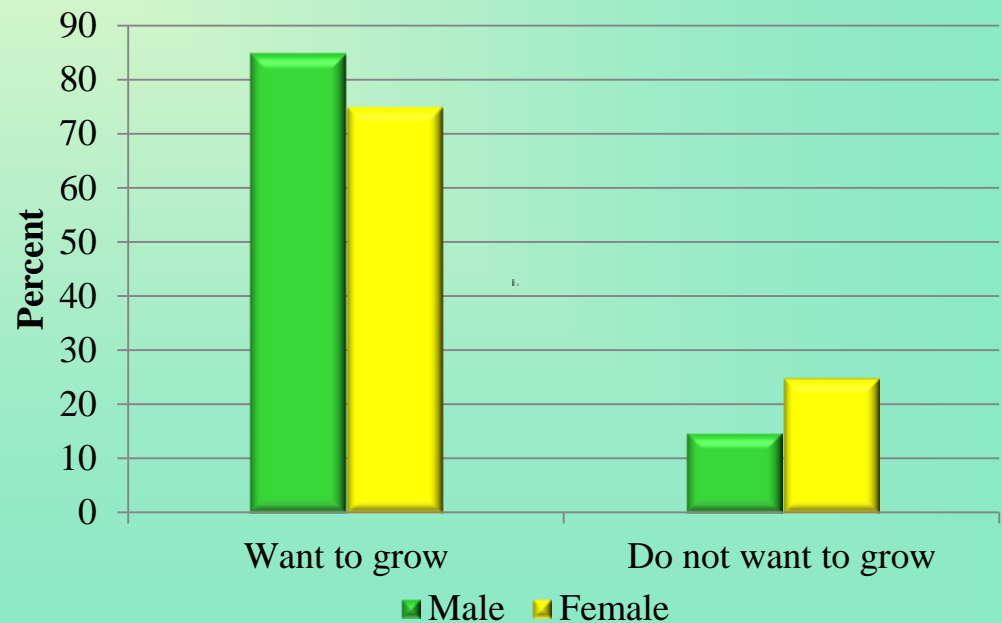
Do not
want to
grow
20%

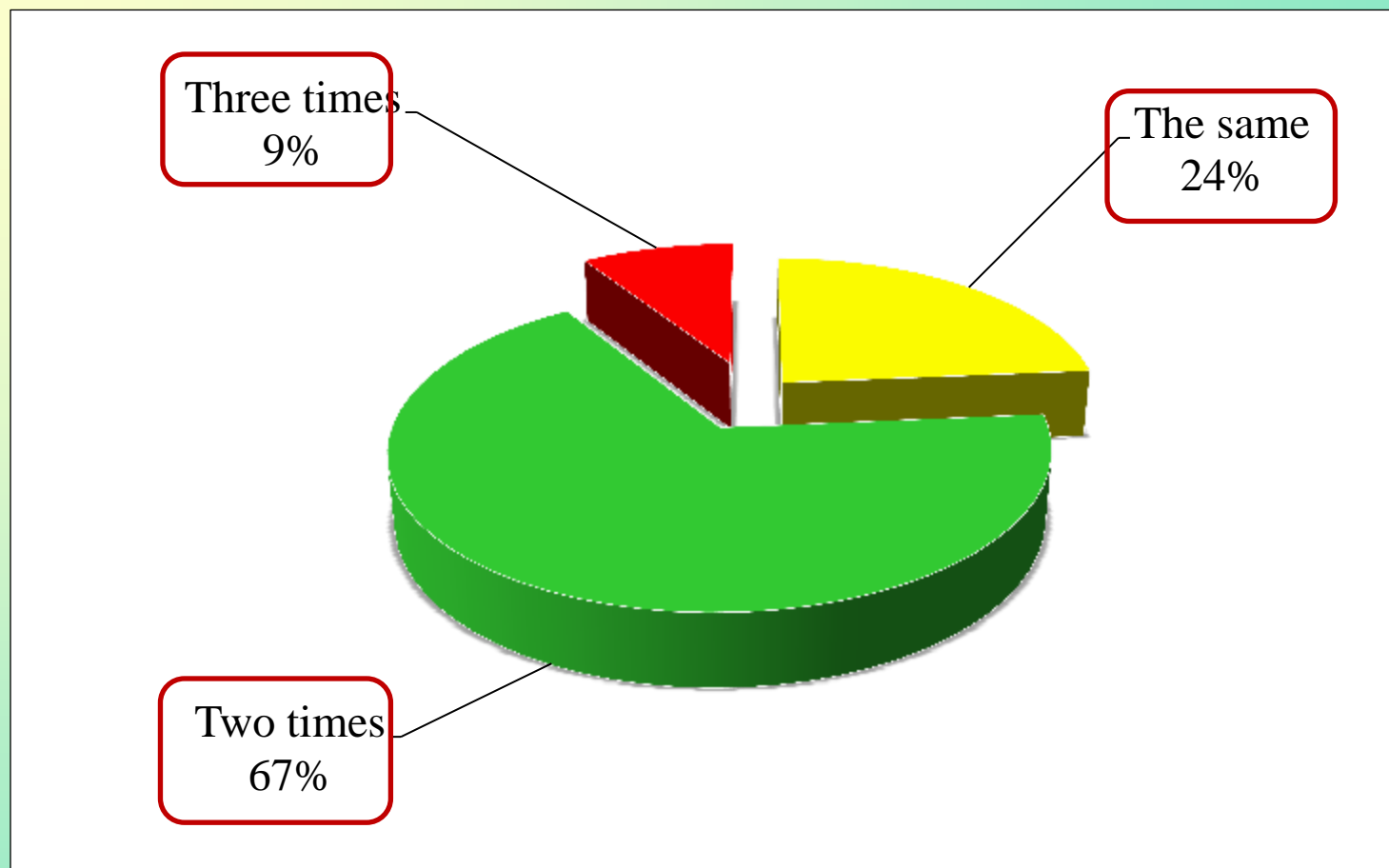


Want to
grow
80%

Willingness to grow organic farming

Willingness to grow organic farming by gender issue





Willingness to receive of price premium to grow organic farming of sample respondents

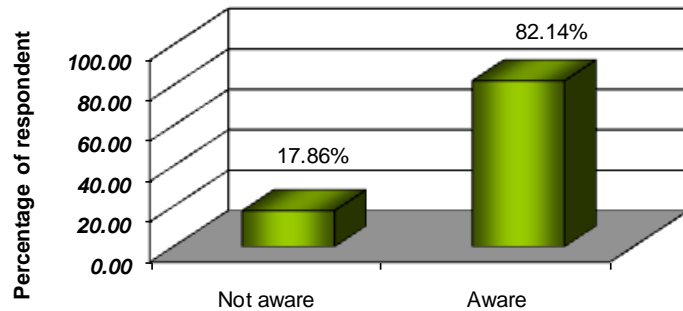
Farmers' Perceptions:

- Organic farming can be tremendously costly. So that the 10 to 15 percent premium was not enough to cover production costs
- In order to minimize costs and maximize profits, farmers need to look at what crops are best adapted for a particular piece of land and what crops bring the greatest returns at point of sale & a market opportunity with premium prices
- The major difference in terms of cost between organic farming methods and conventional methods is the increased risk of losing the crop
- Demand side factors are more critical to the success of the industry than supply side factors such as volume and quality
- Ranked the factors limiting expansion: (1) lack of consumer awareness of the benefits of organic produce; (2) limited distribution and availability; and (3) consumer unwillingness to pay a premium for organic produce
- Farmers ranked their problems in producing organic: (1) insufficient technical knowledge (2) pest problems; and (3) capital investment

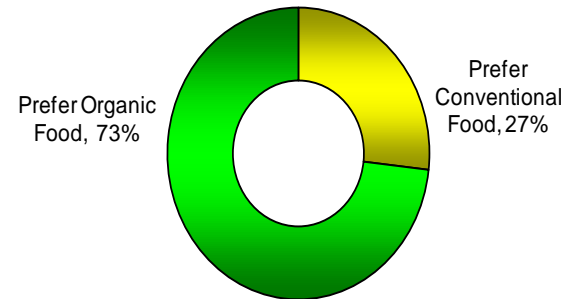
Consumers' Perceptions of Organic Food Market

Hmawbi & Yezin, March 2009

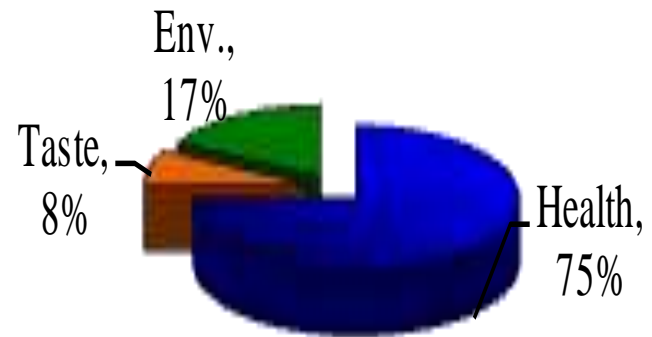
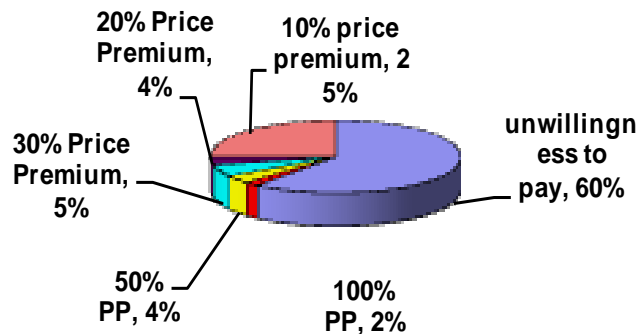
Awareness of the Consumer for Organic Food



Preferred Food of Respondents

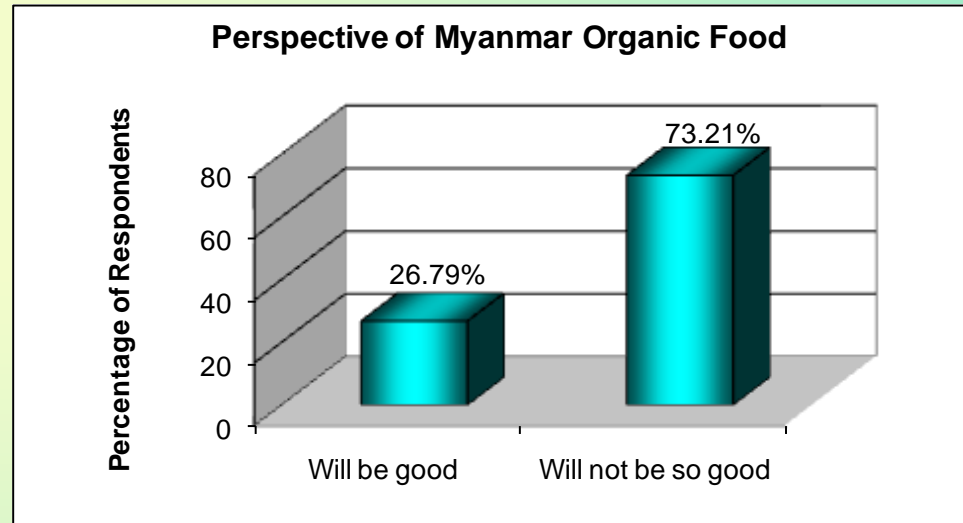


❖ The awareness of the respondents for the organic food (n=56)



❖ Willingness to Pay for Organic Food

The Reasons of Demand for Organic Food



The Perspective of Myanmar Organic Food

- ☐ Consumer awareness of food safety issues, particularly those involving chemical residues
- ☐ But some of respondents indicated they do not perceive pesticide residues to have any greater health risk than smoking or eating foods high in cholesterol, fat and salt
- ☐ Some were willing to accept produces with sensory defects such as insect holes, and soft spots

Marketers' Perceptions

- ❖ If the strength is growing consumer demand, the weaknesses will be lack of a consistent supply
- ❖ Don't want to sell organics because it will be too much cost and sales will stagnate due to inconsistent supply and quality
- ❖ Offering organic produce will be depending on availability and demand
- ❖ Three most important reasons to sell organic produce are
(1) it lowers health risks (2) better for the environment
(3) customers demand
- ❖ Health awareness of urban consumers is increasing, particularly regarding the very high level of pesticide use by farmers and thus the possibility of toxic residues in food
- ❖ This indicates that there is a market potential for health products

Way forward of local organic market in Myanmar

- The increase of “healthy” foods and the establishment of certificates for hygienic or pesticide controlled vegetables will be needed
- Therefore, governmental institutions should start different certification systems for safe food products for small holder farmers and promote regulations and policies
- There is a consumers interest in pesticide free food products and a desire to buy healthy food which indicates a market potential for organic products
- A specific feature of the local food market should be the coexistence of different environmentally friendly, healthy or hygienic labels with clear separation of organic, “healthy” food and conventional products in the shops
- Furthermore, the advertisements are needed for successful development of a local organic market for consumer’s awareness.

- Consumers know very little about the production process, and therefore lead to a low level of confidence in organic production_ Traceability _ Farm Records
- There is a need for clear information about the different food labels and the production methods and utilization of materials for creating demand
- Information on consumer's perception to support for farmers more efficiently and to identify which crops are more likely to be successful. The consumer survey is urgently needed to confirm the market demand.
- The supermarkets' turn would be to present organic products perceptibly if they have an interest in the sales of organic products.
- The local organic market development should be initiated by public private partnership based on empirical researches on both supply and demand sides

Thank You



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