Competition between Asian rice producers led Vietnam’s Government and its private sector to work together to improve their competitiveness. Their success in moving from being an importer to becoming a major exporter has drawn the attention of other countries. Members of the Food Standing Committee of the Government of Bangladesh visited Vietnam to learn how the country combines modern technology and local skills, and how the linkages between stakeholders help to promote the rice industry.

(Read more on page 3)
From the Editor’s Desk

We might not have been able to launch this issue before the New Year’s holiday, but I do hope you had a festive celebration and enjoyed a good year and will enjoy an excellent 2014.

Our last quarter ended with AFMA being a partner of the Asia-Pacific Regional Symposium “Entrepreneurship and Innovation in Organic Farming”, which was held from 2-4 December in Bangkok. Two months earlier, we supported officials from Bangladesh to visit the Mekong Delta in the south of Vietnam for a study tour on Public Rice Export, Procurement, Distribution and Food Safety Regulation.

FAMA, our member in Malaysia, organized for a second time an International Agribusiness Marketing Conference (IAMC) at the Putra World Trade Centre, Kuala Lumpur, in collaboration with several local organizations. In this issue, we bring you one of the award-winning articles from IAMC 2013: “Assessing sheep traders’ preferences in Kenya: A best-worst experiment from Kajiado County”. Thanks to Nadhem Mtimet from ILRI for the contribution, to Dr. Bisant Kaur, Conference General Chair for news releases and to the FAMA team for hospitality to all the speakers and guests. Please see inside for more information.

Best wishes,
Juejan

AFMA Newsletter

The AFMA Newsletter is published quarterly and distributed to members, FAO Representatives, embassies, universities and marketing agencies throughout Asia and the Pacific. Its purpose is to provide information on AFMA’s events, as well as information and ideas on international and regional agricultural food policy, trading and marketing. To submit news items or to advertise with us, please visit www.afmaasia.org.

Juejan Tangtermthong Editor
Andrew Shepherd Honorary editor

Source: Example of a cost calculation from Marketing Extension Guide (2): Understanding and using marketing information ©FAO 2000

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News and Events

Vietnam: supply chain, policies and marketing of rice in the Mekong River Delta
By Monthinee Iambamrungsakun and Juejan Tangtermthong

From 6-12 October 2013, AFMA, in association with the National Food Policy Capacity Strengthening Programme (NFPCSP) of FAO Bangladesh, organized a study tour on public rice export, procurement, stocking, storage and distribution in Vietnam. The participants consisted of seven senior officers from the Parliament and the Ministry of Food of Bangladesh. The tour was planned and led by AFMA in close collaboration with the Southern Center for Agricultural Policy and Strategy (SCAPS), Vietnam. In order to understand the role of the Government and the private sector in many aspects of the rice industry in Vietnam, the group visited government organizations, research institutes, and food corporation facilities in cities and provinces around the Mekong Delta. The Mekong River Delta (MRD) is key to the success of the rice industry, contributing 90% of rice exported from the country.

On the first day, the participants met Mr. Ngo Dong Hai, Head of the representative office of the Ministry of Agriculture and Rural Development, Ho Chi Minh City. Mr. Md. Emaj Uddin Pramanik, Group Leader, expressed his thanks to the Vietnam government for supporting Bangladesh during the food crisis in 2010-2011. The group also expressed the wish for further cooperation with Vietnam in many aspects. Participants then went to the Vietnam Southern Food Corporation (Vinafood 2) which is a 100% state-owned corporation and the biggest corporation dealing in food trading and exporting in Vietnam. At Vinafood 2, they exchanged information on rice imports and exports and were briefed on the supply chain for rice in the south of Vietnam.

On the second day, at Song Hau Food Company, an affiliate of Vinafood 2, the participants observed polypropylene bag production, milling processes and the loading of goods at Tra Noc port, which is owned by the company and is used to export rice directly to the international market. In the afternoon, the rice supply chain and policy in MRD were discussed at the Vietnam Chamber of Commerce and Industry (VCCI), Can Tho branch. The members of VCCI Can Tho shared their views with participants on the non-tariff barriers that they are facing.

The next day, Dr. Nguyen Van Sanh, Director of the Mekong Delta Development Research Institute (MDI), talked to the Group about rice production in MRD. In MRD, farmer income is around VND1,400,000 or USD66 per month. Dr. Nguyen said challenges in the area include the use of a high level of inputs on paddy, the small farm size and child malnutrition. In the afternoon, the Group went to Cuu Long Delta Rice Research Institute (CLRRI). Its researchers have also covered socio-economic and marketing topics. CLRRI and participants exchanged information on salt- and drought-tolerant varieties. Currently, rice varieties from CLRRI account for 50% of rice seed used in Vietnam. It has bred more than 35 varieties.

On the fourth day, participants visited the An Giang Plant Protection Joint Stock Company (AGPPS), a leading rice processor and the first company to build up the “large field model” by signing seasonal contracts with farmers. AGPPS has built its own research institute called Dinh Thanh Agricultural Research Centre (DT ARC), which aims at supplying foundation seed to the company. The participants also visited the Thoai Son Factory of AGPPS. They observed the process of buying rice from farmers and had discussions with a group of farmers in the area.

The industry in Vietnam has been continually developing under the control of government associations and organized traders. Vietnam now faces considerable competition on the international rice market because of the emergence of new exporting countries such as Myanmar and Cambodia, as well as from existing competitors, Thailand, India and Pakistan. Vietnam is now focusing on improving the quality of its rice to gain higher prices on the world market.
The Asia-Pacific Regional Symposium on Entrepreneurship and Innovation in Organic Farming was held from 2-4 December in Bangkok, organized by the International Federation of Organic Agriculture Movements (IFOAM) and FAO and co-organized by AFMA, APRACA and IFOAM Asia. The conference aimed to identify the different successful strategies adopted by organic farmer entrepreneurs. The presentations at the workshop included cases from entrepreneurs, producers, NGOs and governments from around the world. The topic of Marketing was one of four topics, the others being Production, Finance and Education. There were 12 selected marketing presentations. Reports on Participatory Guarantee Systems (PGS) dominated the first day’s Marketing session as an alternative system to third-party certification.

Different examples of promoting consumption of organic products were presented in the second Marketing session. These included agro-tourism, direct marketing, a community-supported agriculture (CSA) scheme, when a group of customers pays directly to a group of farmers in advance to get product later, and a school meal scheme. From the Republic of Korea, a story was presented concerning direct sales between farmers and schools that resulted in a government-supported establishment of 33 School Meal Support Centres nationwide by 2013. In 2014, Seoul municipality plans to provide free organic school meals to all schools under its jurisdiction.

A field trip was organized on the second day to two organic farms in the west of Bangkok. The visits were to the Thai Organic Farm in Ratchaburi province and to the Sampron Riverside Hotel in Nakhon Pathom province, which operates a working organic farm and a weekend organic market. At the end of the day, participants learnt about plant protection techniques that are regularly used in organic agricultural systems, such as production of vermi-compost, herbal extract and beneficial insects and microorganisms.

On the third day, the Marketing session was dominated by discussions of branding and alternative certification systems, such as a collective trademark, which can improve market differentiation and be a marketing tool to promote competitiveness. Bob Quinn, the President of Kamut International, converted his 1,600 hectare wheat farm in Montana to 100% organic in 1989, gave listeners knowledge of how to protect and build value of a brand. For instance, the Kamut trademark guarantees that the product is non-GM and has a strict rule that food processor can claim their product as a Kamut product only if it contains greater than 50% of Kamut wheat.

Full papers of all presentations in this symposium will be combined with the previous event; “Symposium on Marketing and Finance of the Organic Supply Chain” organized by FAO, AFMA, APRACA and NACF in Seoul, Republic of Korea last year to be published in a book. We will inform you once it is ready late next year.
Assessing sheep traders’ preferences in Kenya
By Nadhem Mtimet1, Derek Baker1, James Audho1, Edwin Oyieng1, Julie Ojango1

Bissil livestock market in Kajiado County - Kenya

Between meat consumers and livestock producers, there are other players with vital roles in information transmission and value addition along the value chain. Unintentionally or otherwise, traders have been neglected by researchers. However, traders represent the first source of market information for producers, and hence are the conduit for the incentives for producers’ production and investment decisions. Understanding traders’ needs and preferences is thus an important step in the design and implementation of market-responsive interventions by, and supportive policies for, producers in value chains involving traders.

The study area was selected because of its local and regional prominence for pastoralist sheep production in Kenya, and the historical presence of Red Maasai sheep. Three livestock markets located in Kajiado County (south of Kenya close to the Tanzanian border) were targeted: Kiserian, Mile 46, and Bissil. Data was collected using face-to-face interviews. The interview questionnaire featured questions about the trader’s identity, business activities, main livestock markets used, number and type of animals bought and sold during the past year, and specific aspects of sheep trading. At the end of the questionnaire respondents were presented with a set of 12 cards, as a choice experiment. Each card described a sheep for sale, by “levels” of 4 attributes: sex, age, breed and price.

Standardized Most-Least scores (generally known as Best-Worst scores) were calculated to assess respondents’ stated importance of the various attributes, and the importance of their respective levels. Below is an example of a choice experiment card.

<table>
<thead>
<tr>
<th>Most Important</th>
<th>Sheep 1</th>
<th>Least important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1 year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X</td>
<td>Dor x BHP</td>
<td></td>
</tr>
<tr>
<td>3,500 KSH</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Would you buy this sheep? □ Yes □ No

Figure 1: An example of a choice card

The majority of interviewed traders’ (91%) indicated that livestock trading was their main business activity. The proportions differed slightly between the three markets. On average, one third of traders were formally registered as business enterprises. However, this proportion varied considerably between markets, with more than half of Bissil traders formally registered and just 11% of Mile 46 traders. The sampled livestock traders were generally concerned with three animal species (sheep, goats and cattle). Almost three quarters of the traders (74%) were involved with sheep, goats and cattle trading. 92% of the traders were concerned with sheep trading, 89% goat trading and 88% cattle trading.

The sheep’s breed was revealed to be the most important attribute for all interviewed livestock traders. This was followed by the price (also a positive score). Animal age and sex were, on average, not considered by sheep traders to be important attributes. This was especially the case for animal sex, which obtained the lowest score. The same pattern was largely exhibited across the markets studied, but some differences did appear.

Scores associated with levels of the breed attribute indicated that for the three sheep traders’ groups, pure Dorper (D in Figure 2) was the most preferred sheep breed. Mile 46 and Bissil traders had a clear preference for this type of breed. Observation suggested that purebred sheep are rare in these markets, with cross-breeds dominating. The cross between Red Maasai and Dorper (RM x D) was the second most desired breed, and the cross between Dorper and Black Head Persian (D x BHP) occupied the third position in traders’ preferences. Other differences among markets were also perceptible in relation to price and age attribute levels.

The results imply that in the future, it is important to provide producers with pure Dorper rams or crosses between Dorper and Red Maasai. Pure Black Head Persian sheep are the least preferred by traders.

Figure 2: “Least-Worst” average scores of sheep attributes’ levels influencing traders’ choices

1 International Livestock research Institute, Nairobi, Kenya n.mtimet@cgiar.org – This article has been summarized from a publication IAMC 2013 conference in Kuala Lumpur. To read the full publication, please write to AFMA Secretariat at info@afmaasia.org
Reducing Food Loss and Waste
By Brian Lipinski and others (June 2013)
Edited by Monthinee Iambamrungsakun

One out of every four food calories intended for human consumption is lost at some stage of the food chain, according to FAO. Food loss and waste has a negative impact on the economy and the environment. While food loss is an unintended result of an agricultural process or of technical limitations in storage, infrastructure, packaging and marketing, food waste is the result of negligence or a conscious decision to throw good quality or spoiled food away.

In term of calorific content, the largest share of global food loss and waste is contributed by cereals; while fruits and vegetables are the largest source of loss and waste on a weight basis (Figure 1). Even though meat loss is only a small share (7% in calories and 4% by weight) it has high economic costs and significant environmental impact through greenhouse gas emissions, land use and water consumption per calorie. The idea of reducing food loss and waste is not only to increase food availability but also to alleviate poverty, provide gender benefits, and reduce pressure on ecosystems, climate, and water.

The working paper by Lipinski and others gives several possible approaches to reducing loss and waste. It presents case studies of successful initiatives and gives recommendations on how to bring about loss reductions. The approaches include facilitating food redistribution, using storage facilities (such as evaporative coolers, plastic storage bags, small metal silos and plastic crates), improving food date labeling, using consumer awareness campaigns, and reducing portion sizes. Examples of practical approaches on food date labeling are:

Food date labeling

Due to the lack of a uniform approach to food date labeling, dates provided on the package may be “use-by”, “sell-by” or “best before”. The real meaning of “best before” is based on food quality or the flavour of the food, but its use may lead customers to throw away edible food that they perceive as “out of date”. Three commonly confused dates in the United States are defined in the Table below.

<table>
<thead>
<tr>
<th>TYPE OF DATE</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sell-by or Display until</td>
<td>Tells the store how long to display the product.</td>
</tr>
<tr>
<td>Best-if-used-by or Best</td>
<td>Recommends the date by when to consume the product in order to experience peak flavour and quality. It does not pertain to the safety of the product.</td>
</tr>
<tr>
<td>before</td>
<td></td>
</tr>
<tr>
<td>Use-by</td>
<td>The last date recommended for the use of the product from a food safety perspective.</td>
</tr>
</tbody>
</table>


Manufacturers and retailers can reduce confusion by removing confusing dates from the packages and by changing how dates are displayed. The working paper suggests that governments should launch policies or guidance about what type of dates manufacturers and retailers should print on their packaging. As well, they should provide the necessary information for consumers to be able to understand these dates.

Manufacturers of non-perishable foods could replace a “sell-by” date with a code that can be read only by the manufacturer and retailer. The consumers can then decide how long to keep a product. Companies should educate consumers through in-store displays, provide leaflets and online guidance, and print messages on grocery bags to describe the various food date labels and explain the differences between them.

The working paper gives a case study of Tesco, which has piloted the use of a single date code of “use by” on meat and “best before” on fruits and vegetables in some of its UK stores. These pilot stores have seen a reduction in food waste of items using the single date code. The company has introduced the single code to pre-packed meat in more than 3,000 stores in the UK and it will roll out the single date coding for fruits and vegetables by the end of 2013. It is also developing guidance, training, and auditing for its own staff and suppliers.

Figure 1: Share of Global Food Loss and Waste by Commodity, 2009


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Members’ News

FAMA organises the IAMC, a platform on agri-business for researchers

The International Agribusiness Marketing Conference (IAMC) was held for the second time, at the Putra World Trade Centre from 22-23 October 2013, in Kuala Lumpur, Malaysia.

The Conference was organized by the Federal Agricultural Marketing Authority (FAMA) and four universities, namely Universiti Malaysia Kalantan, Universiti Putra Malaysia, Universiti Technology Mara Malaysia and Universiti Kebangsaan Malaysia. The main objective was to provide a platform for sharing of the latest research findings in the agribusiness area among the academic community and practitioners. The theme of the conference was “Sustainable agribusiness: Connecting smallholders to markets and entrepreneurship”.

The meeting brought together approximately 300 participants. The Minister of Agriculture & Agro-based Industry (MOA), Dato Sri Ismail Sabri Bin Yaakob, gave an official opening speech. The Director General of FAMA, Dato Ahmad bin Ishak and Prof. Paul Davies of the Royal Agricultural University, UK gave keynote speeches on “Connecting Smallholders to Markets: Challenges and Opportunities” and on “Challenges for Global Agribusiness: Changing Demands and New Opportunities”, respectively. The programme and press releases can be found at http://iamc.org.my/v1/

In Malaysia, the contribution of agriculture to GDP is declining. FAMA works to reduce the gap between farm gate price and market price and promotes or sells agricultural products. Some interesting work of FAMA recently has been the rebranding of Sala mango (Salak to Singaporeans) to “Perlis Sunshine”. The rebranding has also included steps to improve pre-harvest practices to enhance appearance and quality, resulting in a higher price for a premium quality. Pickle products made from this mango are also popular among consumers, according to Dato Ahmad bin Ishak.

Prof. Paul Davies made a presentation on the global situation for agricultural products and on trends in the international market as well as UK market. He mentioned that the market for organic food in the UK had been declining due to the recession. However, the market for fair-trade products had continued to grow.

At IAMC2013, Minister of Agriculture & Agro-based Industry, Dato Sri Ismail Sabri Bin Yaakob giving opening speech

At the end of the conference, awards for Best Student Paper and Best Overall Paper were presented by FAMA’s executives. The two-day conference was a good opportunity to share latest research findings to benefit the continued development of the agribusiness sector. At the final session, it was concluded that as most of the submitted presentations were about smallholders and agribusiness, this could be the theme of the next IAMC in two years time.

Upcoming Activities

4th Global Free Trade & Special Economic Zones Summit
31 March – 2 April 2014 - Kuala Lumpur, Malaysia

The 4th Global Free Trade & Special Economic Zones Summit will be hosted at the GLOBAL TRADE DEVELOPMENT WEEK at The Hilton, Kuala Lumpur. The programme consists of 6 panel discussions, including “Towards ASEAN Economic Community 2015: The Role of Free Trade & Special Economic Zones” and “The Role of Customs in Enhancing Competitiveness, Trade Facilitation and Trade Security”. For more information, visit www.kwglobaltrade.com

SIAL China 2014
13-15 May 2014, Shanghai, China

SIAL China 2014 is the leading Asian meeting point for the food and beverage industry. There will be 2,400 exhibitors, 37 international pavilions, 45,000 visitors and around 100,000 sqm (8 halls) of exhibition space, including major market players from various sectors such as retail, hotel/restaurant/catering, food services, import/export trade and manufacturing. For more information, visit www.sialchina.com
The Transformation of Rice Value Chains in Bangladesh and India: Implications for Food Security
Published by Asian Development Bank (2013)
Authors: Thomas Reardon, Bart Minten, Kevin Z. Chen, and Lourdes Adriano

This paper is one of the ADB Economics Working Paper series. It reports on survey findings that rice value chains are changing rapidly in Bangladesh and India. The main elements of the transformation are as follows: First, rice value chains in both countries have begun to “geographically lengthen” and “intermediationally shorten.” Second, farmers capture about 60% of the final urban retail price of rice. Third, the corollary is that about 40% of the value chain is formed by the postharvest segments of the rice value chain—in milling, trading, and retailing. Fourth, while much policy debate centers on direct government operations in food value chains, such operations were, in general, quite small in the rice value chain, except for the Government of India’s purchases from mills. Fifth, the indirect roles of governments have been important in enabling change and at times in providing incentives for transformation. Sixth, government subsidies had important effects, but the evidence of accessibility to subsidies and the impact of the services was mixed. Finally, the study points to the importance of farm input supply chains upstream from farmers and of midstream and downstream postharvest activities such as logistics and wholesaling, milling, and retailing. Policy implications are drawn in the final section of the paper.

Rice and Paddy Traders’ Profits, 2009

<table>
<thead>
<tr>
<th>Season</th>
<th>Village Traders (%)</th>
<th>Rural Wholesalers (%)</th>
<th>Urban Wholesalers (%)</th>
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<tbody>
<tr>
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<tr>
<td>In-season</td>
<td>55</td>
<td>68</td>
<td>17</td>
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<tr>
<td>Off-season</td>
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<td>51</td>
<td>22</td>
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<td>India</td>
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<td></td>
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<tr>
<td>In-season</td>
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<td>40</td>
<td>77</td>
</tr>
<tr>
<td>Off-season</td>
<td>28</td>
<td>38</td>
<td>75</td>
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</tbody>
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Source: Authors’ estimates.


Food Chain: The multi-faceted dimensions of contract farming
Published by Practical Action
Edited by Carlos da Silva and Andrew Shepherd

The journal “Food Chain”, has just published a Special Issue on Contract Farming. Edited by Carlos da Silva of FAO, with whom AFMA has collaborated to organize two training courses on contract farming, and by our honorary editor, Andrew Shepherd, the Special Issue contains articles on contract farming in India, and in Indonesia and Fiji, as well as an article by Andrew on contract farming for biofuels, several book reviews, and much more. It can be previewed at: [http://practicalaction.metapress.com/content/j57405412847/](http://practicalaction.metapress.com/content/j57405412847/)

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