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To: Hai Pham
Subject: [US-ASEAN] Food & Agriculture Update: Notes from Call with U.S. Amb. to Myanmar, Scot Marciel
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FOOD & AGRICULTURE UPDATE

Food & Agriculture Committee Conference Call with U.S. Ambassador to Myanmar, Scot Marciel - Notes

On July 8, 2016, key members of the Council's Food & Agriculture (F&A) Committee had the opportunity to hear from U.S. Ambassador to Myanmar, Scot Marciel, and his team on the country's current business environment for the agriculture and food sector. Led by F&A Committee Chairman Bruce Blakeman (Vice President, Corporate Affairs Asia Pacific for Cargill), members representing the agricultural trading, animal health, agrochemicals and seeds sector also briefed the Ambassador on their priority areas of concern, with regards to conducting business and investing in Myanmar. Following discussion, the Council and call participants have identified the following action points:

- Review and provide inputs on USAID's White Paper, *From Rice to Food Basket: Three Pillars for Modernizing Myanmar's Agricultural and Food Sector.*
- Follow-up on details for the second Food & Agriculture Industry Mission to Myanmar, currently tentatively scheduled in September 2016.
- Engage with the Deputy Minister of Agriculture, Livestock and Irrigation on the possibility of establishing a public-private partnership work exchange program.
- Provide support and facilitate information sharing for the United States Department of Agriculture (USDA) Cochran Fellowship Program, which is being extended to Myanmar's Ministry of Agriculture, Livestock and Irrigation in late August/September 2016. Key objective of the program will be to educate the ministry's representatives on the benefits of taking a science based approach in agricultural policies and regulations.

Detailed notes from this conference call are as follows:

Opening Remarks from Amb. Michalak, US-ASEAN Business Council

- On this call today, we have the key leaders and members of the Council's active F&A Committee which is chaired by Cargill's Bruce Blakeman and Vice Chaired by Archer Daniels Midland, Coca Cola, Elanco Animal Health, and Monsanto.
- As you have seen from the name list, the participants represent the key sectors within the industry i.e. agricultural trading, animal health and agrochemicals and seeds sector.
- We hope today's call is a timely opportunity to update you on the key challenges and issues many of our companies are facing in Myanmar, in advance of your next

meeting with the new Minister for Agriculture, Livestock and Irrigation, Dr. Aung Thu.

- Would like to see more U.S. business involvement and investment in the country. We understand that of the US$38.18 billion received in foreign investment over the past five years, only US$208 million has been farmed into the agriculture. Our companies on the call today want to play an active role but have a range of consistent challenges that is inhibiting further progress towards consolidating investment action items.
- Our committee has engaged with the Myanmar government on two separate occasions in 2015. In August 2015, we conducted our inaugural food & agriculture industry mission to Myanmar and about a month later in September 2015, we conducted a bilateral meeting with the former Minister of Agriculture and Irrigation (U. Myint Hlaing) in Manila during the 37th ASEAN Ministerial Meeting on Agriculture and Forestry (AMAF).
- During both engagements, the Agriculture minister practically "pleaded" for foreign direct investment in the sector. Our delegation message has always been very consistent: their laws that dictate trade/investment are contrary to what U.S. businesses can work with. Our members on the call today will further elucidate these areas of concerns for you.
- Besides hearing from the companies on this call today, I would like to also hear from the embassy on areas we can jointly work on for example an agricultural investment white paper (addressing the various barriers to foreign investment, in particular investment that would benefit smallholder farmers).
- We also plan to conduct our second Food and Agriculture Industry Mission to Myanmar sometime in September 2016 (either the first week or last week); would like to hear from the embassy if this time frame works. We also plan to conduct a bilateral meeting with Dr. Aung Thu during the 38th AMAF that will be in Singapore in October 2016.
- Besides this agriculture focused mission, the Council will also be leading our fifth business mission to Myanmar sometime in November 2016.

Amb. Marciel's Country Briefing on Myanmar

- The incumbent Myanmar government is excited about the amount of opportunities present in the agricultural space. Myanmar used to be an agricultural powerhouse, and the government knows it will need to strengthen their work in this particular industry.
- Myanmar's outlook on foreign investment currently has a (global) market-oriented focus. The two main challenges to foreign investment are the lack of capacity under its current regulatory environment, and slow speed of infrastructure development. Council's F&A Industry Mission to Myanmar can be a platform to provide capacity building support to the government in their efforts to internationalize their food and agricultural businesses.
- Efforts to merge the Foreign Investment Law and Citizens' Investment Law are still ongoing, but hopefully the resulting new Investment Law will lower the discrimination against foreign investment.
- We have participated in a joint ministry meeting comprising the Ministry of Finance, Ministry of Commerce, and Ministry of Agriculture, Livestock and Irrigation, and they have indicated a clear focus on promoting agricultural exports and supporting the USAID.
- The Myanmar government is cognizant of its current position, and is very open to engaging and partnering with all types of stakeholders in support of developing

Myanmar's economy.

Updates from Leslie Marbury, Head of the USAID Office of Economic Growth Myanmar

- With the white paper, we hope to help change the mindset of the Myanmar government and push for the modernization of their agricultural sector, like the rest of Asia. We welcome any input.
- The USAID is engaging with the Ministry of Commerce on setting up a trade portal that will provide access to information on import and export procedures.
- We have also been providing support to the Food and Drug Administration on policy analysis:
    - Key areas engaged include: crop insurance, cooperatives, and finance.
    - Land and finance reforms are our two biggest barriers, with some regulatory reform happening around micro-finance.

Priority Areas of Concern for Members

Agricultural Trading Sector

- Equity requirements are our biggest area of concern. We are currently still limited to 49% of foreign equity and requirement for joint ventureship with a Myanmar partner. In addition to finding partners that we are comfortable with, it is difficult to find local partners with that much capital. Our lack of ownership affects our ability to distribute on the ground.
- We have also been following the Food Safety Law.
- We had hoped the new government would have been able to help spur Myanmar's growth more.
- Response from Amb. Marciel: Will highlight that the strict equity requirements is a major inhibitor for foreign investments in next meeting with the Minister for Agriculture, Livestock and Irrigation.

Animal Health Sector

- We have been paying attention to the draft Food Safety Law and Animal Health Law, as well as the One Health Initiative led by the World Health Organization (WHO). We hope that Myanmar will hold public consultation platforms for companies to review these draft laws and provide necessary inputs in the process. In addition, we recommend that Myanmar ensures alignment with international standards from institutions such as Codex, World Organization for Animal Health (OIE) when formulating policies.
- Our work with Vietnam is a good example of a public-private partnership that we hope to replicate with the Myanmar government.
- Response from Amb. Marciel: Working on a Cochran Fellowship Program with the Ministry of Agriculture, Livestock and Irrigation to educate them on the benefits of taking a science-based approach in agricultural policies and regulations.
    - Rey Santella, Agricultural Attache in Bangkok: We are planning this around late August/September 2016, but it will require vetting, which may be slow. We will seek inputs from the Council’s F&A Committee when we confirm more details.

Agrochemicals and Seeds Sector

- Met with the Myanmar Deputy Minister of Agriculture, Livestock and Irrigation earlier and we appreciate their engagement, given that they are still constrained by old policies and priorities (ie. they only receive ~5% of national budget funding).
- Counterfeit goods (especially from China) need to be tackled more effectively in order to encourage companies to continue their research and development efforts. Myanmar needs to improve its weak patent law; we look favorably upon joining efforts to tackle this issue jointly with key ministries as this should not just be the purview of the Ministry of Agriculture, Livestock and Irrigation.
- Would be helpful if Myanmar could work towards harmonizing their regulatory standards in alignment with the region and international benchmarks.
- Offer support on information sharing for the Cochran Fellowship Program.
- U.S. Embassy Myanmar should consider visiting company facilities
- Response from Amb. Marciel: Steps have been taken to improve laws on counterfeit goods, but enforcement is the main challenge.

Closing Remarks from Leslie Marbury, Head of USAID Office of Economic Growth Myanmar

- We have seen some willingness on Myanmar's part to involve themselves in multilateral organizations under the agricultural sphere.
    - For example, Myanmar plans on hosting a two-day Food Sector in ASEAN Workshop, with the goal of developing a shared understanding of how standards in the region can be harmonized.
- The Deputy Minister of Agriculture, Livestock and Irrigation has asked for a potential exchange/internship/scholarship program, to develop a stronger public-private partnership.
- The Ministry of Commerce intends to triple their exports in the upcoming years, and they cannot achieve this without collaborating with the agriculture ministry. They are also exploring the possibility of a trade committee.
- The World Bank has been working on a public expenditure review report with the Ministry of Agriculture, Livestock and Irrigation. If successful, this will give the government a stronger voice when implementing new policies.

Conference Call Participants

- Ambassador Scot Marciel, U.S. Ambassador to Myanmar
- Rey Santella, Agricultural Attache, U.S. Embassy Bangkok
- Leslie Marbury, Head of USAID Office of Economic Growth Myanmar
- Ambassador Michael Michalak, Senior Vice President and Regional Managing Director, US-ASEAN Business Council
- Bruce Blakeman, Vice President Corporate Affairs, Asia Pacific, Cargill and Chairman of Council's Food & Agriculture Committee
- Pushpanathan Sundram, Market Access Director, Elanco Animal Health and Vice Chairman of Council's Food & Agriculture Committee
- Dennis Erpelding, Director, International Food Safety Standards and Policy, Elanco Animal Health
- Adrian Gasparian, Director, Commodity Distribution, Archer Daniel Midlands
- Wai Maung Maung Tin, Chief Representative Myanmar, Archer Daniel Midlands
- Eddie Chew, Head of Corporate Affairs, ASEAN, Syngenta
- Devi Kusumaningtyas, ASEAN Government Affairs Manager, Dupont

- Sunita Kapoor, Senior Manager, Food & Agriculture, US-ASEAN Business Council

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