

Newsletter

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Commodity Associations in Asia



Apple Day organized by National Agricultural Cooperative Federation (NACF), Korea



Magazine issued by Organic Producers and Trade Association (OPTA), Philippines

FAO defines commodity associations as “organizations that bring together a wide spectrum of interest groups related to a particular commodity or sector in a particular country”. FAO and AFMA jointly organized a workshop on Role of Commodity Associations in Asia and the Pacific, which was held in Bangkok in November 2008. Participants included associations from India, Korea, Myanmar, the Philippines, Sri Lanka and Thailand.

However, there appear to be relatively few commodity chain associations in Asia and the Pacific. Why is this?

See News and Event on page 3

In this Issue

Editor's Desk	2
News and Events	3
Feature Articles	5
Members' News	6
Upcoming Activities	7
Publications Review	8

Editor's Desk

The last quarter of the year was a busy time for us. We organized a workshop on Commodity Associations in Asia and the Pacific and three study tours. All were organized in Thailand. In 2008, AFMA held two Executive Committee Meetings and two General Assemblies (one was online). These kept us closely in touch with members and kept members in touch with one another. Major decisions were made to change AFMA's membership structure from one fixed category to four categories based on benefits and rights, with differing contributions.

AFMA organized three workshops in 2008. There was one in India and two in Thailand with participation by both members and non-members. The biggest event of us this year was the International Seminar on Consumer Trends and Export of Tropical and Subtropical Fruit. We could learn from the event about global trends and the kind of information that will help us to understand consumers. I found that information gained from such a workshop will open up new ideas, and it is always good to meet people who have the same interests in one workshop.

In this issue, we bring you news and pictures of the activities in the last quarter, plus interesting articles related to supply chain management, which most of us are involved with. There is announcement of a new CMD of FCI, India and a review of FAO publication on Food Situation Update in the region.

See you next issue
Juejan

AFMA Newsletter

The AFMA newsletter is published quarterly and distributed to members, FAO representatives in the region, embassies, universities and marketing institutes throughout Asia and the Pacific. The purpose is to provide information of AFMA's event and information and ideas on international and regional agricultural food policy, trading and marketing. To submit or to advertise with us, please visit www.afmaasia.org.

Juejan Tangtermthong
(Executive Director, AFMA)

Editor

Note: Front cover pictures are from presentations of Mr. Seong Pil, HONG, Executive Vice President, NACF, Korea and Mr. Antonio de Castro, Board member, OPTA, Philippines at the workshop on Role of Commodity Associations in Asia and the Pacific.



AFMA Institutional Members 2009

1. Bangladesh, Ministry of Food and Disaster Management (MoFDM)
2. China, State Administration of Grain (SAG)
3. India, Food Corporation of India (FCI)
4. India, National Cooperative Development Corporation (NCDC)
5. India, Central Warehousing Corporation (CWC)
6. India, National Institute of Agricultural Marketing (NIAM)
7. Kazakhstan, KazAgroMarketing JSC
8. Korea, National Agricultural Cooperative Federation (NACF)
9. Malaysia, Federal Agricultural Marketing Authority (FAMA)
10. Malaysia, Malaysian Agrifood Corporation (MAFC)
11. Myanmar, Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
12. Nepal, Nepal Food Corporation (NFC)
13. Pakistan, Department of Agricultural and Livestock Products Marketing and Grading (DALPMG)
14. Pakistan, Utility Stores Corporation of Pakistan (Pvt.) Ltd. (USC)
15. Pakistan, Punjab AgriMarketing Company (PAMCO)

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Mr. Deepak Kumar Panwar
Chairman and Managing Director, FCI, India

VICE CHAIRMAN

Dr. Han Jizhi
Director, Policies and Regulations Department, SAG, China

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News and Events

Reported by Juejan Tangtermthong

Role of Commodity Associations in Asia and the Pacific

Thailand – The Workshop on the Role of Commodity Associations in Asia and the Pacific was organized by AFMA with support from FAO. The two-days workshop was on 11-12 November 2008 in Bangkok. The workshop was attended by 20 participants from AFMA member organizations as well as from commodity organizations in the Asia and Pacific region. It reviewed two papers on the topic presented by FAO staff members, as well as papers on:

- The role of commodity associations in Myanmar
- The role of national commodity associations in Korea
- The Organic Producers and Trade Association of the Philippines
- The Spices and Allied Products Producers' and Traders' Association, Sri Lanka
- The Organic Agriculture Association of Thailand
- The Cotton Association of India

The workshop considered reasons why there appeared to be relatively few commodity chain associations in Asia and the Pacific, including lack of funds, lack of a clear legal basis for chain associations, lack of awareness of potential for associations, lack of or poor performance of farmer associations or similar bodies, meaning farmers would be poorly represented in chain associations, antagonism between chain actors and lack of dynamic leaders.

Workshop participants noted that no one particular model of a commodity association that could be recommended and that it depended on the country and the commodity. They also noted with interest the different ways in which farmers were represented on associations in India, Myanmar, and Sri Lanka.

It was concluded that commodity associations are potentially valuable for the region as there is a need to increase the understanding of the function and activities of all parties involved in a chain and linkages between chain actors must become more formal and sophisticated in response to market trends such as globalization.

A field trip was organized for participants to the Talaad Thai Wholesale Market and to the Agriculture Futures Exchange of Thailand.

Presentations made at the workshop can be downloaded from the AFMA website at: www.afmaasia.org



Working group discussion on second day



Visit to Agriculture Futures Exchange of Thailand (AFET)

14th General Assembly and 28th EXCOM

Thailand – The 14th General Assembly (GA) and 28th Executive Committee (EXCOM) meeting of AFMA were held on 13th November 2008 after the commodity association workshop. The eleven attendees were members, ex-officio members and observers. Mr. Sahbani Saimin, Deputy Director, FAMA Malaysia was the Chair of both meetings. The major decision in the GA were the nomination and election of Chairman and Vice-Chairman for year 2009-2010. FCI, India, represented by Mr. Deepak Kumar Panwar, is the Chairman of AFMA and SAG, China represented by Dr. Han Jizhi is the Vice-Chairman. The meeting decided on the new membership structure. The meeting also approved the budgets and appointed the auditor for 2009-2010.



Working group discussion on first day

The major decisions of the EXCOM were activities and budget plan for 2009 and approval of the medium term direction for AFMA (2009-2014). The nomination for EXCOM members is not finalized yet. The list of new EXCOM members will be announced in next issue of this Newsletter.



From left to right: member and Secretary General of UMFCCI-Myanmar; Assistance Director-NIAM, India; AFMA Executive Director; Deputy Director, FAMA-Malaysia; Private Secretary to Secretary, MoFDM-Bangladesh; Deputy Managing Director, NCDC-India and Mr. Ralph Houtman of FAO.

Study tour on Agriculture and Food Security for South African professionals

Thailand – South Africa has a thriving agricultural base that relies mostly on large “white” commercial farms operating in a liberalized market and benefiting from minimal government support. The Government of the Republic of South Africa (RSA) is committed to extending support to small-scale emerging farmers from formerly disadvantaged communities. The Government has set as its target the transfer by 2014 of 30 percent of the land owned by white commercial farms to previously disadvantaged South Africans.



Coffee plantation under support of Doi Tung Development Project

relevant programs in Thailand of support to smallholders and of land reform.

There were five participants, funded by the South African Government, through an FAO project. They visited

AFMA, in collaboration with FAO South Africa, organized this study tour from 29th September to 4th October 2008 to enhance the capacity of South African professionals in agricultural development. The aim is for them to be able to provide a suitable environment for emerging farmers to become competitive and sustainable. The study tour will take them to experience

small farmers, farmer groups, cooperatives, government offices and Royal Projects in Western and Northern parts of Thailand. AFMA collaborated with the School of Agro-Industry, Mae Fah Luang University to arrange the program in Chiang Mai and Chiang Rai provinces in the northern part of Thailand. The findings from the trip were that some of Royal Projects such as agricultural training and research centre are not self financial support yet and they trends to adapt themselves for public such as selling their product and planning to open for visitors. On the other hand, the farmer group and cooperatives visited are self financing because they made contracts with exporters, have clear quality measurement and payment to members. The quality of their produces are uniform, healthy and safe.



Packing at Thayang Agricultural Cooperative



Visit to a lotus farmer who was given land by the Department of Agricultural Land Reform, Thailand

Study tour for Bangladeshi delegates to Thailand and Philippines

Philippines and Thailand – FAO Bangladesh in collaborated with AFMA organized a Study Tour on Public food exports/imports, procurement, stocking, storage and distribution for officials of the Ministry of Food and Disaster Management (MoFDM), Bangladesh in two locations: Thailand from 16 to 22 November 2008 and Philippines from 23 to 29 November 2008. The purpose was to make participants who were all from mid-executive and executive levels understand the role of government in food grain supply,

Continued on page 5

New Warehouse Receipt Law in India

Mr. G. Mathialagan, Director (P), CWC

Presented at FAO/AFMA/India Regional Workshop on Integrated Supply Chain Management Opportunities for Small Farmers, 31 March – 4 April 2008, India

Edited by Yogesh Ghore

Central warehousing corporation is a premier public warehousing agency in India. Established in 1957, it is one of the biggest public warehouse operators in the country offering logistics support to the Agriculture sector. Under the current system the warehouses issue a 'Warehouse Receipt' (WR), which means a receipt in the prescribed format issued by a warehouseman, to any person depositing goods in the warehouse. The licensed warehouseman is authorized to issue a negotiable warehouse receipt. So far the use of WR has remained confined to be a collateral security for grant of loans by the commercial banks against the goods stored in the Warehouse.

At present, the WR do not have the trust of depositors and banks as there is a fear of not being able to recover the loans in events such as misappropriation or mismanagement or insolvency of depositor. The available legal solutions to overcome this problem are also time consuming and inadequate. Further, the format of WR is not uniform across the country. There are impediments in the negotiability of WR creating difficulties to the farmers and other depositors. Therefore it was proposed to establish a negotiable



warehouse receipt system for all commodities, including agricultural commodities. The new legislation, Warehousing (development and regulation) Act 2007 has been drafted in consultation with various stakeholders. The main objective of the legislation is to increase credit flow from banks in rural areas, which is lacking currently; higher returns to farmers; and better quality to consumers. On one hand it makes WR a prime tool of trade and facilitates finance against it throughout the country. On the other, it allows banks to improve the quality of their lending portfolio and enhance their interest in lending in respect of goods deposited in the warehouses.

The ACT received the assent of the President of India on 19 September 2007 and is in the process to be implemented. Advantages of negotiable warehouse receipts under the new law include increased liquidity in rural areas, warehousing of goods in a technically sound manner, lower cost of financing due to reduced risk, shorter and more efficient supply chains, enhanced rewards for grading and quality, better price risk management, increased trade and finance in commodities etc. All these factors result in higher returns to the farmers and better services to consumers.

Continued from page 4

export/import, storage and distribution in terms of policy, practices and management.

Thailand and Philippines were chosen due to their different strengths. Thailand is a major rice exporter where the officials could learn about the government's role and support provided for producing, marketing and distribution. The Philippines is a rice importer where the officials could learn experience in managing public imports as well as public domestic procurement for market stabilization and promotion of food security. AFMA set the topic for the tour in Thailand as "Thailand Rice Marketing" and the topic for the tour in Philippines as "Philippines Food Security" to relate to the places visited.

Two groups of five participants each from MoFDM participated. They traveled to Thailand and Philippines separately. The tours were completed with success. MoFDM, Bangladesh is a founding member of AFMA and has a seat on the AFMA Executive Committee.



Delegates from Ministry of Food and Disaster Management visited Pathum Thani Rice Research Center

New Chairman and Managing Director (CMD) of the Food Corporation of India (FCI)

Shri Deepak Kumar Panwar from Indian Administrative Service took over as CMD of FCI on 5 November 2008 due to

the retirement of Mr. Alok Sinha. AFMA and its members wish him every success with his new assignment.

Warehousing 2008

Reported by Central Warehousing Corporation (CWC), India

India-Government of India enacted a new legislation titled 'Warehousing (Development and Regulation) Act 2007 for development and regulation of the warehousing industry in the country. The objective is to enhance warehousing storage and create a negotiable document for advancing loans to farmers, thereby reducing the distress sale by farmers.

Central Warehousing Corporation (CWC) in collaboration with Ministry of Consumer Affairs, Food and Public Distribution, Government of India, Food Corporation of India (FCI) and Federation of Indian Chambers of Commerce and Industry (FICCI) organized a national conference in New Delhi during 12-13 September 2008 and four regional conferences titled 'Warehousing 2008'. The regional conferences were held at Chennai on 30 September 2008 and at Kolkata, Mumbai and Chandigarh during November 2008. The conferences drew immense response from all the stakeholders involved in warehousing sector viz. public, private, cooperative and farmer organizations. In all these conferences, farmers and representatives of farmers' bodies also participated. The objective of these events is to create awareness amongst all stakeholders especially the farmers.



Shri Sharad Pawar, Hon'ble Minister of Agriculture & Consumer Affairs, Food and Public Distribution, Government of India lighting the lamp

Trainings for farmer are also being organized across the country to create awareness about scientific storage with warehouses and empower them to obtain easy finance against pledging of Warehouse Receipt.



Shri Sharad Pawar, Hon'ble Minister of Agriculture & Consumer Affairs, Food and Public Distribution, Government of India addressing the gathering



Shri B.B. Pattanaik, Chairman & Managing Director, Central Warehousing Corporation addressing the session



Mr. Sanjay Kaul, Managing Director & CEO, NCMSL making a presentation which is being chaired by Shri B.B. Pattanaik, Chairman & Managing Director, Central Warehousing Corporation

Upcoming Activities

Workshop on Rice Policies and Food Security in Asia-what have we learned from the 2008 rice price crisis and can we avoid another one?

10-12 February 2009

Centara Duangtawan Hotel, Chiang Mai, Thailand

Workshop Secretariat

Dr. Juejan Tangtermthong

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(Selected invitation only)



Workshop on Wholesale Market Infrastructure and Quality Management

July 2009, China (date and venue are to be announced later in AFMA website)

Workshop Secretariat

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(Open invitation, registration fee may be applied)

Further announcement for AFMA activities in 2009, please visit www.afmaasia.org



Publications Review

Asia Pacific Food Situation Update

This electronic newsletter was launched by the FAO Regional Office for Asia and the Pacific in May 2008 and is aimed at providing



facts and information on food prices in Asia and the Pacific. It was developed during the food price crisis in 2008, when food markets in the region were volatile. The changes, in particular policy actions and price movement are also in public interest.

Timely and sound information on food markets and trade trends are needed for policy making and decisions on food production and utilization. Allowing for a balanced and judicious appraisal of competing

views, the FAO electronic newsletter – Asia Pacific Food Situation Update – provides the most relevant facts and information, as well as short analyses of selected policy issues.

A situation of low food stocks and high food prices poses a serious risk to food security. The challenge of managing this crisis over the coming years is daunting.

Issues of Asia Pacific Food Situation Update are available at <http://www.fao.org/world/regional/rap/>. The links are at the

bottom of the page on the left. To subscribe send an e-mail to maillserv@mailserv.fao.org leaving the subject blank and entering in the first line of the message: **subscribe Food-Asia-L**

Market-oriented agricultural infrastructure: appraisal of public-private partnerships

This FAO Occasional Paper presents the findings of a study on different models of public-private partnership (PPP) in



rural infrastructure development. It contributes to the identification of public-private models for different categories of market-oriented infrastructure for agricultural development. It specifically looks at five types of infrastructure categories: (i) farm to market roads; (ii) water for irrigation; (iii) wholesale markets and trading centres; (iv) agroprocessing facilities; and (v) information and communications technology.

The paper can be downloaded at: <http://www.fao.org/ag/ags/subjects/en/ruralinfrastructure/partnerships.html>

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