

# Commodity Chain Analysis

## - experiences and challenges



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## Structure of the Presentation

- The experiences and challenges of doing the commodity chain analysis (Myanmar-China Timber Trade Study)
- Critical issues in the Upper Mekong region, and possibly linkages

## *Myanmar-China Timber Trade Study Methodology*

- Collection and analysis of information on:
  - - *official import/ export volumes*
  - - *industry/ trade trends and structure*
  - - *relevant political changes, laws and regulations from international and provincial government sources*
- Semi-structured interviews with:
  - - *government officials and researchers*
  - - *transport operators, company representatives and facility owners*
- Field research

## The Myanmar-China study is different than the other Forest Trends studies:

- It focuses on the structure of the timber **import market** rather than the social and ecological effects of timber exports.
- The feasibility of using “local livelihoods” as an entry point for strategic market intervention is less apparent – it is not clear that there is a direct relationship between Chinese livelihoods, Chinese imports of Myanmar timber, and sustainable logging/ community forestry in Myanmar.
- Political factors and personal relationships have a much more direct and noticeable impact on trends in the timber trade — timber exploitation is and has historically been intricately tied to Myanmar’s political situation.

## *Experiences and Recommendations*

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- Have a clear focus of what questions the analysis is trying to answer; avoid using a commodity chain approach which tends to be expensive and time-intensive before research questions are well-defined.
- Start at the beginning of the chain. It's easier to work forward (from resource extraction to retail sale) than to work backward.
- Identify at least one “resource person” at each “node” in the commodity chain.
- Identify what a sufficient sample size might look like for interviews. Too much time at any one node might be justified by the focus of the study but might also lead to a lack of balance among the different nodes.

## *Challenges*

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- Markets tend to be incredibly spread out over space
- It is very difficult to have the same level of research detail at both an upstream and downstream level.
- Getting more comprehensive information on downstream industry would have required a lot more time and resources.
- Most researchers and practitioners were looking at commodity chain analysis as a way to make markets work better for poor people. But they might not necessarily understand basic business principles, so they are not well positioned to help farmers do “marketing”.

## *Opportunities*

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- ***Clarify the nature of markets.*** The most important application is probably just in understanding how markets work, to support projects where this information is important.
- ***Informing policy.*** Through identifying the major “nodes” along the production chain to characterize the market, to see who the winners are losers were, to understand the implications of scaling up (expanding operations) or scaling down (environmental protection) logging on different groups.
- ***Identifying points of strategic intervention.*** Using commodity chain analysis to identify projects that are feasible and high impact, and to use the information gained in commodity chain analysis to implement these projects.

## *Unanswered Questions*

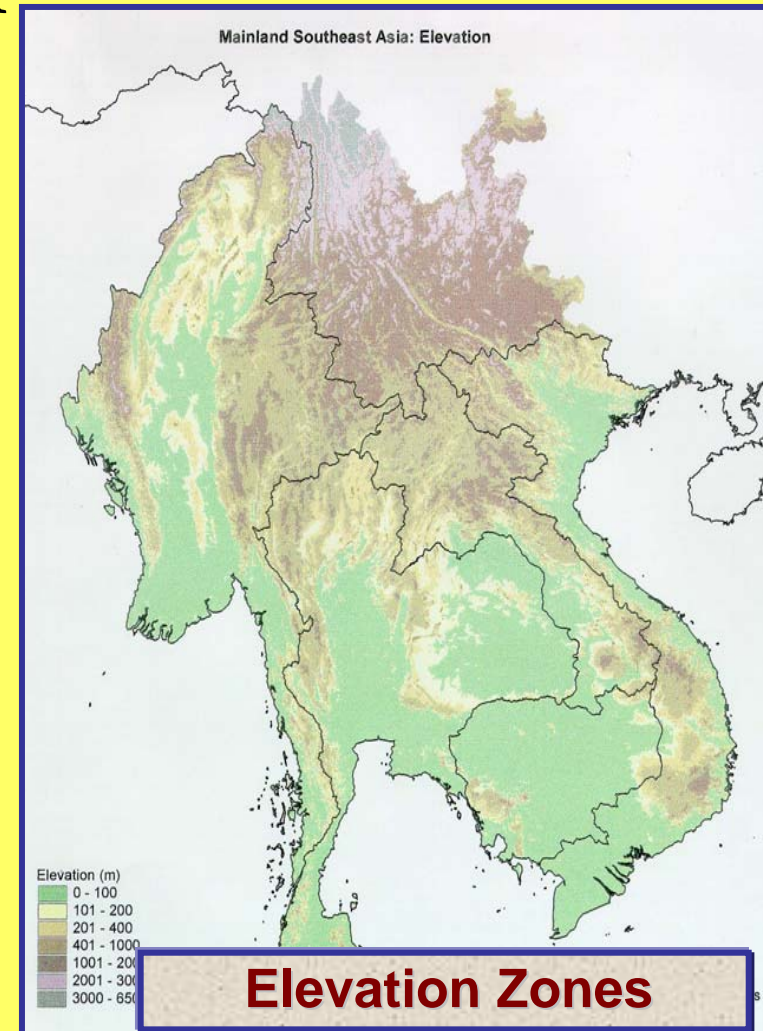
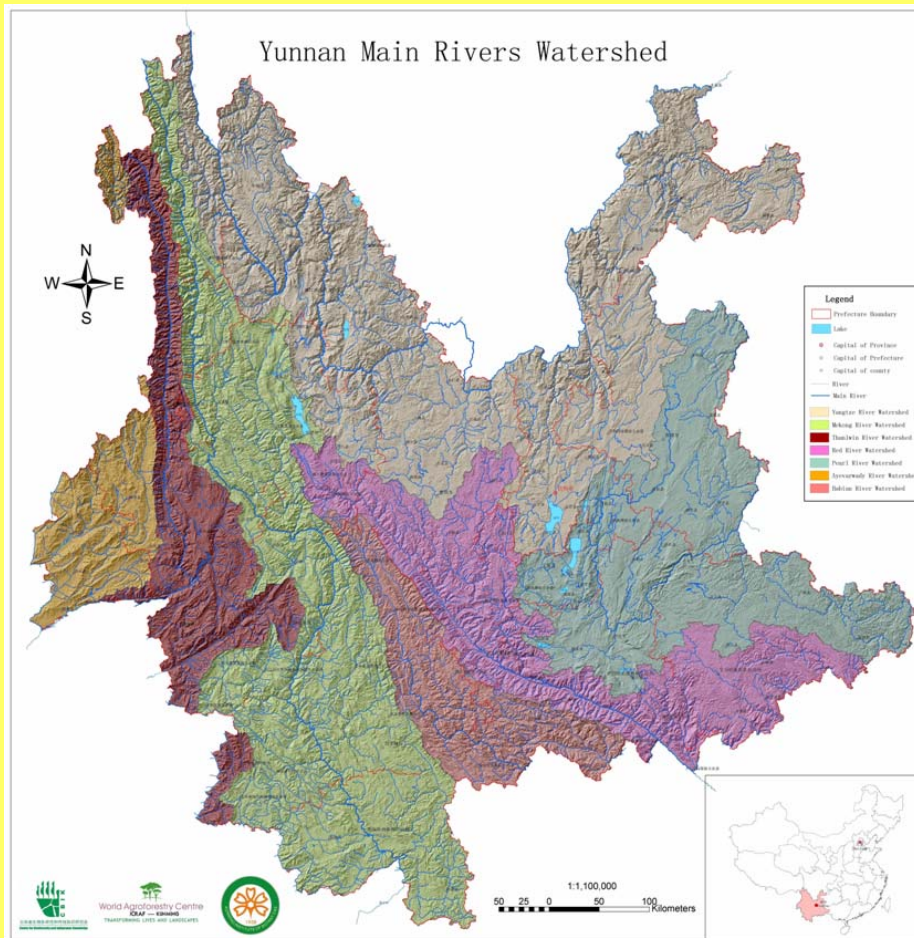
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- By necessity, we had limited financial and time frame to work with, we were not able to do more thorough analysis, so we were limited in our analysis to just an overview.
- Still do not have a good sense for how important border logging was for the local economy.
- We weren't able to identify, at a village level, which households had gained from the border trade and which households had not, because we didn't do household surveys within limited time.
- But it is fine to have these unanswered questions – these are not necessarily the questions that we originally set out to answer.



# Critical issues in the Upper Mekong region

## Yunnan: the Roof of MMSEA



## *Critical issues*

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- Entrepreneurs from China, Vietnam, Malaysia, and Thailand are investing heavily in rubber plantations in the Upper Mekong Region- Laos and Myanmar.
- Most uplands of the Mekong are undergoing major land-use changes with the conversion from traditional agriculture to commercial crops and a change in land cover from secondary vegetation to permanent monoculture plantation.
- Led to the disruption of the natural hydrologic systems and biodiversity, deterioration of watershed services and decline of livelihood options.

## *Challenges*

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- Both upland farmers and local government officials seek alternatives to the development dilemma in the region.
- How policies, procedures, and programs intend to improve adaptation with respect to global environmental changes and how they are explored, agreed upon, and evaluated is a core challenge for good governance in the Mekong.
- The long-term viability of the environment requires an interactive approach involving people at all levels in conservation and development.