

**ASSESSING ON THE IMPACTS OF CHINA
BORDER TRADE AND CEMC PROJECT
ON FARMERS' LIVELIHOOD ALONG
MYANMAR-CHINA BORDER**

NANG KHAM HOM HLENG

**MASTER OF ARTS
IN PUBLIC POLICY**

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CHIANG MAI UNIVERSITY

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**AN INDEPENDENT STUDY SUBMITTED TO CHIANG MAI UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF ARTS
IN PUBLIC POLICY**

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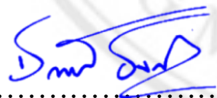
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THIS INDEPENDENT STUDY HAS BEEN APPROVED TO BE A
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30 May 2024

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Nang Kham Hom Hleng

หัวข้อการค้นคว้าอิสระ	การประเมินผลกระทบจากการค้าชายแดนจีนและโครงการ CEMC ต่อความเป็นอยู่ของชาวนาตามชายแดนจีน-เมียนมา
ผู้เขียน	นางสาวนาง คำหอม แลง
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บทคัดย่อ

เนื่องจากจีนและเมียนมามีความสัมพันธ์ทางประวัติศาสตร์เนื่องจากมีพรมแดนร่วมกันเป็นเพื่อนบ้าน ในทำนองเดียวกัน ชาวจีนและกลุ่มชาติพันธุ์เมียนมาร์โดยเฉพาะบริเวณชายแดนยังสร้างความผูกพันอันยาวนานทั้งในด้านสังคม เศรษฐกิจ และการเมือง นับตั้งแต่วิกฤตการณ์ในเมียนมาร์ในปี 1988 ประเทศตะวันตกได้บังคับใช้มาตรการคว่ำบาตรทางเศรษฐกิจต่อรัฐบาลเผด็จการทหารเพื่อต่อต้านและเอาตัวรอดจากภาวะเศรษฐกิจถดถอย เมียนมาร์จึงเปลี่ยนยุทธศาสตร์ทางเศรษฐกิจและใช้นโยบายเปิดประตูเพื่อนำการค้าชายแดนทางบกกับประเทศเพื่อนบ้านมากกว่าการค้าทางทะเล ต่อมาเกิดการขยายตัวของพืชเศรษฐกิจ การค้าชายแดนเพิ่มขึ้นอย่างรวดเร็ว และธุรกิจท้องถิ่นตามแนวชายแดนจีน-เมียนมาร์ก็เข้ามาทดแทนตามความต้องการของตลาด ผู้คนเปลี่ยนจากการยังชีพไปสู่การปลูกพืชเศรษฐกิจและการค้าชายแดน อย่างไรก็ตาม ความสัมพันธ์ระหว่างทั้งสองประเทศอยู่ในสถานการณ์ที่ไม่ต่อเนื่อง และการเปลี่ยนแปลงนโยบายการค้าชายแดนและการควบคุมชายแดนอันเนื่องมาจากสถานการณ์ทางการเมือง ปัญหาชายแดน และการแพร่ระบาดของโรคที่เกิดขึ้นเมื่อเร็วๆ นี้ ส่งผลให้เกษตรกรผู้ปลูกข้าวโพดตามแนวชายแดนได้รับผลกระทบมากมาย ดังนั้น การศึกษานี้จึงมีจุดมุ่งหมายเพื่อทำความเข้าใจว่าการเปลี่ยนแปลงนโยบายการค้ามีอิทธิพลต่อการเปลี่ยนแปลงทางการเกษตรในรัฐฉานตอนเหนืออย่างไร ประเมินผลกระทบต่อเกษตรกรในท้องถิ่น และเพื่อเสนอข้อเสนอแนะเชิงนโยบายต่อการดำรงชีวิตที่ยั่งยืนและการพัฒนาเศรษฐกิจ การศึกษาพบว่านโยบายการค้าชายแดนที่ไม่แน่นอน การขาดนโยบายการประกันตลาด และความไม่มั่นคงทางการเมือง เป็นอุปสรรคต่อเกษตรกรในท้องถิ่นและนำไปสู่ความไม่มั่นคงในการดำรงชีวิต เพื่อแก้ไขปัญหาดังกล่าว จำเป็นต้องมีแนวทางการมีส่วนร่วม การกำหนดนโยบายที่ครอบคลุม ความร่วมมือระหว่างประเทศ และสร้างความเข้มแข็งให้กับองค์กรชุมชนท้องถิ่น

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ABSTRACT

As China and Myanmar have historical relation since it shares common borders as neighbors. Likewise, Chinese and Myanmar ethnics especially along the border also create long bonding connection socially, economically and politically. Since 88's crisis in Myanmar, the western countries imposed economic sanction to military junta. To resist and survive from the economic depression, Myanmar change the economic strategy and adopt open-door policy to focus on the land border trade with its neighbor countries rather than maritime trade. Subsequently, the expansion of the cash crop, border-crossing trade had been rapidly increased and the local business along border of the China-Myanmar was substituted according to the market demand. People shift from subsistence to cash cropping and border trade activities. However, the relationship between the two countries has been in intermittent situation and border trade policy changes and border control due to the political situation, border issue and the recent pandemic. Consequently, there are many impacts on corn farmers along the border. Therefore, this study aims to understand how trade policy changes influence agriculture transformation in Northern Shan State, assessing the impacts on local farmers and to propose the implication of policy recommendations to sustainable livelihood and economic development. The study found that uncertain border trade policy, lack of insurance policies for market and political unstable has hindered the local farmer and lead to livelihood instability. To address the issues, it requires a participatory approach, inclusive policy making, international cooperation and strengthen local community organization.

Keywords: border trade, farmer, government, policy, market, transport, social, economic

CONTENTS

Acknowledgement	c
Abstract in Thai	d
Abstract in English	e
Contents	f
CHAPTER 1	1
Introduction	1
1.1 Trade policies (1988 – 2022)	1
1.2 Corn Production	5
CHAPTER 2	7
Theory and Conceptual Framework	7
2.1 Transnational Commercialism	7
2.2 Impact assessment literature	8
2.3 Conceptual Framework	9
CHAPTER 3	11
Methods	11
3.1 Objective	11
3.1.1 Research Questions	12
3.2 Description of Case Study	12
3.2.1 Nam Kham Town	13
3.2.2 Nong Kong Village	14
3.3 Data collection process	15
3.3.1 Participant recruitment	16
3.3.2 Questionnaire	17

CHAPTER 4	19
Finding and Discussion	19
4.1 China-Myanmar Economic Corridor (CMEC)	20
4.2 Border trade policies	21
4.2.1 Border Trade Control and Import Restriction	22
4.3 Impact assessment	23
4.3.1 Economic	23
4.3.2 Social and traditional knowledge	28
4.3.3 Environment and Climate Change	32
4.4 Discussion	33
CHAPTER 5	36
Recommendations	36
REFERENCES	38
CURRICULUM VITAE	42

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CHAPTER 1

Introduction

It is a commonly accepted assumption that liberalization of trade in the cross-border front stimulates and accelerates economic growth. However, an effective foreign trade policy has to be accompanied by policy interventions, transformations on restrictions, changes in monetary policy and a series of structural reforms (BANERJEE et al., 2018). For economic growth, border trade has become a target for Myanmar, and it requests law and policy to comply with trade, contribution, and further investments. However, when there is an absence of certain trade policy, market volatility and lack of transparency, it could have several consequences and impacts on both countries and hit harder on vulnerable farmers. The Myanmar government amended trade policy and promoted the agriculture sector aiming to improve the economy, development of the country but rather introduced several challenges especially to farmers and no certain action has been taken. Since 2019, there are several significant trade policy changes and restrictions on cross-border activities after covid-19 and military coup which affects corn farmers' livelihood. To understand the existing issues, it is vital to reflect on the history of the policy changes on the trade between China and Myanmar.

1.1 Trade policies (1988 – 2022)

Trade policies before 1988

After the British occupied Myanmar in 1885, a Laissez-Faire (free trade) policy was introduced and most of the production and trade activities were in the hands of private traders. The trade during this time was mainly dominated

by foreigners especially British and Indian merchants (Win, 2014). Thus, the economy was influenced by maritime trade during the British colonization.

Post-Independence in 1948

After Myanmar got independence in 1948, the Myanmar government tried to establish a mixed economy. There was neither a basically genuine market-oriented system nor a basically genuine socialist system. Although the government also continued to practice the capitalist system, the foreign-controlled businesses were bound by national rules and regulations. There were some State-owned corporations and most of the businesses at that time were operated by the private sector (Win, 2014). However, the country's governance and economic system were reformed when General Ne Win came into power in 1962.

Revolutionary Council ruled in 1962

In 1962, Myanmar turned to a centrally-planned economy and introduced an isolationist foreign policy which made almost all foreign investment move out. To carry out the socialist economy, vital means of production, distribution and external trade were nationalized and restructured the trade sector and policies. The external trade was conducted solely by the State's organization, Myanmar Export Import Corporation (MEIC). This era has become a nightmare for people and the initiation of economic stress. In addition, there was no legal border trade with neighboring countries and the nature of trade during that time was more like an illegal business. Insurgent ethnic minorities had played a major role in smuggling. The size of informal trade was almost as big as that of formal one (Win, 2014). The people had to trade illegally because they had no other choice and were politically unstable during that time.

Trade policy reform from 1988 to 2010

Nevertheless, the socialist economic system and trade policies were abolished due to severe economic conditions and moved towards a more open, market-oriented economy in 1989 (Win, 2014). The council reviewed the law, policies and regulation and amended it to open up for more private sectors and investments. Significantly, the enactment of the Union of Myanmar Foreign Investment Law in the end of 1988 that to encourage the expansion of exports, to enhance the flow of foreign capital, technologies and to promote employment opportunities (Win, 2014). In the early 20000, the cross-border trade with neighboring countries was legalized and the Department of Border Trade (DOBT) and Myanmar economic and trade policies changed and the relationship with neighboring countries was dramatically improved.

Myanmar political reform 2011

A process of transition was under way in 2011 when the civil government was elected. The government tried to participate in ASEAN corporations, initiate partnership with neighboring countries and amended investment and foreign policies accordingly including border trade policy. Border trade became a significant aspect for economic recovery especially trade between China and Myanmar. Later, China and Myanmar improved their relationship to closer entente, historically relevant to economic prior relation after the political change in Myanmar until today. Political change happens in Myanmar and there is significant change in Myanmar-China policy from 'strategic neutrality' to 'strategic alignment' with China (Shee, 2002). There were several special economic zones opening and some in processing.

Border-crossing trade 2018-2023

Subsequently, the expansion of the cash crop, border-crossing trade had been rapidly increased and the local business along the border of the two countries

was substituted according to the market demand. It introduced the new cash crop to local farmers and the transformation of the plantation.

1.2 Introduction of cash crop

China and Myanmar have a long historical relationship thus, China's economy has much influence on the Burma economy, trade, investment and Myanmar is also the energy source for China development in terms of natural resources, electricity. Among many investment sectors, agriculture is one of the projects in which Chinese investors are actively involved. Because of the population growth and increase in demand of consumption, it is a strategy to fulfill the need and food security purpose. Over the past two decades, increases in disposable income have resulted in increased domestic consumption. Therefore, growing demand for imports from Myanmar and other Southeast Asia countries for agriculture products and food due to increased consumption and aim to expand into global agriculture markets. Therefore, it creates a long-lasting relationship between Myanmar and China. Chinese company investment increases dramatically, and their main investment is on power, oil and gas, mining and agriculture (Lwin, 2019). More importantly, the Framework for Economic and Social Reforms (FESR) has been drafted to push ongoing reforms forward and to accelerate Myanmar's greater integration into the international community. Policies emphasize agro-based industrial development, equitable resource-sharing among the regions and the country's states, promoting local and foreign investments, effective implementation of people-centered development, and poverty reduction (Asian Development Bank (ADB). 2013).

In agriculture development, corn production is significantly grown throughout the countries, and it is a good example of agricultural change and cash crop expansion in local people's farms. The term cash crop is different from the subsistence crops which are those fed to the producer's own

livestock or grown as food for the producer's family (Merlo Farming Group, n.d). More and more small households in Myanmar have started to grow corn because of the market demand and preferable profit. As Lukanu&Worth (2009) emphasized smallholders attached value not only to financial aspects of profitability but also to the means of obtaining a higher profit, such as higher yield, the result of access to inputs, access to extension and experience, market and price reliability . Cash crop was grown in Myanmar in order to increase revenue, profit of farm products and to fulfill the demand of the products, and purpose to export.

1.2 Corn Production

Corn can be used in several places, and there are different types of corn that can grow easily without much effort and have shorter life growth. Thus, over the past few years corn has increasingly replaced rice in its bid to become the top crop in China (Nag, 2016). Maize is now the second most important cash crop in Asia and in China. Not only the dietary change of Chinese people, increased consumption of meat results in increased corn production, but also because of the growth of urbanization, change of livelihood, consumption style and increased livestock feed which affect the very high demand of maize for livestock. In Asia, China is the biggest maize producer and consumer of corn (Prasanna et al, 2014). Over the past 25 years, corn production has undergone a significant increase of 125%, while rice production has undergone only a 7% increase in the country within the same time span (Nag, 2016).

Because of the increased demand for corn, China expanded investment in other regions and countries in agriculture, energy, and transportation. Before the massive expansion of Chinese agriculture and development investment in parts of Myanmar, the Northern Shan community already has existing relations and inter-trade along the border of Shan State and Southwest of

China. As a result, Chinese economic and agricultural changes have heavily impacted on the transformation of the Shan community's livelihood, farming practices, knowledge, and culture along the border. Increasing the intensive agriculture and demand for certain crops from China, Shan farmers changed their old farming practices from organic, traditional farms to commercial farms for profits to fulfill the market demand which changed the traditional livelihood pattern and economic perspectives of locals. Throughout the period of the military coup in 2021, COVID-19 pandemic and other long-lasting border issues, border trade policies were changed such as border pass restrictions, import and export control and border fencing projects were initiated in 2019. In addition, there is much research that has paid attention to the impacts of mining, hydropower and macroeconomic and border trade but the story of farmers who suffer in social and economic hardship because of China's economic restrictions on the borderland are still very less open and impacts from economic policy change and political instability.

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CHAPTER 2

Theory and Conceptual Framework

In the multifaceted relationship between China-Myanmar, and cross-border trade, understanding the policy and factors that influence the change of agriculture and corn farmers' livelihood is paramount. This study explores the interplay between border projects, policy and farming activities or corn farmers to develop a conceptual framework that demonstrates the border trade practice, the concepts and factors in this research. The conceptual framework for this study is grounded in transnational commercialism and impacts assessment which proposes that constant changes of trade policy has affected the corn farmer livelihood.

2.1 Transnational Commercialism

In terms of transnational commercialism, it looks at the process and practice of commercial activities across national boundaries. In the globalization era, transnational trade has become a target for economic development for many countries including Myanmar. The only domestic transaction is no longer enough but to extend outside and external boundaries in order to sell, buy, capital flow as transnational commercialism is characterized by the global integration of markets. Transnational commercial law has been defined as 'that set of principles and rules, from whatever source, which governs international commercial transactions and is common to legal systems generally or to a significant number of legal systems (Goode, 2022). The increase of the corn plantation for commercial purposes without stable border trade policy and certainty is often made at the cost of important factors in a development perspective. Therefore, analyzing the border trade policy and CMEC project impacts is essential to look at are shaped through transnational

commerce, and it significantly has impacts on the farmer economically and socially. The uncertainties and inconveniences that stem from this are manifest because of the different national rules of private international law, parties risk remaining uncertain of the law applicable to the contract until the competent forum is established. This is a heavy price to pay in international commerce where the allocation of risk is predicated on certainty (GOPALAN, 2003). Therefore, transnational commercialism is employed in analysis of the project of CMEC and the transformation of border trade policies and farmer livelihood in the socioeconomic aspect.

Regarding the impact of trade policy uncertainty on micro-enterprises, existing studies mainly focus on import and export, total factor productivity, profit rate, innovation, and other aspects of enterprises, lacking a probe into the micro-enterprise-supply chain efficiency (Lin et al., 2023).

2.2 Impact assessment literature

Agriculture is the main activity for living in Northern Shan state, and the expansion of the cash crop and Chinese influence has largely impacted on the social change and agriculture of Shan communities along the Myanmar-China border. Thus, the impact assessment literature will be used in this study to understand the social impact of cash crops on farmers' livelihood, their income, knowledge, health and environment. The social impact assessment is defined as a process of research, planning and management of social change or consequences (positive and negative, intended, and unintended) arising from policies, plans, development and projects (International Institute for Sustainable Development (IISD), 2016).

There are studies, approaches from the perspectives of experts, scholars, and policy makers but the effective implications might come from the local who experiences the issue directly or it needs to be considered from the ground perspectives to meet the needs and address the problems in the

community. It is important to understand the issue and impacts it created in the community to achieve effective rural development and sustainable livelihood. The impact assessment not only focuses on the direct impacts on the economic and agricultural change of local farmers in Shan State but also looks at the indirect effects on the local knowledge, culture, and environmental impacts. In the modern world, agriculture, method of plantation and people living also change accordingly into a new way of life and adapt to a more modern way of socioeconomic culture.

2.3 Conceptual Framework

The framework is organized around three core components that focus on trade policies, corn farmers and the impacts. With these, the conceptual framework provides the structural views to understand the complex relation, policies and the factors in this domain and to propose indication of policy recommendations to sustainable livelihood.

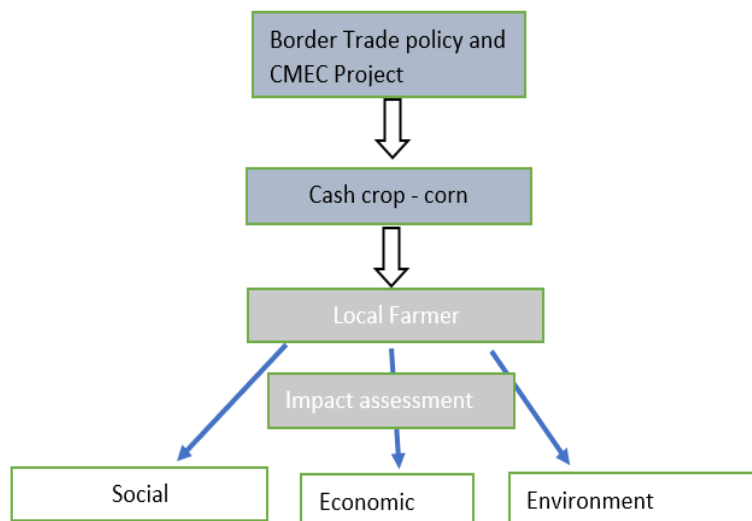
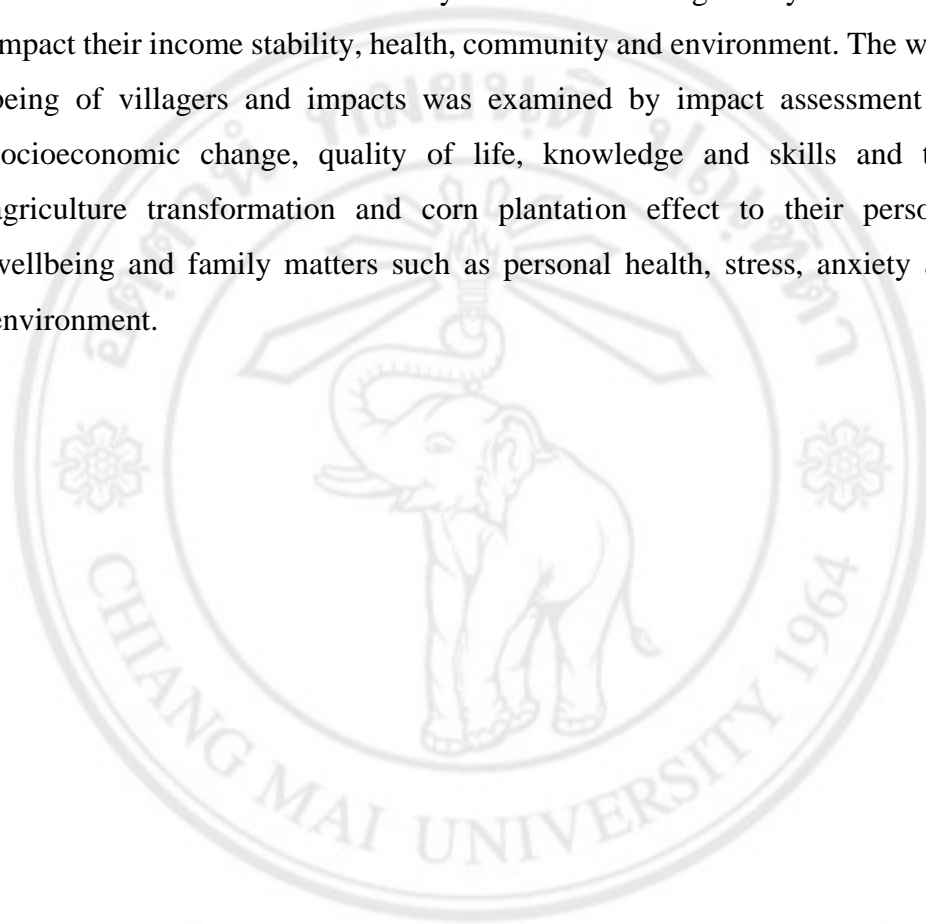


Figure 1: conceptual Framework for this research

Source: Developed by Researcher

This conceptual framework explains how the trade policy and expansion of cash crops influence local farmer life and corn can heavily affect their livelihood because it is the only main income villagers rely on and it can impact their income stability, health, community and environment. The well-being of villagers and impacts was examined by impact assessment on socioeconomic change, quality of life, knowledge and skills and that agriculture transformation and corn plantation effect to their personal wellbeing and family matters such as personal health, stress, anxiety and environment.



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CHAPTER 3

Methods

Through qualitative research design, the study aims to provide policy recommendations to address border trade policies and farming product guarantees in the case of local corn farmers in Northern Shan State, Myanmar. To the specificities of the circumstances on the issue, this study is delimited from 2019 to 2023, and the research locale is the China-Myanmar border, Northern Shan state. In order to conceptualize the impact of border trade policies changes and corn farmers livelihood, the research employed secondary data analysis through desk review and data collection via online interview. Such an analysis is necessary as there are various sources for secondary data analysis in response to the particularity of the research focus (Dixon-Woods, et al., 2004). Confidently, the chosen method generated useful information from 26 articles, reports, case study and semi-structure online interviews with farmers in the chosen area.

3.1 Objective

This research aims to understand how trade policy changes influence agriculture transformation and agrarian. Secondly, to analyze these changes that affected the livelihood of local farmers and to propose the implication of policy recommendations to sustainable livelihood and economic development. Increasing the intensive agriculture and demand of certain crops from China, Shan farmers changed their old farming practices, organic, traditional farm to commercial farm for profits, to fulfill the market demand which changed the traditional livelihood pattern and economic perspectives of locals. However, after the military coup, Covid-19 and long-lasting border

issues, China launched a border fencing project and trade policy changes in 2019 which directly affects local farmers along the border.

3.1.1 Research Questions

Commercial Crop: Corn has become the main agriculture practices and the only farm activity in Shan Community nowadays. Since the expansion of corn commercialization, Shan people changed their agriculture practice to intensive farming, single corn production. And because they heavily rely on the demand from China, it resulted in insecurity livelihood and economic instability for small households when China closed the border gate and took control over the export to China. Therefore, this research will focus on two main questions:

- 1) What are the challenges impeding economic development and border trade due to frequent changes of border trade policies, CEMC project and uncertain politics?
- 2) How the local farmers' livelihood was transformed by the cash crop (corn) and what are the effects?

3.2 Description of Case Study

Myanmar is China's neighboring country and there are a lot of Chinese investments influencing the Myanmar economy. Northern Shan State firstly experienced massive Chinese investment before expanding to other parts of the country because Northern Shan State is located at the border and there are long exit trade and relations between local and China traders. Thus, Myanmar's northern Shan State has expanded agricultural land as a result of initial investment from Chinese companies. Because of the preferable price and increased demand of corn, in 2017 local farmers started to plant corn as main agriculture relied on Chinese companies, so they could earn more

income. In the past, Shan people only grew rice and some tobacco for income but most of the crop now is corn. Chinese agriculture investment is the significant driver of agrarian transformation in Southern Shan State. The Social change and livelihood transformation were highly influenced by the Chinese commercialization and corn production in Northern Shan State, Nam Kham Town.

3.2.1 Nam Kham Town

Nam Kham is a town in Shan State, located in the north of Burma, and to the west of China. The majority population are Shan (Tai) and with other ethnicities such as Burmese, Pa long, and a very small group of Kachin. In addition, there are also Chinese people who move to stay in Nam Kham and people from other parts of Myanmar also migrate to work because it is located near the border of China. As Shan State is home for many other minors' ethnicities, there are also different ethnic armed groups settled in Nam Kham town. It was recorded as the operational areas of Shan State Army (SSPP), but another group of Shan army named RCSS (SSA- South) also stated Nam Kham to be their operational area and they are opening their liaison offices in Nam Kham and Muse to control in the North of Shan State as well. And the other ethnic armed group: Palaung State Liberation Front (PSLF or TNLA) also claimed Nam Kham to be their operational area and they settled their troops in the upper hill, in east of Nam Kham city (Myanmar Peace Monitor Organization, 2013). There are several ethnic groups living together in the town and one of the ethnic groups: Palaung tries to demand Nam Kham to be their control territory. Thus, conflicts on the territories are unclear and often fight between TNLA and SSA groups or TNLA and military army when the troops coincidentally face each other during operating duty. Nam Kham remains unclear territory control with different ethnic armed groups operating.

Because Nam Kham is near the border of China and there are trade opportunities, and jobs availability and is more crowded than the other cities in the central of the Shan State. Shan People at Nam Kham Town rely on the rice and corn agriculture export to China. According to the latest census in 2014, there are 107,034 total population and 1209.1 km². The majority of the people in the Township live in rural areas with only (28.3%) living in urban areas. In NamKham Township, 57.7 percent of the employed persons aged 15-64 are agricultural, forestry and fishery workers and is the highest proportion, followed by 10.8 per cent in services and sales workers and population 63.6 percent are self-employed in Agriculture, forestry and fishing which is the highest per cent. The second highest industry is "Wholesale and retail trade; repair of motor vehicles and motorcycles" at 9.7 per cent (Department of Population Ministry of Labour, 2017). Therefore, there are more people living in rural areas and farms and a low urban life rate.

Geography

3.2.2 Nong Kong Village

Nong Kong village is part of the NamKham township, Muse district, Northern Shan State. There are 250 households in total and 1200 in total population. The main livelihood is based on agriculture and the estimated income is 5000 Kyat per day. There are about 70-80 Acre total farmland, but it can be more because farmers keep expanding their farm. Before there was low unemployment because most households grew corn and children 10-year-old already helped their parents on the farm after school. Since 2013 onward, many families have changed to planting corn as their main product and selling it to Chinese brokers. Because there is high demand for corn, Shan farmers expand their farmland as well as grow every season with the help of chemical fertilizer and technical knowledge that they learnt from Chinese farmers. Because Shan people live along the border have regular connections and the knowledge is easily transferred between them, local

Chinese and Shan vendors. There is a huge transformation of Shan farmer lives regarding agriculture development, Myanmar's foreign relation policy and Corn production expansion effects. Nong Kong village is 19 miles away from the Muse Special Economic Zone which can present about the farmers who live along the border and the impacts after COVID 19 and the coup in Myanmar. However, the corn did not promise for their income and livelihood security because demand and prices are based on Chinese enterprise and solely depends on the China market can heavily impact on the livelihood security, change of social culture. When China reduces the corn price and restricts border entry, there is no clear policy to protect and support farmers, and no sustainable planning and insurance for their household.

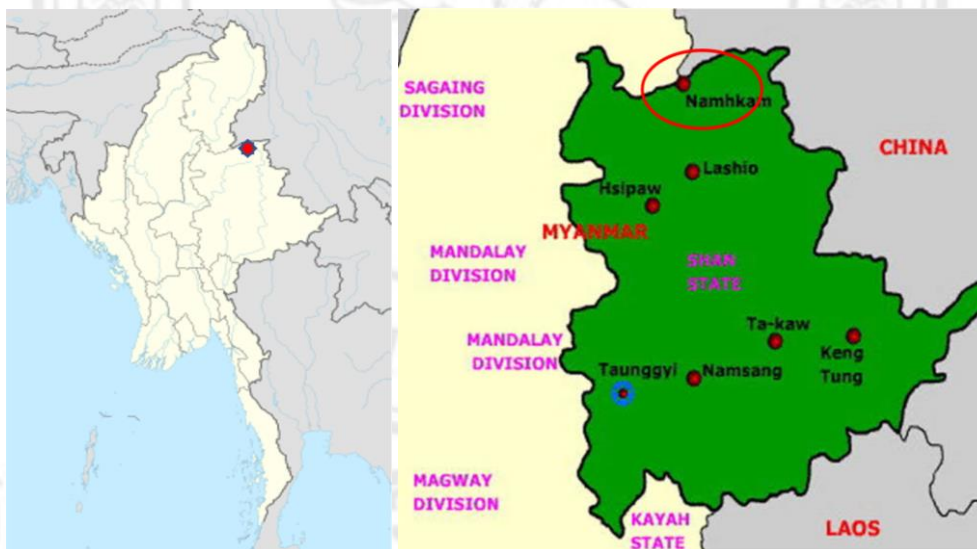


Photo 1: Nam Kham Town

3.3 Data collection process

The study used the data survey collected from farmers living in the villages in Northern Shan State via online with village assistance to contact the respondents. In addition, it was a semi-structured questionnaire that enabled the detail of the study

issue with various points of view, concepts and reviews, reinterpreting output from data collection of people's perceptions.

3.3.1 Participant recruitment

This research gathered respondents through online surveys to Nong Kong villagers that fit the inclusion criteria. The study obtained 15 participants: 10 farmers, 1 local researcher, 3 non-farmers, and 1 social activist in the area. As this study focused on the lives of local people, the Shan community who live along the border of China experienced agricultural failure due to the instability of politics, the relationship between two countries and uncertain border trade policy, the participants are mostly corn farmers and permanent residents in the area. Mostly, the selected participants can speak only Shan languages and little Burmese. They cannot speak English. The limitation is the phone signal and internet is not good and the interview was conducted by the village assistance and file records the data. In addition, some non-farmer are included as it could provide diverse perspectives on growing corn and the impacts. Below is the interviewee list.

Table 1: Participants' Demographic Profile

Gender	Age	Occupation	Place
Male	23	College lecturer (researcher)	Online
Male	30	Non-Farmer: Construction worker	Online
Female	35	Farmer	Online
Female	36	Vendor (fruit seller)	Online
Male	22	Farmer	Online
Female	23	Farmer	Online

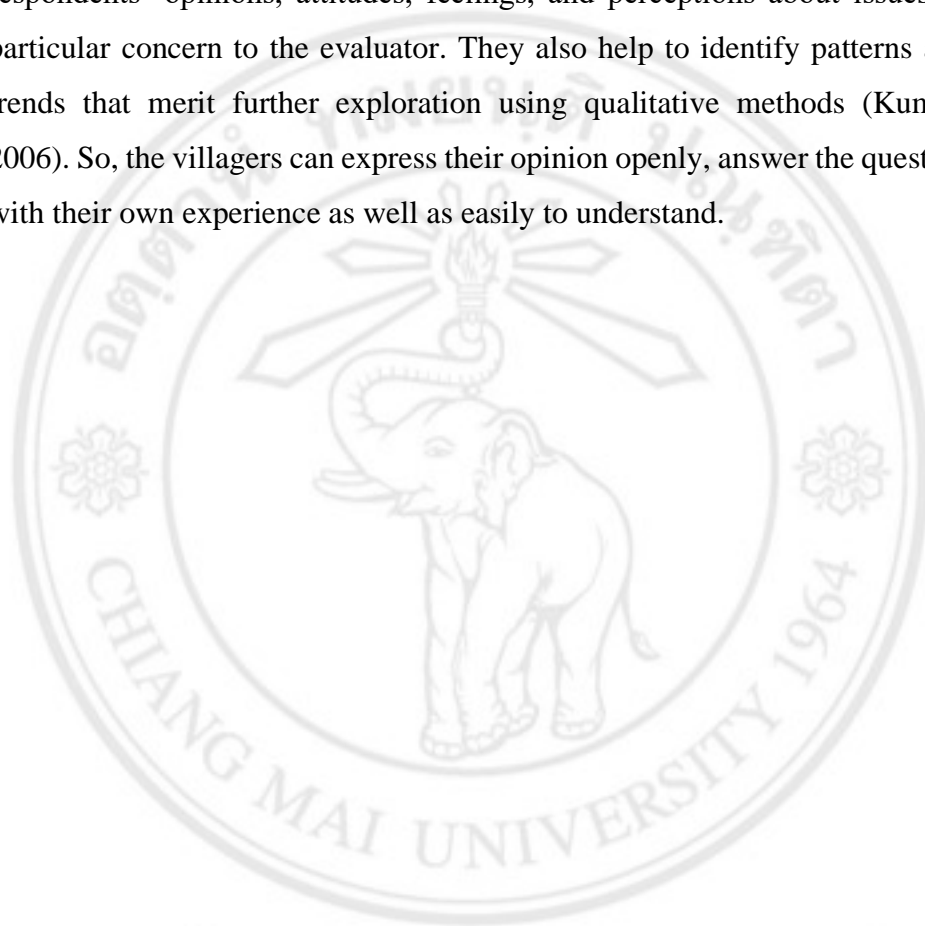
Table 2: Participants' Demographic Profile

Male	48	Political Party representative and Farmer	Online
Male	25	Farmer	Online
Male	38	Farmer	Online
Female	30	Farmer	Online
Female	56	Non-Farmer: Fruit Seller	Online
Male	44	Farmer	Online
Female	27	Farmer	Online
Male	26	Farmer	Online
Male	59	Head village committee (Farmer)	Online

3.3.2 Questionnaire

This research aims to explore the impacts of border trade policies on farmer livelihood and the questionnaires have three parts which include demographic data which comprises information about subjects like name, age, gender and occupation, followed with questions about past and present agriculture, type of crops, markets and to perception on their issue. Besides, it is a semi-structured questionnaire, so the researcher and village assistance ask questions based on the respondents' answer and it allows participants to express their perceptions. According to Megaldi and Berler (2020), the semi-structured interview is an exploratory interview that is commonly used in social sciences. Despite its topical trajectories provided prior to the interview, it enables research to go deep for a discovery (Megaldi & Berler, 2020). And

structured questionnaires allow for the exploration of patterns and trends which help to describe what is happening and provide a measure of respondents' opinions, attitudes, feelings, and perceptions about issues of particular concern to the evaluator. They also help to identify patterns and trends that merit further exploration using qualitative methods (Kumar, 2006). So, the villagers can express their opinion openly, answer the question with their own experience as well as easily to understand.



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CHAPTER 4

Finding and Discussion

This chapter provides a summary of the data collected and explanation, finding on the issue. The paper proceeds with the analysis based on the conceptual framework and product themes in order to analyze the data. And the information from data collection was analyzed and interpreted with the chosen theory to produce more understanding over the issue. According to transnational commercialism, it is characterized in cross border commercial practice and analysis through the lens of development and the dynamic of the transnational corporation. In addition, the impact assessment approach is comprehended on the impacts on livelihood; economic, social and environment, regarding on individual's life circumstances and the activities undertaken in order to live which included such factors: socioeconomic, security, social culture and human wellbeing. Therefore, these factors are interconnected, and sustainable livelihood can be achieved when it manifests evenly.

The arrival of commercial agricultural modes of the production of industrial, high-input agriculture crops, to smallholders engaging in small-scale household farming for both subsistence and the market, marks a profound agrarian transformation, as peasant studies literature has well documented. Most important and crucial to understanding this process of marketization of agriculture and rural household farm economies is to empirically detail the “historical specificities” of the process of market-led agrarian differentiation tied to particular village sites and geographical locales during moments of noteworthy transition (Woods, 2015).

4.1 China-Myanmar Economic Corridor (CMEC)

For centuries, China has been the main trade partner in Southeast Asia and the Chinese investment in neighboring countries has expanded dramatically. Three special economic zones have been planned and agreed to implement according to the Myanmar-China Economic Corridor (CEMC) projects in 2018 under the China's Belt and Road Initiative (BRI). This corridor will connect China's Yunnan Province with Mandalay in central Myanmar and stretch till Yangon in the south (Flintrop, 2018). It is stated that the plans aimed to promote economic integration between the southern border of China and Myanmar as well as infrastructure development on the border area. The border trade camps located at Muse-Ruili and Chinshwehaw-Lenchang which are in Northern Shan State, and KampaitiHteincho and Lweje-Longchuan located in Kachin State lie on the border of both countries. Among the border trade camps, the Muse-Ruili Camp secured 83 per cent of the total border trade volume along the Myanmar-China border (Myanmar Digital News, 2022). There are positive and negative impacts of CEMC on farmers because there would be infrastructure projects which can help to facilitate trade, better transportation but it requires large amounts of land which can lead to land grabbing, loss of livelihood and farmland. Sai Hein Kham, a local researcher, said.

“I do not think CEMC has big impacts on farmers in Northern Shan State since there are ways to transport goods to China in many other ways”.

As CEMC is still in the first phase of processing and there is no direct effect on the farmers currently, but CEMC construction needs large areas with many forest lands, farmland will be lost. Ever Green Tech also found that watersheds would be lost due to project construction (Lwin, 2019). The majority of the people in Shan State rely on the area for water resources, thus

it leads to long term impacts, loss of the farmer livelihood, land and indigenous traditional culture. In addition, farmers are used to the traditional way of farming and local wisdom, and many of them are not ready to adapt with the new situation and occupation. Large infrastructure projects like the BRI often have an irreversible environmental impact. If it is implemented in a forested area, it will create deforestation. This contributes to climate change in the host country. it would create unwanted social impacts. Some areas in Myanmar are environmentally, politically and socially sensitive (Lwin, 2019). Although the emergence of resistance and criticism on the project happens, there is not any response or action from Myanmar and China corporations. And the CEMC project has direct impacts on the trade policy changes and it can impose challenges to locals and uneven development. To ensure the project minimizes the impacts and maximize contribution to the community and the regions, the policy in inclusive approach and sustainable practice plan is necessary.

4.2 Border trade policies

There are positive impacts from border trade practice, but it also creates challenges and negative impacts on the corn farmer. In order to boost trade and investment, the Myanmar government introduced Tariff reductions and promoted investment. Many farmers changed to grow corn in 2016 when the expansion of corn market demand from China. However, after COVID 19 and the military coup in Myanmar, China raised border controls and restrictions which affected the flow of goods and agricultural products. Many corn farmers have to throw their corn into rivers as they can't sell to the Chinese, and it cannot be stored for a long time after harvest. Therefore, changes in border policy and regulation can lead to sudden price drops and market volatility.



Photo2: Transport corn in village road

4.2.1 Border Trade Control and Import Restriction

Along with the disruption from the border closing from exporting to China in 2020, the Myanmar export rate has dropped and hindered the corn farmers as they cannot sell their crop. The February 2021 coup further worsened Myanmar trade in the economy already weakened by the COVID-19. Besides, the decline in exports was partly attributable to disruptions associated with the civil disobedience movement (CDM), resulting in a limited operational capacity for trade-related activities. For instance, a reduction in port staff caused delays in documentation and clearance processes, and a reduction in banking staff contributed to payment delays. China accounts for more than half of Myanmar's land trade exports (World Bank Organization, 2021).

4.3 Impact assessment

After corn plantation and the Chinese market has entered, agriculture practice and farmer livelihood has been transformed. Nong Kong villagers changed to grow corn in order to transport to China and earn more income, but the expectation and the reality did not go the same direction, solely depending on China market demand has a severe impact on the vulnerable locals when China closed all the gates. Several factors have been affected on the corn farmers such as economic, social change and environmental impacts due to the border trade control and restriction.

4.3.1 Economic

Nong Kong villagers rely on agriculture mainly for their livelihood. Because it is geographically located on the border of China, the economic, trade were carried off well and all goods from the farm transport to sell in China. Agriculture is the main source of livelihood for over 90 percent of the Nong Kong population and it is the highest percentage among other occupations. It is considered to be the heart of economics for households. In agriculture, in the past few years, people have changed to grow corn, and practices cash crop plantation according to the Chinese market demand. One of the largest investors in corn is Charoen Pokphand Group (CP group). Charoen Pokphand Group (CP) and their CP maize (or corn) contract farming scheme in upland rural Shan State, northern Myanmar started in the early 1990s in Shan State, northern Myanmar. CP Group's vertically integrated maize production system predominately targeted supplying China's domestic chicken-feed market (Woods, 2015).

According to a farmer,

“We have grown rice and tobacco for decades and when CP seed arrived, many villagers gave it a try to grow CP corn. And now most households in villages grow corn more than other traditional crops

according to the Chinese market demand. Because we only have land which contributes to income and support for the whole family. Our village is a little far from the city and the main road didn't pass our village, so there is no other job opportunity except farming.”



Photo3: Rice field turn to be corn farm

The only income source of the family comes from farms and now maize has become the main crop in every farmland in recent years. Because they got good profit in 2017-2018 and many farmers changed their crops to corn a year after. Thus, some Nong Kong villagers started to grow some corn and trade with the Chinese. Corn is a very productive crop and makes land use. It offers a far greater yield at a lower effort of production than other tobacco or rice. Like tobacco, there are many processes and villagers have to put a lot of effort in planting until packing and selling. In contrast, Corn is sold as soon as it is harvested, and has a shorter life growth than another crop. As a local farmer stated

“In the past, we grew more various crops and balanced our income source. But we started to grow corn because we got profit in the first try and it did

not need much effort as corn grows in 3 months and we grow corn 3 times in one year. But after covid-19 and conflict in the area, China closed their border, limited to only some product to import which hugely impacts on our farm.”

Corn is the significant driver of the agriculture transformation and livelihood change. However, although corn plantation is not very complicated, there is high investment such as fertilizers, pesticide, and other chemicals, tools to help it grow. Usually, corn can only grow once a year but if they want to grow every season, they need to have plastic wrap to cover the land, so it makes corn grow well, and faster, with an irrigation system. Therefore, there is a high cost of investment and there is also market risk because the price totally depends on the Chinese broker and relation between two borders.

A villager emphasized about the way of growing corn that

“From small to harvest time, we have to spray fertilizer, pesticide and chemicals about 7 times. In the past, we used cow dung, buffalo chips for fertilizer, but now mostly fertilizer from industries, from China. We buy it from China. There are two ways of paying, (1) we can pay cash directly at the shop or get fertilizers first and pay back later when we get money from the farm or crop after harvest. This way, we are called Tei.”

There are costs and input that local farmers invest but there is no certainty on the marketing. When marketization fails, it puts smallholders in debt or other negative effects on families. In the process of exporting, there are middlemen who connect between local farmers and CP groups. Instead of direct contracts with producers, Chinese enterprises have informal relationships with local brokers and connect the corn commodity chain among stakeholders. Under this arrangement, CP

Group has reduced its own liability and responsibility from cultivation and procurement of maize, shifting risks to smallholders, and less so to brokers who were included as agents of capital accumulation under this new devised system. Cultivation risks fall disproportionately on poor and marginalized households, less so on more wealthy households who can afford to side-step brokers, as they generally do not need loans to purchase the required inputs (Woods, 2015).

This shows how the corn commodity chain process and uncertainty of marketing. Because there is no guarantee on the price and products, smallholders must sell whatever price brokers give them. A villager reported that

“We got to transport corn to sell at the Zone in China. Some years, people can’t sell their corn, because China closed the border and lost all the investment from farms. They can’t sell it because they close the road, and the Chinese broker didn’t buy it. The buyer at the zone is not a direct consumer, they transport it to the center of China another chain. Although we grow more corn, we don’t have confidence in it because it depends on our luck.”

It presents that corn is not supported for stability of livelihood and rather makes it harder for villagers to find living because their livelihood and income heavily rely on farms. The villager also added

“Our income is not stable, we spend more when we get a higher price for corn, and spend less, and borrow around when it fails. We didn’t have any bank or savings. When we get money, we need to buy tractors, new machines for farm or household use items as our savings because our total spend comes solely from the farm and we need these tools. If we didn’t buy tractors, need to hire other people

every time we need to manage the soil or transport, irrigating water to farm, so it cost us more.”

Is this the plan in the first place for a Chinese corn company? As Chinese companies or CP are not only buying corn, but they are also the producer of fertilizers, chemicals, pesticide and machine to use in growing corn. They are giving hope that growing more corn can be rich but in reality, who is the most benefit. The villagers seem to realize the purpose of Chinese commercialization but how they can contrast while their income, economic solely depend on corn. As villagers stated that

“I think the Chinese got the most benefit because they are traders, and bosses. We are just like their labor, farmers, we totally have to depend on them. We have land which provides for our living, but we become labor on our own land for the Chinese.”

In the beginning, it seems to have benefits to people, extra income for people but challenges are no formal contract on the price and buying. So, it shifts the risk to the smallholders and many negative impacts years after. For instance, villagers have to increase the amount of fertilizer each year because land fragmentation, declining yields and soil health, low crop prices, or high input prices, may be forced to leave their land in search of employment in cities or in neighboring countries (Baver et al. 2013).

The first year we grew, we got a very good price. We have 1 Acre of land and I grow all corn in my farmland. So, we got around 20000 Yuan (3000 \$) but years later the price is not stable. Like last year, I only earned less than 6000 Yuan (800\$) and have to deduct for fertilizers, and other resources. We didn't have enough money for the next crop, so I had to take out a loan from a local broker.

Farmers have no negotiation power and lack of information which make them become poorer or transform the local livelihood. Some villagers have to sell some of their land to pay the debt and put in the next investment. It is stated that contract farming arrangements occurring within a poorly governed agrarian context, which in Shan State is further marred by a litany of non-state armed groups, generally instead brings about more negative impacts, particularly where market concentration, unequal bargaining positions and lack of information allow powerful firms and middlemen to off-load risks to smallholders. This forces down farm gate prices and brings about negative impacts such as loss of access to village and household land, water, resources and other assets. Smallholders risk becoming locked into debt, which can lead to loss of productive assets including livestock and land (Woods, 2015).

Farmers are facing increased challenges economically to their livelihoods and many are making less money or loss all invested as they didn't sell any of their crops. And it is hard for them to invest in a new crop as they don't have any savings, so they need to take out loans which drag them into the debt trap. Therefore, Chinese commercialized corn has heavily impacted on the socioeconomic of Shan local farmers and instability of livelihood. Not only does it have an economic effect, but it also changes social culture, and the disappearance of indigenous knowledge.

4.3.2 Social and traditional knowledge

Social capital, culture, and traditional knowledge is the bound for sustainable livelihood, thus culture, tradition value strengthen livelihood. It means that livelihood is also socially culturally constructed and traditional values can be critical in attaining social and livelihood security. In contrast, Chinese commercialization process in the opposite way and the Shan community was transformed economically and socially. A farmer shared his experience on the change of agriculture and social practices that

“Everything is changing. In the past, we grew crops by using organic fertilizer like animal waste but now we cannot compete with the quality of the crop in the market and low output if we did not use chemical and pesticide fertilizer from China. And the new plantation method like plastic cover soil and usage of chemicals were all we learnt from local Chinese. As we live on the border, we see Chinese people grow like that and we try it in our own field. And the usage of Chemical, fertilizer, Chinese store keeper teach us when we buy it”



Photo4: Corn growing process

This is another strategy of influencing, dominating and transforming local knowledge. With traditional practices, villagers are the experts and know how to take care of plants and predict weather, but now local people become someone who did not know anything, uneducated literally. Scientific knowledge and technology make people's lives easier but challenging to the sustainability of indigenous knowledge. According to Nang Aung said,

“We use machines in most of the processes like digging, planting and irrigating. So now, everything is easier and more convenient, but it also costs us more in farming. Besides, we have to accept that after we use machine, chemical, our traditional knowledge, wisdom that we learnt from our elder has been disappeared.”



Photo5: Irrigation system

But on the other side, it can lead to high inequality in the community. It might be easy for some people who have machines but villagers who don't have it need to hire or save money to buy which lower their income. And the technology keeps developing which makes the life of the poor harder to pursue. In addition, technology, tools companies draw local farmer interest to buy more products and most products come from China. Local knowledge has been represented as something in opposition to modern knowledge and scientific knowledge. According to Raymond (2010), 'Local knowledge' usually refers to the informal, lay, personal, often implicit or tacit (Raymond et al 2010). Because of the popularity of modern methods, agriculture

practices, and fertilizer, people adapted to new ways of farming and reformed the idea to preserve local knowledge. Thus, local knowledge has lost and failed to perceive it. Adapting new technologies is good, but local knowledge should be preserved and attained. It is suggested that knowledge integration and perceptions change need to consider and to deal with new information arising after application.

Therefore, Chinese commercialization impacts the local livelihood in different ways such as through knowledge transfer, popularity, modernization creates inequality in local farmers and incentive agriculture, technology makes people poorer. And a respondent added

“We often feel anxious about the price of corn whenever we cultivate our crop. And I experienced a very stressful time last year because we didn’t make any money from our farm as we couldn’t sell it to China and needed to borrow money from relatives for the next crop.”

Border restriction and import control from China has many negative impacts to the local farmer livelihood in Northern Shan State. Local farmers are facing increasing challenges to their livelihood and struggle to find a stable market. livelihood is rooted from all socio-culture, economic and human security. This year, Nong Kong villagers as well as local farmers along the border face difficulty and are hardly hit by the covid 19 and military coup which affect the border flow. Because of the Pandemic outbreak, Chinese broker, entrepreneurs did not come to buy corn and China closed the border. So, when local people try to get in China by using the local way through small villages, they have to pay for passing the road and they are arrested and fined by the Chinese police for entering without permission. Many farmers have to throw away their corn and pumpkin.

4.3.3 Environment and Climate Change

The environment is the only resource nature gives to people and land, a suitable climate is needed for farmers and an important source for their living. However, because of the massive growth of corn, deforestation happened, and climate changes occur more often. Climate change is the result of the expansion of cash crops and threat to the security of livelihood. Because year by year, the villagers got lower output in the same field, and it required more fertilizer and more land to grow. And in some seasons, it is drought, so they have to use electricity and machine to generate irrigation systems. It costs more for villagers who don't have machines, so they have to borrow from neighbors. Although climate change is caused, the expansion of farmland still continues because of family living and regular income. According to a villager said, "our farm got flooded more often almost every year and some years we got very low crop products than we have invested." Climate change is a formidable threat to the local farmer's living, so it pushes people to find it harder to live or search and adapt to new techniques in farming.

And after the lands were used a lot of fertilizer, it makes the soil quality bad and takes time to make it fertilize naturally. So, if villagers want to plant other crops, they still need to use chemicals to help the plants grow because the soil is dry, and hard and the amount of chemical fertilizer increases every year. A farmer explained

"We could not sell corn to China and anywhere, so we plan to grow rice at least for our family consume and sell it to other states in Myanmar. Before, we use natural fertilizer, but after growing corn and used fertilizer from China, the soil quality is bad and natural fertilizer cannot help our rice grow, so we need to buy chemicals fertilizer for our rice field."

Rice plantation has been an alternative crop for farmers in Nong Kong because rice can be stored for years, and it is their saving as well. However, paddy rice plantations take a longer time and are higher cost than corn. Thus, many farmers who did not have money for the next crop, decided to migrate to China to earn a living there.

According to the question is there any government support or assisting in the issue, a villager claimed that

“You mean the Myanmar government? They didn’t do and won’t do anything for us. Because we are minor, and they didn’t want to take responsibility for us. Just look in history, they said we, every ethnic will equally treat and govern freely, fairly but in reality, it turns out to be the opposite way. Same with this situation, uneven development occurs in different regions.”

From the political lessons learned, different historical background and past governance system, locals had no trust in the government and did not get any help or protection from the governor.

Therefore, there are many opposite outcomes from the Myanmar development plan, the reality of local people having difficulty living are untold and the impacts continually aggravated. As the villagers depend solely on agriculture for survival, in the cost and effect concept, farmer groups feel more risk and loss because there is no guarantee for their livelihood in their farm products and market price.

4.4 Discussion

Agriculture is the backbone for Myanmar economic because Myanmar has advantage of vast land, water resource. Myanmar once used to be the largest rice exporter in Asia and well developing among Southeast Asia countries. However, because of the political instability, civil war and

environment crisis, it turns Myanmar to be at the bottom in development and high human rights abuse. Myanmar economic strategy has been changed over time and later they focus on land border trade for economic development. The government tried to promote Agriculture sectors and develop new land tenure, grant for smallholders, and incentive policy for investment. Myanmar adopted a new development strategy and drafted with the aim to encourage investment. For many years, China is the long trader, largest investor in Myanmar.

The arrival of cash crop, corn plantation was expanded into Myanmar agriculture world. Before the widespread of corn production in the whole country, Northern Shan community first experienced agrarian transformation and commercial corn expansion. Nam Kham town, Northern Shan State geographically located at the border of China, thus there are exiting trade routes and local relationship since history. Through these facts, there are many impacts on local livelihood transformation by corn commercialization. Although there is a positive impact that people earn extra income, and there was market for corn before, the negative impacts are more. Nong Kong villagers live in uncertainty, insecurity, and mental aspects since they are living under the condition that they have no choice, no rights situation because they have to rely on farm products and Chinese market.

From findings, there are different causing the impacts on the livelihood of the villagers such as income instability, no current and future security, health effect and environment crisis threatening to living. The local farmers are encountered with the high risk of losing their livelihood, economic hardship and lost of indigenous knowledge which main drive to unsustainable livelihood. The local farmers face increased challenges to their livelihood and struggle with the new expensive cost effect crop. The only cash crop is serving rich people to be richer while poor farmers are starving for living.

Most profits go to companies and local farmers become labour on their own land. Not only economic fail, but Chinese commercialization also transform the livelihood in social culture capital and the Myanmar government failed to address the issues. Traditional knowledge is precious and significantly plays a role in people live. However, this indigenous knowledge disappears when the villagers adapt new way of farming which benefit to capitalist. One fact is that technology creates inequality in community and wealth as the villagers are not familiar with technologies and it is hard for them to adapt to new way of farming practices as most of them had no educational background. In addition, cash crops seem to make their lives harder when the crop price falls or no market for corn but still need to purchase expensive machine, fertilizers for next crop which lead them to debt trap or even to migrate to work. This is affecting basic human security because instability income makes villagers unable to access basic needs, child education and social well-being. Not only physical but also mental impacts because the villagers experienced depression and anxiety which lead to health effects.

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CHAPTER 5

Recommendations

Toward a sustainable livelihood and development

First, government initiation and participatory policy design is important. Because the previous trade policy and economic development plan, the local opinion, livelihood and situation has never been gauged and involved in any government initiation, policy formulation. For effective governance and border trade, the local voice, situation should be considered and engage for participatory approach in policy formulation, local trade policies. In addition, there should be capacity building or support programs for farmers education to ensure reach their full potential in plantation, participation in decision making, enhance in technology and in the market but still promote indigenous knowledge and culture. Importantly, trust building and transparent governance is required to address the challenges and encourage participation among stakeholders.

Second, cross-border cooperation is important. Both countries should negotiate and enforce trade agreements that promote local products, facilitate the smooth flow of agriculture and market price insurance. Border trade has benefits to Myanmar and China and it is beyond national but transnational commercial, so it is important for two countries coordinated to address the border trade challenges, minimize the effects on farmers, reduce trade barriers and implementing inclusive local trade policy. In order to have effective policy implementation and fair trade, international organizations should be assisting in monitoring and evaluation of the improvement and impacts. In

the agreement, it should include and adapt climate change matter and environmental sustainability practices.

Last but not least, farmers play a crucial role in the process to policy formulating, community organization and agricultural development. Farmers has changed to plant rice which is a step to mitigate the effects but the farmers, villagers should form and strengthen the community organization, so they have power to bargain and protect market price volatility. Moreover, forming community organization can help, knowledge-sharing among farmer and participation in policy making, for development of community. Although forming community organization requires harmony, effort and time of the people, it can give a better results and benefits and become an example for other communities where experience the issues.

In conclusion, further research on the issue is recommended and concerned institutions that more future research need to be conducted on the continue effects of commercial crop on local livelihood and how the situation has changed, role of stakeholders in order to know how the villagers and trader compromise and cope with the issue. In addition, I would like to recommend the state institution to conduct further investigation, local ground research and consultant project, campaign, training, promoting local knowledge. And it can also create more interaction and understanding of each other's role. To respective government, the policy and rural economic development should be grounded from people, local need and effectively implement the law enforcement.

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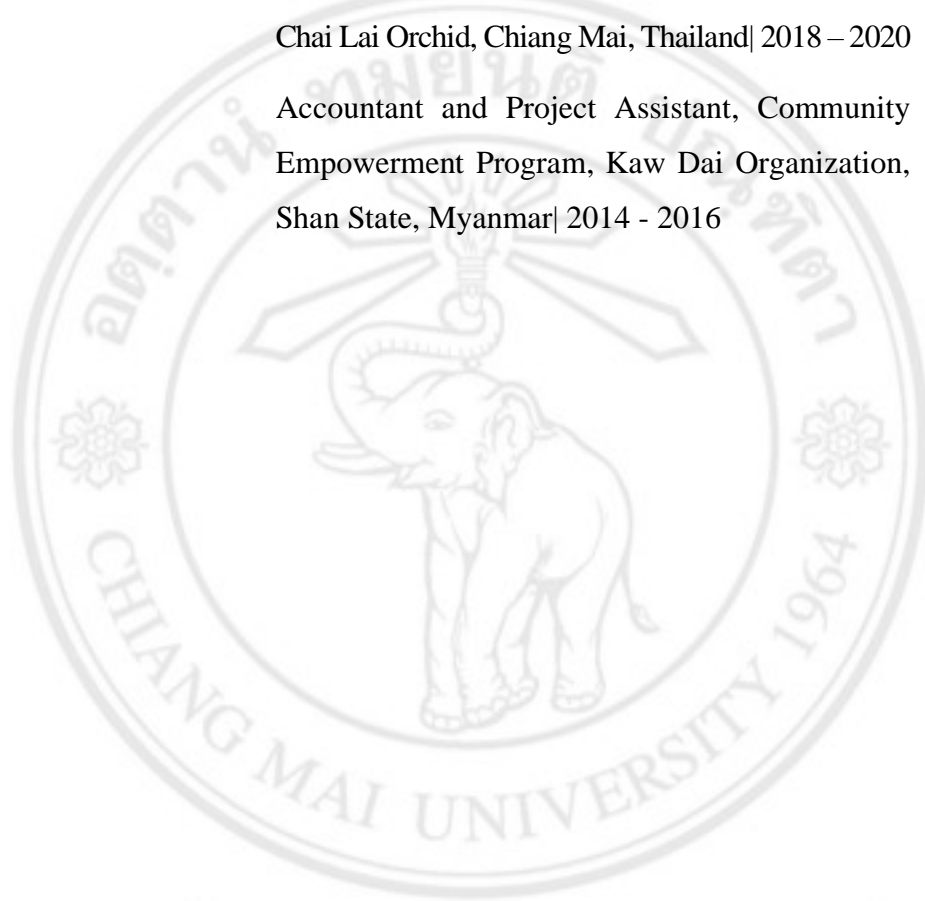
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