

# SNAPSHOT OF MARKET ACTORS' PERSPECTIVES: COVID-19 IMPACTS IN RAKHINE STATE (AUG. 30-SEPT 18, 2020)

## Mercy Corps - Market Analysis Unit

September 22<sup>nd</sup>, 2020

*During September 11-18 Mercy Corps' Market Analysis Unit (MAU) conducted phone interviews with 31 input sellers and agricultural commodity traders in eight townships (Kyauk Taw, Maungdaw, Minbya, Mrauk U, Pauktaw, Ponnagyun, Rethedaung and Sittwe Townships). Mercy Corps asked respondents to reflect on changes in local business conditions since August 30. This document is a follow up to the snapshot of market actor perspectives released on September 1.*

**Restrictions Related to COVID-19** – Pandemic-related restrictions across Central and Northern Rakhine State remain largely unchanged since going into effect in mid-August, however market actors report reduced enforcement and increasing outdoor activity in most townships. Curfews continue to be enforced, but enforcement of mask requirements and limits on how many household members may leave home have eased considerably. Quarantine for travel between townships remains in place too, although enforcement is irregular. Market actors report that Covid-19 restrictions have not significantly limited travel between towns and villages.

**Essential Goods** – Reductions in panic-buying has allowed the market for essential goods to stabilize considerably since Aug. 30, yet transportation limits continue to threaten fundamental market stability. Market actors report that prices have flattened but remain high for dry / bulk goods (e.g. beans, lentils, packaged dry noodles) and kitchen products (e.g. oil, salt, spice), largely due to the transportation costs of importing these goods from central Myanmar. Actors in Sittwe and Ponnagyun also cite limited availability of vegetables, likely due to difficulty importing these goods from more prolific regions of Rakhine State such as Kyauk Taw and Mrauk U Townships (where vendors voiced less concern about vegetable supply).

**Business Activity** – Despite increased foot traffic in towns, business conditions have not improved but worsened. Limits on major market hours remain in place, with most closing by 1pm. However, in some townships (e.g. Minbya) there has been some reopening of businesses beyond those strictly related to food and medicine. Access to business-related goods and services (e.g. inputs, credit) remains poor, and in some cases it has worsened. Transportation limits are largely at the root of this, as rising transport costs are passed along to imported goods. Findings include:

- 97% of respondents say **current business conditions** are somewhat or very difficult;
- 71% say **business conditions are more difficult** since Aug. 30;
- 61% say **acquiring inventory has gotten harder** (90% now find it difficult);
- 71% say **transportation has become less available** since Aug. 30;
- 40-50% say **vegetable seed, fertilizer and pesticide** are less available;
- 58% report **rising prices for transportation**, and 33% report rising prices for fertilizer;
- Labor markets vary by township, but **access to credit has not changed** significantly.

### Township-Level Updates

**Kyauktaw Township** – Travel between town and villages remains much as it was in late August, and enforcement of mask requirements has been eased. However, limits on market hours remain in place and many businesses unrelated to food and medicine remain closed. One agricultural

commodity trader reported a 33% reduction in customers (due to both the pandemic and conflict-related events), and this business slowdown has added to unemployment among day laborers. The quarantine of drivers entering the region, and the decision by drivers to take longer routes to avoid checkpoints, continue to drive up transport costs. As such, the price/availability of dry/bulk goods and kitchen products (from central Myanmar) remains unstable. Market actors report that fertilizer imports have also been limited by local authorities due to concerns they are used in bomb-making; fertilizer prices have risen from 27,500 to 30,000 MMK/bag.

**Maungdaw Township** – Enforcement of mask requirements continues in Maungdaw, however market actors report that quarantine has not been strictly enforced (e.g. arrivals from Buthidaung Township). Travel between Maungdaw town and villages has also remained much as it was in late August. The Sittwe-Maungdaw road is open for goods transport, yet traders say transport costs (by weight) have increased 30-50% the pandemic began. The price/availability of rice, dry/bulk goods and kitchen goods have largely stabilized (including one report of lower rice prices), yet most market actors say vegetable prices are still rising. Labor supply—already weak before the pandemic—remains poor with day-labor rates as high as 10,000 MMK/day.

**Minbya Township** – Local enforcement of mask requirements has been relaxed, and travel between town and villages remains possible. Quarantine continues to be enforced, particularly for arrivals from Sittwe, and the quarantine of drivers shipping goods continues to cause problems for local supply. Local vegetable prices have risen somewhat as supplementary imports have been reduced. Businesses beyond food and medicine are open and selling goods, yet market hours remain limited. Foot traffic at the town market has increased somewhat since Aug. 30, yet overall customers remain low and vendors continue to struggle. Input suppliers report that credit remains unchanged, with supply companies continuing to offer one-month credit.

**Mrauk U Township** – Rules limiting households to one person going outside remain in effect, yet foot traffic has increased considerably since August 30. Travel between town and villages is resuming as well, and market actors report that there has been a modest return of customers within limited market hours. However, transportation of goods into Mrauk U Township from Sittwe and Yangon remains limited, and checkpoints have led traders to ship by waterway instead of road; this has increased the cost of goods due to the labor required for carrying freight between the jetty to town. As such, input suppliers report that transportation and fertilizer costs are up about 5%. Offering credit to customers also remains difficult.

**Pauktaw Township** – Market actors report that enforcement of both mask requirements and quarantine has eased, and more households appear to be allowing more than one person to go outside at a time. Supply shipments from Sittwe remain possible, and credit availability has not reduced noticeably in recent weeks (one respondent reported a rise in household borrowing from moneylenders). However, transportation costs have increased by about 5% and one agricultural commodity trader reported a 10-15% reduction in cash flow since the pandemic began.

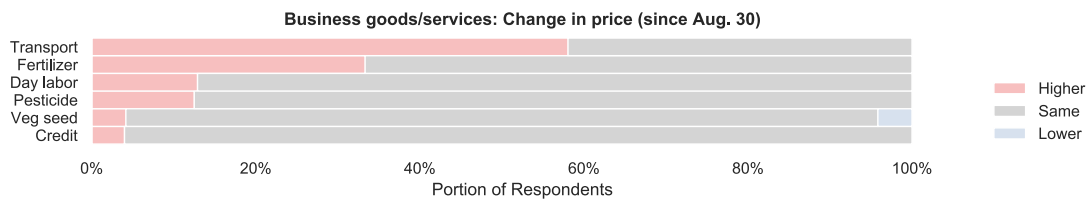
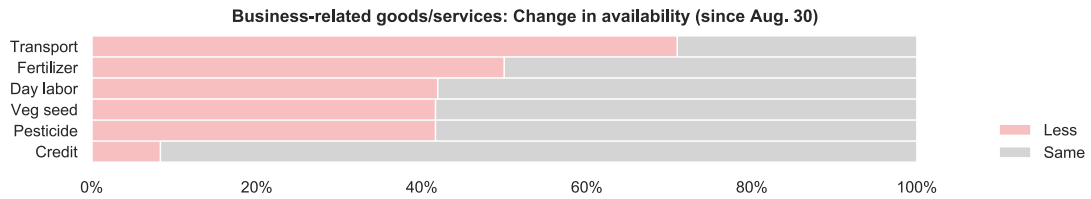
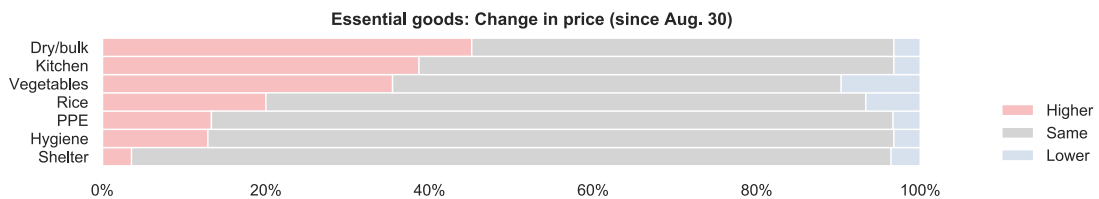
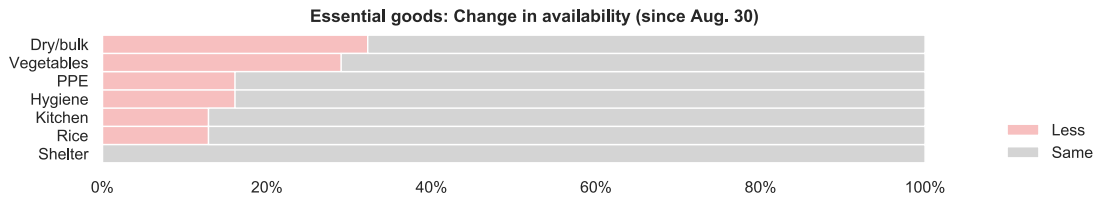
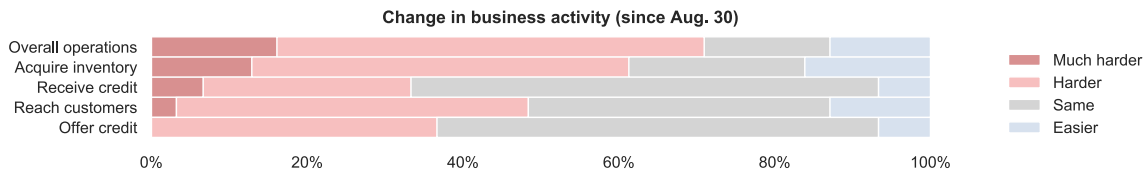
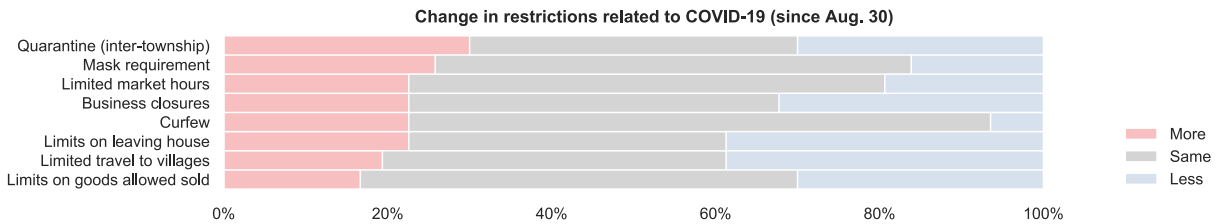
**Ponnagyun Township** – Enforcement mask requirements and limits on the number of household members going outside have been relaxed since August 30, and outdoor foot traffic has picked up. Transport costs—and consequently input prices—are up due to checkpoints and quarantine requirements, with traders reporting 20-50% increases in cost by weight. Market actors also cite ongoing armed conflict as a factor in transport costs. Credit remains available, with input companies continuing to offer credit of one-to-four months to input suppliers.

**Rathedaung Township** – Business conditions remain particularly constrained, with strict limits on market hours (which close at 10am, rather than 1pm as in neighboring townships) continuing

to limit foot traffic from customers. Road transport to Sittwe has been largely closed, limiting supply shipments to waterways. Credit from suppliers is also reduced, although local suppliers continue offering credit to established customers.

## Summary of Responses for Select Questions

Thirty-one respondents were asked for their perception of how various market and lockdown conditions have changed since August 30, 2020. The charts below summarize their responses.



## **Mercy Corps' Market Analysis Unit (MAU)**

The Market Analysis Unit provides development practitioners and policymakers operating in Rakhine State with data and analysis to better understand the present and potential impacts of COVID-19, conflict and other crises on:

- **Household purchasing power, coping mechanisms and access to basic needs;**
- **Market functionality**, particularly as it relates to **food systems**;
- **Trade** (ag. inputs and supply, machinery, commodities) and **cross-border dynamics**;
- **Financial services**, including **financial services providers**, household and business **access to finance and remittances**; and
- **Labor markets** (formal and informal), with a focus on agricultural labor and low wage sectors (construction, factories, food services).

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