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Report Highlights:

The Burmese military's February 1, 2021 coup will negatively impact agricultural trade at least in the short-term due to the country-wide Civil Disobedience Movement, which involves widespread labor strikes in opposition to the military's action. Burma's rice and corn exports in MY 2021/22 are projected to grow due to recovery of production area and high price incentives. Burma's wheat imports are projected to increase in MY 2021/22 due to increasing consumption of wheat-derived products. U.S. wheat will have reduced competitiveness since Australian wheat can be imported duty-free under the ASEAN-Australia-New Zealand Free Trade Area.

Executive Summary:

On February 1, 2021, Burmese State Counsellor Aung San Suu Kyi, leader of Burma's ruling party, and Burmese President Win Myint, the duly elected head of government, were deposed in a military coup d'état. The subsequent country-wide peaceful protests in opposition to the military's actions (collectively referred to as the Civil Disobedience Movement), and the military's increasingly violent response, have crippled the logistics sector and led to closures and delays in the trade and banking sectors. For additional information on the coup, please review FAS Rangoon's recent report: <https://www.fas.usda.gov/data/burma-impact-burma-military-coup-agriculture-sector-and-trade>. To help relieve the current situation, the Ministry of Commerce has temporarily waived the requirement of import and export licenses for several agricultural and other products, including rice, broken rice, and wheat products, from March 8 – April 9, 2021. Additional information is available at <https://www.fas.usda.gov/data/burma-burmese-government-temporarily-waives-import-and-export-licenses-select-ag-products>. In addition, the government has extended the exemption of the advanced import tax for all products from April 2020 to March 31, 2021.

In MY 2021/22, rice production in Burma (also called Myanmar) is forecast to recover planting acreage in anticipation of favorable weather, high prices incentive set by the government and potential exports to China and other countries within the Association of Southeast Asian Nations (ASEAN). In MY 2020/21, rice production decreased due to insufficient amounts of irrigated water. The government reported that the second rice crop area in MY 2020/21 could also be decreased due to lack of irrigated water. Burma's overall rice exports in the past two years were forecast to fall due to complications from COVID-19 (MY 2019/20) and the unstable situation after the February 1, 2020 military coup (MY 2020/21). However, overall rice exports are projected to increase four percent in MY 2021/22 after recovering from both crises. Following the Chinese president's visit in January 2020, the two countries brokered a bilateral broken rice agreement, which significantly increased broken rice exports to China through the border. In MY 2020/21, the domestic prices for rice are expected to grow due to low domestic production, probable panic buying, and limited transportation and other logistics following the military coup.

In MY 2021/22, Burma's corn production is projected to increase to due to surging demand from Thailand, China, Philippines, Vietnam, and India and a high price incentive regardless of the coup. In 2020, Burma's feed demand declined 30 percent due to reduced domestic demand for meat and poultry due to complications from the COVID-19 pandemic. The livestock industries sought to resume normal operations in August 2020, but were again impacted by a second, more serious, wave of COVID-19. The government continues to ban corn imports to protect local farmers.

Wheat production in Burma is forecast to be flat in MY 2020/21 and MY 2021/22 due to lack of price incentives in line with low domestic demand. Domestic prices for wheat decreased 10-15 percent in 2020 due to low domestic demand during COVID-19. Burma's wheat imports and consumption are forecast to decrease in MY 2020/21 due to closures of bakeries, coffee shops, and restaurants to prevent the spread of COVID-19 and unstable situation following the February 1 coup. While U.S. wheat exports to Burma have been growing with significant market share gains, U.S. wheat faces competition from Australia, which gets duty-free access under a preferential trade agreement.

1. Rice

Table 1.1: Burma's Rice Production, Demand and Supply

Rice, Milled Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
Burma (Myanmar)	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6900	6900	7050	6900	0	7000
Beginning Stocks (1000 MT)	1071	1071	1131	1031	0	983
Milled Production (1000 MT)	12700	12650	13000	12600	0	12800
Rough Production (1000 MT)	19844	19766	20313	19688	0	20000
Milling Rate (.9999) (1000 MT)	6400	6400	6400	6400	0	6400
MY Imports (1000 MT)	10	10	10	2	0	2
TY Imports (1000 MT)	10	10	10	2	0	2
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	13781	13731	14141	13633	0	13785
MY Exports (1000 MT)	2300	2300	2400	2300	0	2400
TY Exports (1000 MT)	2300	2300	2400	2300	0	2400
Consumption and Residual (1000 MT)	10350	10400	10500	10350	0	10350
Ending Stocks (1000 MT)	1131	1031	1241	983	0	1035
Total Distribution (1000 MT)	13781	13731	14141	13633	0	13785
Yield (Rough) (MT/HA)	2.8759	2.8646	2.8813	2.8533	0	2.8571

(1000 HA) ,(1000 MT) ,(MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Source: Post Calculation based on information from the Ministry of Commerce, Department of Agriculture, Trade Data Monitor, and interviews with industry sources

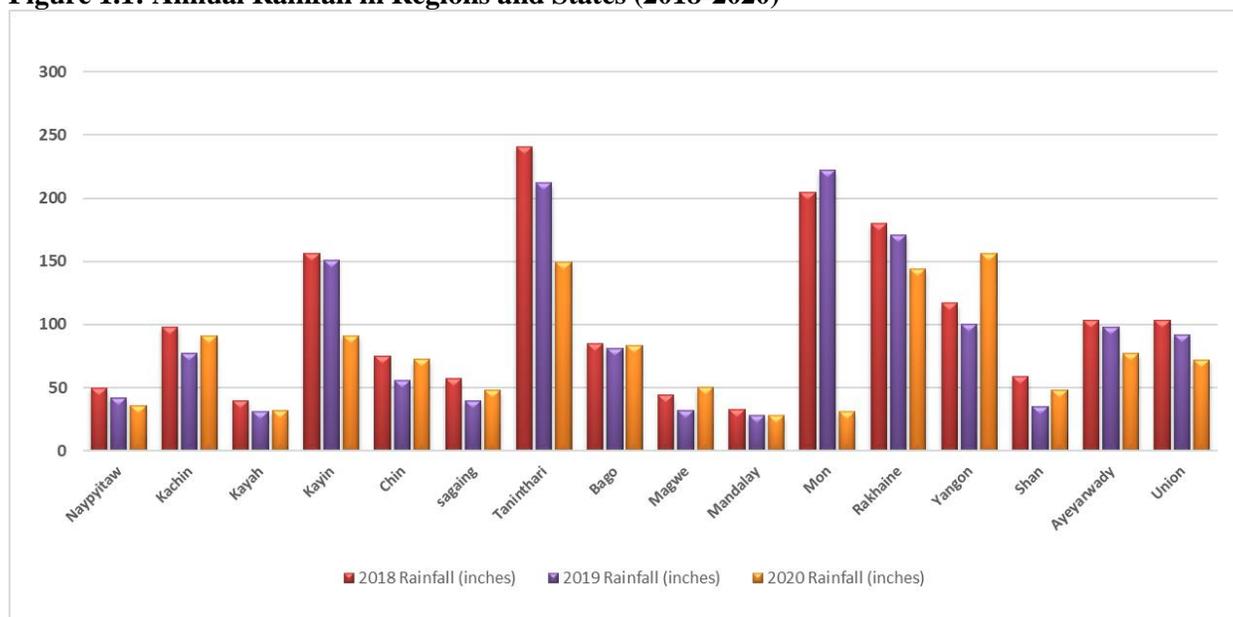
1.1 Production

In MY 2020/21, rice (rough) production is forecast to decrease mainly due to insufficient irrigation water due to climate change for both the main (monsoon) and second (dry season) rice crops even with the same production area (see Figure 1.1). In Calendar Year (CY) 2020, low annual rainfall, uneven rain, and a small number of days of rain resulted in less water entering the dam and reservoirs. Consequently, the rice production area in MY 2020/21 is expected to be flat following the previous year's decline due to a continued lack of water and replacement with other crops, especially oil seed crops in Sagaing and Magway (see Figure 1.2). The government also reported that the second rice crop area in MY 2020/21 is likely to decrease due to lack of irrigated water. The Ministry of Agriculture, Livestock and Irrigation (MOALI) is urging farmers to change cropping patterns and to choose shorter season varieties of rice, which are cultivated in just 90 days, and drought resistant rice varieties and/or less water-dependent oilseed crops depending on the region. MOALI also recommended rice farmers to use a System of Rice Intensification (SRI), the direct seeding (dry and wet) method, and to use dram seeder and broadcasting methods. Overall, the Civil Disobedience Movement is not expected to have a significant impact on rice production. While a majority of urban Burmese people are participating in labor strikes and other protests, most rural people are not. However, approximately 70 percent of rice harvest occurs via a combine harvester, which requires fuel. An apparent country-wide fuel shortage is causing price spikes, which could lead to small price increase for farmers. However, the military regime is aware of the issue and will likely prioritize the arrival of additional fuel. Regarding credit for farmers, please see the Policy section below. In MY 2021/22, Burma's rice production is forecast to recover due to high domestic price incentives in CY 2020 and assurance of minimum prices set by government in July 2020.

Burma's rice (rough) yield per unit area in MY 2020/21 is forecast to decrease, attributable to lack of sufficient water for the main crop just before harvest, especially in the Mandalay, Sagaing, and Magway regions and unusual rain during harvest (October and November) in some parts of Sagaing, Yangon, and Ayeyarwady regions during harvest time. Late onset and early withdrawal of the southwest monsoon in CY 2020 resulted in insufficient water supply for rice production and also a low yield per unit area. It is also difficult to predict the

impact of climate change on yields, however, rice (rough) yields in MY 2021/22 are projected to be flat based on an expected continuation of climate changes experienced over the past two successive years. Burma typically uses urea, T-Super, potash, and compound fertilizers and only urea is produced locally. Burma’s overall fertilizer demand was about 3-3.5 MMT. According to the Department of Agriculture, urea accounts for more than 44 percent of total fertilizer utilization, followed by compound fertilizers (40 percent), phosphate (8 percent), and potash and other fertilizers (8 percent). Industry sources reported that Burma uses 300,000-400,000 MT of urea fertilizer for cultivation of the main rice crop. Despite domestic urea production, Burma imports about 1.5-1.7 MMT of various fertilizers annually from China, Thailand, and Vietnam (see Table 1.2). While imported inputs are also affected by the widespread trade issues following the military coup as described above, there is still time for the situation to resolve before the monsoon rice planting in May.

Figure 1.1: Annual Rainfall in Regions and States (2018-2020)



Source: Department of Agriculture

Table 1.2. Domestic Production and Import of Fertilizers

Year	Production (MT)	Import (MT)	Total	Remark
2015/16 (April- March)	349,211	1,155,055	1,504,266	
2016/17(April- March)	725,590	1,465,360	2,190,950	
2017/18 (April- March)	493,339	1,522,937	2,016,276	
2018 (April- September)	688,059	936,224	1,624,283	Mini budget
2018/19 (October- September)	364,991	1,774,592	2,139,583	New financial year
2019/20 (October -September)	Data not yet available			

Source: Land Use Division, Department of Agriculture

Figure 1.2: Map of States and Regions in Burma



1.2 Consumption

Rice is the staple diet in Burma. For people in rural Burma (70 percent of the population), most people consume rice three times per day, with per capita consumption estimated at 170 kg per year. In urban areas (30 percent of the population), most Burmese consume rice two times per day, with a per capita consumption estimated at 145 kg per year. The country's average per capita consumption is estimated to be 155 kg based on a survey by the Myanmar Rice Federation in 2016.

In general, head rice is mainly consumed as part of breakfast, lunch, and dinner. Broken rice and other lower quality rice are used to make rice noodles and traditional Burmese snacks, which are more common in rural areas. Burma plants more than 100 varieties of rice in 3 main categories, including Emata (long grain), Pawsan (median and round), and Ngasein. Higher and some middle-class Burmese consume superior quality Pawsan varieties, which is seven percent of total rice production, including the premium Shwe Bo Pawsan. Lower and some middle-class Burmese consume other types of superior quality Paw San, high quality long grain, and median grain rice. Emata 25 percent broken rice is the largest rice export by volume. The Ngasein variety has lower eating quality and is mainly used to make noodles and traditional rice snacks. Trade sources confirmed that more middle-class people have shifted from lower to better quality of Emata type and Pawsan-type rice since MY 2018/19 due to Burma's growing economy and higher consumer purchasing power.

As for human consumption, milled rice consumption is forecast to increase to 10.40 MMT in MY2019/20 based on a combination of factors. Job losses, especially in the textiles/manufacturing and tourism sectors and reduced incomes led to comparatively low expenditures on food other than rice, given its lower cost, and caused the high demand for rice during the COVID-19 pandemic. In addition, the closure of the breakfast cafés and lock downs during COVID-19 reduced options for consuming food outside of the home. Since February 1, this trend has continued due to many business closures and many people staying at home due to the military's increasingly violent response to peaceful protests. In MY 2020/21 and MY 2021/22, domestic consumption of milled rice is expected to decrease to 10.35MMT with the anticipation of the reopening of restaurants and cafes and a return to normal eating preferences following COVID-19 and the de-escalation of the current political situation, although the timing of both is uncertain.

Broken rice is still consumed as livestock feed, but largely by smaller livestock producers including backyard farms. In MY 2020/21, consumption of broken rice as livestock feed is forecast to decrease to 600,000 to 650,000 MT due to relatively higher prices than corn. The Myanmar Livestock Federation estimates that the livestock sector, primarily poultry and swine, is growing approximately 20-25 percent annually, although COVID-19 and the military coup have both caused disruptions. In CY 2020, the price for broken rice remains high due to surge demand from China and the local consumption of broken rice in animal feed sector is forecast to decrease in MY 2020/21.

1.3 Trade

Burma exported 2.3 MMT of head rice (milled rice) and broken rice to 76 countries in MY 2019/20 (January-December), with the official channel accounting for more than 75 percent of exports (see Figure 1.3). Primary export markets for head rice are China, Philippines, and Malaysia, while broken rice were primarily exported to China, Belgium, Senegal, and Indonesia in CY 2020. Burma exported more than 1 MMT of rice to China in CY 2020, with head rice accounting for approximately 60 percent of total rice exports. Burma rice export to China through border check points decreased in April 2020 due to policy changes by Chinese government, which required phytosanitary certificates listing mills approved by the General Administration of Customs for China (GACC), as well as stricter border controls to prevent COVID-19 transmission. This negatively affected mills that were not approved by GACC. However, in CY 2020, Burma's unofficial broken rice exports to China significantly increased (more than seven times) from 2019 as a result of the bilateral broken rice agreement following the Chinese president's visit in January 2020.

In MY 2020/21, total rice exports are expected to be flat at 2.3 MMT in an anticipation of low production and major trade disruptions for at least February and March 2021 as a result of the February 1 coup d'état, the country-wide peaceful protests in opposition to the military's actions, and the military's increasingly violent response. There were widespread disruptions on February 1, since country-wide communication blackouts meant that drivers couldn't coordinate deliveries. Both Bayintnaung and Wardan rice wholesale centers in Rangoon (also called Yangon) were temporary closed due to traffic by protestors and transportation disruption. Labor strikes, including by government officials, have caused major trade disruptions and more than 10,000 containers are stuck at the Asia World port. For additional information about coup-related trade disruptions, view FAS Rangoon's recent report at <https://www.fas.usda.gov/data/burma-impact-burma-military-coup-agriculture-sector-and-trade>.

Since the February 1 coup, rice exporters are generally not reporting planned rice exports to the Myanmar Rice Federation, which is also not currently issuing export recommendations. In mid-February, worker strikes at MOALI paused the issuance of phytosanitary certificates, but this service resumed, albeit with delays, in late February. In addition, the Union of Myanmar Federation of Chambers of Commerce and Industry is not currently issuing required country of origin certificates. Rice exports are also not being recorded as formal exports due to worker strikes and are instead being sold informally through the Muse border, where they are also not being counted as official imports. This non-transparent system also protects exporters from social punishment campaigns on social media (i.e., that the exporter is going against the Civil Disobedience Movement). While

export volumes are almost impossible to estimate in this chaotic time, rice traders estimate that approximately 80-85 trucks (2,600-2,750 metric tons (MT)) are crossing the Muse border daily, which is less than half of normal daily trade volumes typically experienced this time of year. The major impediment to trade remains a lack of drivers to transport goods. Phytosanitary certificates are being issued for overseas rice exports, although a crippled logistics sector, bank closures, and the regulatory issues described above are bringing such planned exports to a standstill. Therefore, overall rice exports are forecast to be low at least in the first quarter of CY 2021, with uncertainty as to when normal trade will resume. In the meantime, rice exports are not being controlled via the normal bureaucracy, but instead through a sea of delays, labor strikes (including by government officials), and other obstacles impeding trade. Meanwhile, the potential export of 100,000 MT of high-quality rice exports to Bangladesh via a government-to-government agreement is planned for late March or early April, although could be delayed due to the current situation.

Burma's rice exports in MY 2021/22 are forecast to increase to 2.4 MMT with the expectation of increased demand from China and ASEAN countries through increased production closer to MY 2018/19 levels. Sources anticipate growing rice and broken rice exports to China in MY 2021/22 following the bilateral broken rice agreement in January 2020 and the GACC's registration of 43 Myanmar rice companies in July 2020.

Figure 1.3: Official and Unofficial Rice Exports in 2020 versus 2021 (Metric Tons)

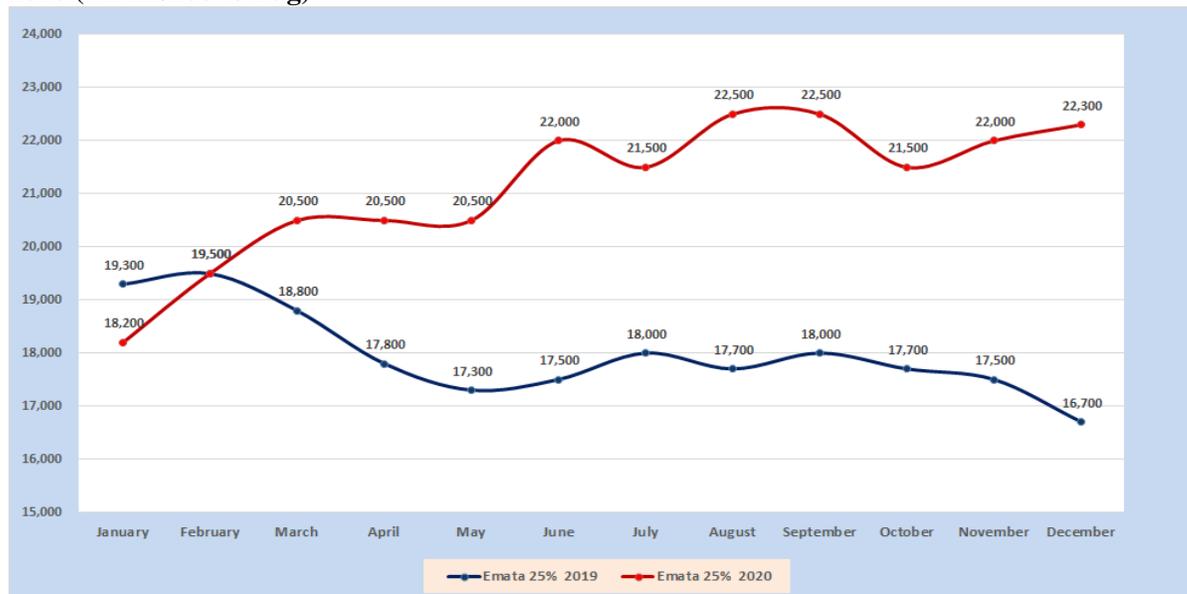
Month	Rice Milled, 2020					Rice Milled, 2021				
	Non-border trade		Border trade		Total	Non-border trade		Border trade		Total
	Head Rice	Broken Rice	Head Rice	Broken Rice		Head Rice	Broken Rice	Head Rice	Broken Rice	
January	147,336	49,512	23,335	1,006	221,189	86,217	59,170	48,805	64,049	258,241
February	126,513	76,346	22,624	9,241	234,724					
March	117,312	114,303	32,572	20,098	284,285					
April	42,909	38,745	10,482	3,007	95,143					
May	111,800	84,427	9,142	2,024	207,393					
June	77,107	70,793	15,358	20,425	183,683					
July	64,158	54,904	23,422	24,339	166,823					
August	79,642	42,190	19,791	21,078	162,701					
September	37,519	37,586	16,545	16,247	107,897					
October	33,722	33,215	32,445	13,452	112,834					
November	91,926	48,075	81,443	23,850	245,294					
December	107,787	58,404	60,652	59,756	286,599					
Total Rice	1,037,731	708,500	347,811	214,523	2,308,565	86,217	59,170	48,805	64,049	258,241

Source: Ministry of Commerce

1.4 Prices

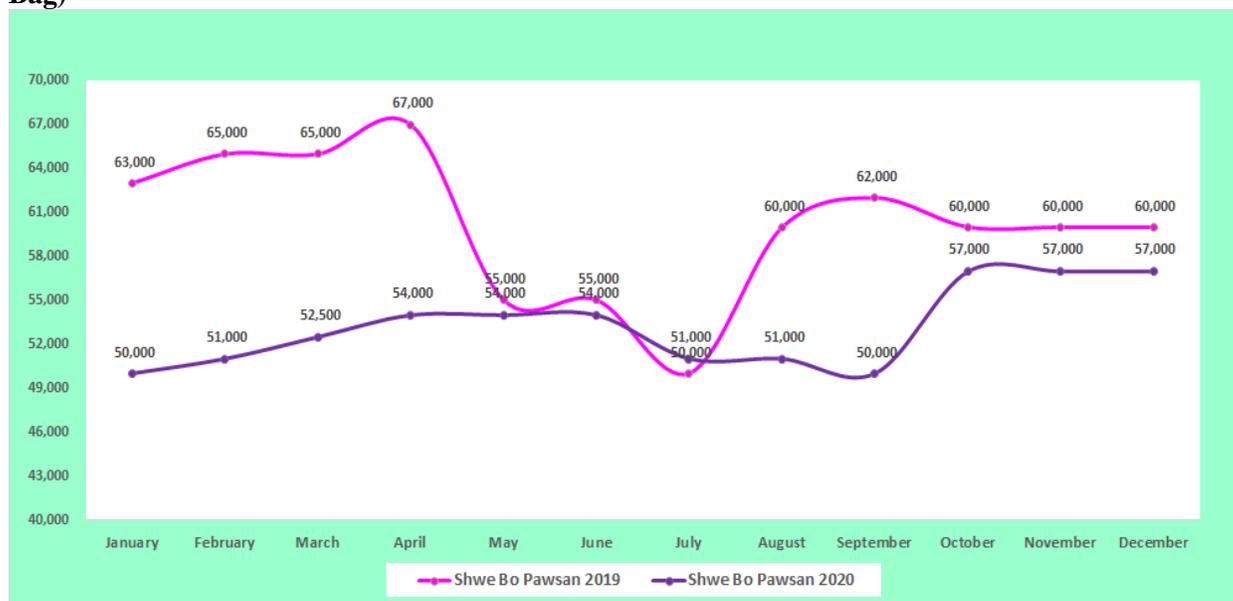
The domestic prices for rice usually decrease in November during harvest time of the main crop and increase at the end of February before the harvest of the second crop. According to industry sources, in CY 2020, average domestic wholesale prices for Emata 25 percent broken rice were higher than the previous year due to COVID-19-related panic buying, domestic transportation delays, purchasing of reserve rice by the government, and lockdown conditions (see Figure 1.4). In addition, there was strong demand from China, where rice production is forecast to decline due to unfavorable weather. To control prices at the time of harvest and offer relief during COVID-19, the government purchased 50,000 MT of rice reserves in April 2020 at 22,600 Myanmar Kyats (MMK)/bag. The rice was distributed to the retailers and recommended to be sold with a small margin, which helped to keep prices high overall. Similarly, the price for rice in CY 2021 is forecast to remain high in anticipation of low production and potential exports to China, ASEAN countries, and Bangladesh. After the February 1, 2021 coup, the trade disruptions described above and initial panic buying contributed to average domestic price increases of 10-13 percent at the end of February. In CY 2020, domestic prices for superior quality Shwe Bo Pawsan were lower than in previous years due to closing of restaurants during COVID-19 pandemic (see Figure 1.5). The domestic wholesale price for superior quality Shwe Bo Pawsan rice in 2020 was lower than the previous year due to low domestic demand followed by low incomes and closing of restaurants during the COVID-19 pandemic.

Figure 1.4: Average Monthly Wholesale Prices for Emata 25 percent broken (low grade) rice in 2019 and 2020 (MMK/108 lb Bag)



Source: Myanmar Rice Federation

Figure 1.5: Average Monthly Wholesale Prices for Shwe Bo Pawsan Rice in 2019 and 2020 (MMK/108 lb Bag)



Source: Myanmar Rice Federation

1.5 Policy

In MY 2017/18 and 2018/19, Burma set the floor price for paddy at 500,000 MMK for 100 baskets (about USD 178/MT, 1 basket is 20.86 lb). In order to cover the higher production costs for farmers, the government increased the floor prices to 520,000 MMK for every 100 baskets (about USD 185/MT) of paddy harvested in the 2020 monsoon and 2021 summer season that had a 14 percent moisture content and met established minimum quality criteria (Post used a market exchange rate of 1,400 MMK/1USD).

Farmers who pay back their loans from the previous year are eligible to apply in the new year. They must also show the land work permit certificate (Form-7). The government provides seasonal farm loans and short term and long-term credit for agricultural crops, including rice, oilseeds, pulses, and beans, but the amount of credit varies by the commodity and season (see Table 1.6). The Myanmar Agricultural Development Bank (MADB) provides credit for rice farmers of up to 150,000 Myanmar kyat (US\$110) for a maximum of 10 acres with a 5 percent interest rate. In addition to MADB farm loans, farmers can also access loans from the Japan International Cooperation Agency (JICA), local cooperatives, the Myanmar Rice Federation, and various NGOs and microfinance institutions with varying interest rates. Starting on May 15, 2020, agricultural loans of approximately \$1.25 billion, a four percent increase compared to last year, were offered to farmers to support the production of a wide range of agricultural commodities, including rice, at a five percent interest rate (down from an original 8 percent). Farmers who had not paid off previous loans yet were not eligible.

MADB provides farm loans for the winter crop season (the second week of November 2020 to January 2021), which has to be paid off by September 15, 2021 (see Table 1.4). Additionally, the government will disburse the farm loans for the pre-monsoon cultivation season between early January and the end of March 2021, which farmers have to pay off by February 2022. The agricultural loans for the monsoon crop season can be taken out between early May and the end of September 2021, and the deadline for repayment is April 15, 2022. The government provided an additional 50,000 MMK as a special COVID-19 relief loan for farmers who received farm loans in 2020. According to the government's COVID-19 Economic Relief Plan (CERP), the government provided 148,500-155,000 MMK per acre to rice seed producing farmers in the CY 2020 main crop season.

Table 1.4. Type of loan and amount of loan provided by MABD (Myanmar Kyats in Million)

Year	Pre-monsoon	Monsoon	Winter	COVID-19 relief fund
2017	16362	1416704	272222	
2018	18781	1301614	366264	
2019	16500	13464708	362199	
2020	17955	1375987		481058
Duration of loan	January to March	May to September	October -January	June 2020 to September

Source: Myanmar Agricultural Development Bank

To provide additional relief from the COVID-19 pandemic, the government announced interest rate reductions for farm loans on April 1 (1 percent) and May 15 (an additional 2 percent). The interest rate for annual agricultural loans provided by MADB, JICA two-step loan, and the Myanmar Economic Bank (MEB) loan were also reduced (see Table 1.5). MADB also decreased the interest rate for saving account loans for farmers from 8 percent to 6.5 percent.

Table. 1.5 Type of Loan and interest rate in 2019-2021

Type of loan	Annual Interest rate	Reduced Interest rate in 2019/20	Interest rate for 2020/21
Farm loan provided by MADB	8 %	7%	5%
JICA two steps loan	8%	6.5%	5.5
Farm loan provided by MEB	9%	8%	
Saving account for farmers	8%	6.5%	

Source: Myanmar Agricultural Development Bank

Table.1.6. Agriculture Loans by Crops

AGRICULTURAL LOANS BY CROPS

(Kyat millions)

SN	PARTICULARS	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018 (Mini)	2018/19
1	Paddy	311530.22	507130.31	1035840.60	1047681.70	993009.80	1535351.10	1457545.65	1197464.25	1278754.35
2	Maize	1167.64	1369.28	3311.94	3346.30	1041.30	1046.82	3825.95	2882.55	11150.80
3	Groundnut	7623.56	9039.59	17145.10	15867.66	12953.66	12271.54	34672.30	19965.70	76189.20
4	Sesame	11400.85	11906.29	24962.32	25205.40	22639.90	23320.86	58018.60	51225.80	113776.50
5	Mustard	428.42	505.87	1112.26	1272.20	1183.84	1145.24	2351.25	-	1250.10
6	Cotton	1599.74	1486.33	2348.44	1780.90	1440.44	1397.18	3196.15	1558.70	5736.70
7	Pulses	18971.32	26408.87	59674.32	57250.28	51853.14	49182.74	140556.25	28517.55	254055.00
8	Sugarcane	-	-	14333.60	15081.00	7282.80	6908.40	7542.80	-	6564.30
9	Other	-	-	-	-	-	-	-	-	-
	Total	352721.75	557846.54	1158728.58	1167485.44	1091404.88	1630623.88	1707708.95	1301614.55	1747476.95

Source: Myanmar Agricultural Development Bank, Ministry of Planning, Finance and Industry

With the onset of COVID-19, the Burmese government adjusted its rice trade policy to maintain price stability and increase farmer incomes while also ensuring a sufficient supply for domestic consumption. The government therefore suspended rice exports in April 2020 and set rice export quotas for May 2020 at 150,000 MT, further specifying 100,000 MT for the overseas markets and 50,000 MT through border trade to China. In addition, the government purchased 50,000 MT of reserve rice in April 2020 as described above, requiring rice exporting companies to sell 10 percent of total export volume to the country reserve rice program. In July 2020, the government sold the rice reserves to retailers and exporters at 22,800 MMK/108 lb bag. Retailers were notified to resell the rice to consumers with the price between 23,800-24,000 MMK/108 lb bag depending on the location.

To further control exports, the validity of rice export licenses was reduced to one month and exporters could apply monthly. In order to facilitate trade and to support the local exporters, the government exempted the advanced income tax 2 percent in April 2020, which has since been extended to March 31, 2021.

In July 2020, the Chinese government approved registration of 43 Myanmar rice companies representing 79 rice mills. This action allows these mills/companies to export rice and broken rice legally to China via both border and overseas channels, which facilitated increased rice exports to China. In 2014, China had approved 11 companies and later rejected one due to it not being active with the Myanmar Rice Federation. On January 8, 2021, the Myanmar Rice Federation virtually launched the Myanmar Rice Portal, which is a mobile application. The growers, rice seed producers, and buyers can connect via this application, advertise the products, and conduct business online.

The government controls the very small quantities of rice imports via import licenses. Very small quantities of sushi rice and Thai fragrant rice imports are allowed for use in Japan and Korean restaurants and specific customers. In addition, import licenses for small quantities of rice for industrial use have been granted, but requests must note the specific purpose of the imported rice. Some cases require approval from the Myanmar Rice Federation and some cases are directly decided by Department of Trade. Import tariffs for rice and other commodities are listed in Table 4.

Marketing:

Farmers sell rice (rough) to rice millers directly through contract farming or through local collectors. Most of the local collectors are sent by rice millers. The rice millers then sell to rice wholesalers or directly sell to exporters. Wholesalers then distribute the rice to retail shops and the department stores. Most farmers have to sell their rice immediately after harvest to pay back farm loans and to get cash for their home expenditures. However, there are some large farmers who decided to store rice and wait for higher prices. There are two main rice trading centers:

the Bayintnaung rice trading center and Wardan rice trading center, both in Yangon. Rice from the delta region enters the Wardan rice trading center and is mostly consumed locally and exported to China through the border. Rice from Bago and Yangon enter the Bayintnaung rice trading center and mainly sell to overseas markets. The standard weight for one basket is 46 lb with 14 percent moisture content. Since farmers usually sell the rice (rough) immediately after harvest by the combine harvesters, the moisture content is usually higher than 14 percent. In order to cover the loss from high moisture and unfilled grains and dust, buyers offer lower prices than market prices and use a different weight measure: 50 -52 lb per basket. Although the government does not regularly purchase or sell rice, it purchased approximately 50,000 MT rice reserves in CY 2020 as noted above to resell at lower prices as relief during COVID-19.

2. Corn

Table 2.1: Burma's Corn Production, Demand and Supply

Corn	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Burma (Myanmar)						
Area Harvested (1000 HA)	590	575	600	590	0	590
Beginning Stocks (1000 MT)	93	0	35	25	0	213
Production (1000 MT)	2400	2400	2500	2450	0	2450
MY Imports (1000 MT)	11	8	5	8	0	8
TY Imports (1000 MT)	11	8	5	8	0	8
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2504	2408	2540	2483	0	2671
MY Exports (1000 MT)	2209	2200	1800	1500	0	1500
TY Exports (1000 MT)	2209	2200	1800	1500	0	1500
Feed and Residual (1000 MT)	190	420	600	700	0	800
FSI Consumption (1000 MT)	70	70	70	70	0	70
Total Consumption (1000 MT)	260	490	670	770	0	870
Ending Stocks (1000 MT)	35	25	70	213	0	301
Total Distribution (1000 MT)	2504	2715	2540	2483	0	2671
Yield (MT/HA)	4.0678	4.1739	4.1667	4.1525	0	4.1525
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Corn begins in October for all countries. TY 2020/2021 = October 2021 - September 2022						

Source: Post Calculation based on information from the Ministry of Commerce, the Department of Agriculture, and interviews with industry sources.

2.1 Production

Burma's corn production in MY 2020/21 and MY 2021/22 is forecast to increase to 2.45 MMT due to high domestic prices, increased demand from Thailand, and prospective exports to new markets such as Philippines, Laos, Vietnam, and India and also strong domestic feed demand. In CY 2020, Burma's corn production during the wet season increased, especially in Shan State (in the Eastern part of country). However, the second crop (dry season crop) declined, especially in the Ayeyarwady region, due to replacement with chili, which was more beneficial to farmers. Wet season corn is mainly cultivated in Shan State, Kachin State, Kayah State, and Sagaing region and the dry corn crop is mainly cultivated in the Ayeyarwady region. In MY 2019/20, Shan State accounted for more than 60 percent of total corn production followed by the Sagaing region (16 percent), Kayah (5 percent), and Ayeyarwady region (5 percent). As production increases, the Myanmar Corn Industrial Association continues to actively seek new markets.

While corn production is forecast to increase in MY 2020/21 and 2021/22, yield per unit area is likely decrease due to low rainfall and unfavorable climate change. Wet season crops in some areas, such as Shan State and Kayin State, are not irrigated and totally depend on rainfall. Yield reductions are largely due to lack of sufficient water. About 15-20 percent of corn is harvested by machines and almost all corn cultivated in Burma is from hybrid seed, largely imported from Thailand. Major players in the corn seed market are Charoen Pokphand (CP Group), Myama Awba Group, Aventine Limited, and Big M Group. Burma's corn seed demand is estimated at more than 7,000 MT annually and farmers can purchase the seed from local seed producers, seed importers, and from the government. Government seed producing farms only provide 7-8 percent of the total seed demand.

2.2 Feed Consumption

In CY 2020, Burma targeted more than 3.0 MMT of corn for livestock feed, which reflects a 30 percent decrease due to travel restrictions and lockdowns during COVID-19. The demand for livestock products decreased due to closure of hotels, restaurants, cafés, and traditional food and snack shops. Laborers could not return to work areas and livestock could not be transported to wet markets in the early morning due to nightly curfews. But the

livestock industries gradually recovered after 3 months and got back to normal operation in August 2020. According to the MOALI Livestock Breeding and Veterinary Department survey in CY 2020, the total domestic production of chicken parent stock hatching eggs decreased by 40 percent in CY 2020.

Per the Myanmar Livestock Federation, approximately 70 percent of the raw livestock feed demand comes from the poultry sector, and 25 percent from the swine sector. Domestic corn is estimated at more than 35-45 percent of total feed composition in the poultry sector, according to age of the animal, nutrition formula by feed mills, feeding methods, and domestic prices.

In MY 2020/21 Burma's feed demand is expected to grow due to the recovery of small and median feed mills, which halted during COVID-19 pandemic in MY 2019/20. However, the demand will be still below the regular consumption due to slow development of the livestock sector in early 2021 due to the above-described situation following the military coup. In March, the supply of live birds entering the Yangon market decreased by about 25-30 percent due to reduced demand and transportation limitations. In addition to the widespread limitations on truck drivers, the daily curfews also prevent the typical early morning transport of live birds, which are slaughtered and sold the same day.

Again, Burma's feed demand is forecast to increase in MY 2021/22 with the expectation of continued rapid development of the livestock industry in early 2022 following the recovery from COVID-19- and military coup-related disruptions.

2.3 Trade

In MY 2020/21 (Oct 20-Sep 21), Burma's corn exports are forecast to decline to 1.5 MMT due to low ending stocks in CY 2020 and heavily delayed exports due to the above-described situation following the military coup. In August 2020, the ending stocks were very low and the domestic wholesale prices reached the highest level. During a slowdown in China's demand since CY 2018, corn exports to Thailand have been growing, accounting for more than 50 percent of total corn exports. Burma has also sought alternative markets for corn, including the Philippines, Singapore, Malaysia, Vietnam, Taiwan, Bangladesh, Hong Kong, and India via sea freight. In CY 2020, Burma exported more than 570,000 MT of corn via sea freight, including about 170,372 MT to a new market, the Philippines (see Table 2.1). In addition, corn exports to Thailand through the Myawady (Burma-Thailand) border trade point became active in April 2019 and the demand continue to grow in CY 2020. According to the ASEAN Free Trade Area, Thailand allows duty-free imports of corn through the border from February to August. However, importers have to pay a 73 percent tariff from September to January. The Myanmar Corn Industrial Association reported that a Thai private sector buyer offered to buy about 1.0 MMT corn in CY 2021. Immediately following the February 1 military coup, corn traders exported more than 200,000 MT of corn through Myawady border, recognizing that transport costs could increase. In March, diesel prices doubled, and many construction laborers returned home, which hampered the construction sector. This situation has caused the trucks, which would normally be filled with Thai cement and iron, to return empty. Like other commodity sales, banking-related issues also reduce and complicate corn sales. Due to these factors, in March, corn exports decreased to 5,000 MT/day compared to 7,500-10,000 MT/day from the same period last year. Corn traders forecast that exports to Thailand could remain low until April if more banks do not open.

Table 2.1. Burma's Monthly Corn Export in 2019-2021

Month	Corn Export 2019			Corn Export 2020			Corn Export 2021		
	Non-border	Border	Total	Non-border	Border	Total	Non-border	Border	Total
January	7,815	189,984	197,799	192,018	72,817	264,835	92,660	364,996	457,656
February	46,966	65,098	112,064	142,780	389,333	532,113			
March	3,975	43,798	47,773	67,070	281,530	348,600			
April	16,471	64,269	80,740	18,473	247,554	266,027			
May	161	118,894	119,055	33,106	298,956	332,062			
June	26,266	180,043	206,309	39,542	75,617	115,159			
July	36,148	168,204	204,352	26,836	106,756	133,592			
August	29,623	121,106	150,729	1,054	33,897	34,951			
September	20,328	34,740	55,068	2,454	2,285	4,739			
October	14,230	32,843	47,073	3,612	30,751	34,363			
November	9,499	45,647	55,146	5,927	48,397	54,324			
December	47,936	38,797	86,733	37,489	117,720	155,209			
Total Corn	259,418	1,103,422	1,362,840	570,361	1,705,612	2,275,973	92,660	364,996	457,656

Source: Ministry of Commerce

2.4 Prices

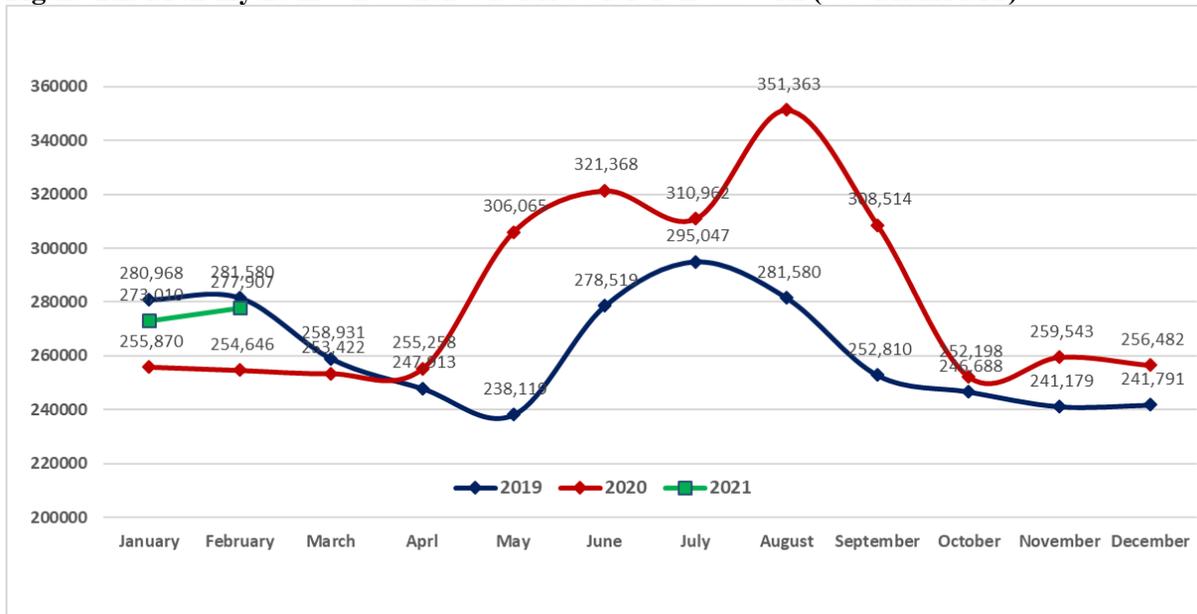
As mentioned above, in CY 2020, yellow corn prices were higher than in 2019 due to surge demand from Thailand and the Philippines. The prices for corn decreased in early CY 2020 due to COVID-19 protection measures at the border. However, the domestic prices for yellow corn in June, July, and August 2019 increased due to growing export demand from Thailand through the Myawady border (see Figure 2.2). In CY 2021, the price for corn started growing in January due to collection of stock by local traders to export to Thailand in February. The prices for corn in lower Burma are usually higher than the prices in Mandalay due to the competitive buying of local feed millers and strong export demand from Thailand. Corn traders from Shan State prefer to send corn via Muse (Chinese border), which has lower transportation expenses than sending to Myawady (Thai border). Feed millers were not able to buy corn at the high prices offered by exporters and requested the ability to import from other countries during the off-season. However, this proposal was rejected by the Myanmar Corn Industrial Association.

2.5 Policy

The government provides [farm loans](#), 100,000 MMK per acre, for corn farmers in Burma. It also provides technical assistance, such as training via extension agents on Good Agricultural Practices (GAP) and pest and disease control, during the growing season. There are no trade restrictions for corn exports; however, export licenses are required for the export of corn via sea freight. Although GAP certificates are not required to export, country of origin and phytosanitary certificates are required and are issued under simple procedures. While there is no document that officially bans corn imports, this is enforced by not issuing import licenses in order to protect Burmese corn farmers.

As noted above, high corn prices in CY 2020 caused some foreign-owned feed millers to request that Ministry of Commerce allow them to import corn during the off-season (May- July). Due to lack of storage capacity, it is also not possible for feed millers to buy raw corn for the whole year during the harvest season. However, the Myanmar Corn Industry Association rejected the request, confirming that it could supply sufficient corn for feed millers. In addition, the Association noted concern that imported corn from the Philippines or Vietnam would be genetically engineered and therefore may disrupt exports of Burmese corn to other countries.

Figure 2.2. Monthly Domestic Wholesale Prices for Yellow Corn (000'MMK/MT)



Source: etrademyanmar.com.mm

Note: 1. MMK: Myanmar Kyats

3. Wheat

Table 3.1: Burma's Wheat Production, Demand and Supply

Wheat	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Burma (Myanmar)						
Area Harvested (1000 HA)	58	70	58	70	0	70
Beginning Stocks (1000 MT)	94	94	99	174	0	124
Production (1000 MT)	85	100	85	100	0	100
MY Imports (1000 MT)	580	580	600	450	0	480
TY Imports (1000 MT)	580	580	600	450	0	480
TY Imp. from U.S. (1000 MT)	111	95	0	40	0	0
Total Supply (1000 MT)	759	774	784	724	0	704
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	0	0	0	0	0	0
FSI Consumption (1000 MT)	660	600	670	600	0	620
Total Consumption (1000 MT)	660	600	670	600	0	620
Ending Stocks (1000 MT)	99	174	114	124	0	84
Total Distribution (1000 MT)	759	774	784	724	0	704
Yield (MT/HA)	1.4655	1.4286	1.4655	1.4286	0	1.4286
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Wheat begins in July for all countries.						
TY 2021/2022 = July 2021 - June 2022						

Source: Post Calculation based on information from the Ministry of Commerce, the Department of Agriculture, and interviews with industry sources.

3.1 Production

In MY 2020/21, wheat production is forecast to remain flat at 100,000 MT due to limited areas suitable for wheat cultivation, climate change, lack of good quality seeds, and lower price incentives. In MY 2021/22, wheat production is projected to remain flat on the same factors. Wheat is mainly cultivated in Sagaing, Mandalay, Magway regions, and Shan State (Central and eastern part of country). Wheat is usually grown from October to December and harvested January to March. While the Department of Agriculture is trying to expand wheat cultivation, it is difficult due to lower prices and overall competitiveness.

3.2 Consumption

Consumption of wheat decreased to 600,000 MT in MY 2019/20 and is forecast to remain at the same level in MY 2020/21 due to closures of cafes, bakeries, and restaurants during the COVID-19 pandemic and unstable situation following the February 1 coup. Over the past several years, until MY 2018/19, Burma's wheat consumption has steadily increased through rapid economic growth and growing demand for western foods derived from wheat flour, especially pasta, pizza, snacks, baked goods, and noodles. During COVID-19, food delivery services were popular and pizza, fried chicken, and noodles were popular items in middle- and higher-income classes. However, the overall consumption of breakfast snacks, cakes, and other wheat-containing food is forecast to decrease due to COVID-19-related closures and lock-downs since these items are not regularly prepared in Burmese households. As described above, the February 1 coup has again led to many closures and another stay-at-home period for many Burmese families, which will at least temporarily reduce wheat consumption. Wheat consumption is projected to recover in 2021/22 with the expectation of reopening of bakeries and restaurants after the resolution of both crises.

There are more than 70 wheat flour mills in the Mandalay, Monywa, Sagaing area (central part of the country), with a capacity of approximately 30-60 MT/day. These mills are independently operated and primarily use local

wheat grains from Shan State and imported wheat when the local supply is not sufficient. These mills produce flour according to the demand in their areas, and therefore often do not operate daily or at full capacity. The larger mills are operated by the four major wheat mill business groups: U Kyu Family Group, Lluvia (under the umbrella of Capital Diamond Star), Htun Myittar companies, and Wilmar Myanmar, which opened in October 2019 in the Thilawa port Terminal outside of Yangon.

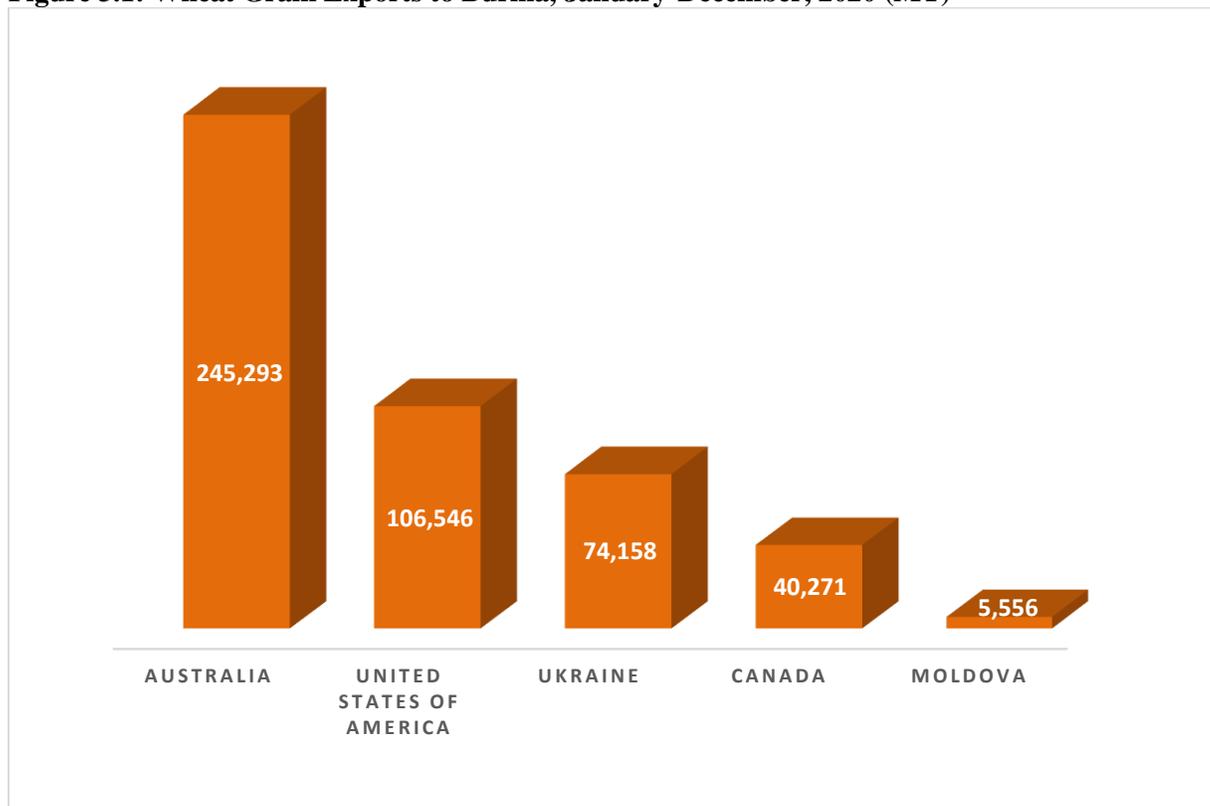
3.3 Trade

Wheat imports are forecast to decline to 450,000 MT in MY 2020/21 due to slow demand during the COVID-19 outbreak in CY 2020 and major delays in wheat imports following the military coup in CY 2021. Wheat imports are expected to recover in MY 2021/22 in an anticipation of the resolution of the current political situation following the military coup that would facilitate normal trade operations and increase demand to MY 2019/20 levels, although the timeline remains uncertain.

Burma mainly imports wheat grain from Australia, Canada, the United States, and Ukraine (see Figure 3.1). Australia supplies 40 percent of Burma's total wheat grain imports largely due to preferential duties granted under the ASEAN-Australia-New Zealand Free Trade Area as well as lower prices than U.S. wheat. Under the ASEAN-Australia-New Zealand Free Trade agreement, Australian wheat benefits from duty-free imports in CY 2021, which will likely facilitate increased Australian wheat imports in MY 2021/22.

Burma imported wheat flour from Thailand, China, and India through the border. Flour imports decreased from 87 MT in CY 2018 (January-December) to 76 MT in 2019 and 57 MT in 2020 due to border gate closures and protection measures during the COVID-19 pandemic.

Figure 3.1: Wheat Grain Exports to Burma, January-December, 2020 (MT)



Source: Trade Data Monitor

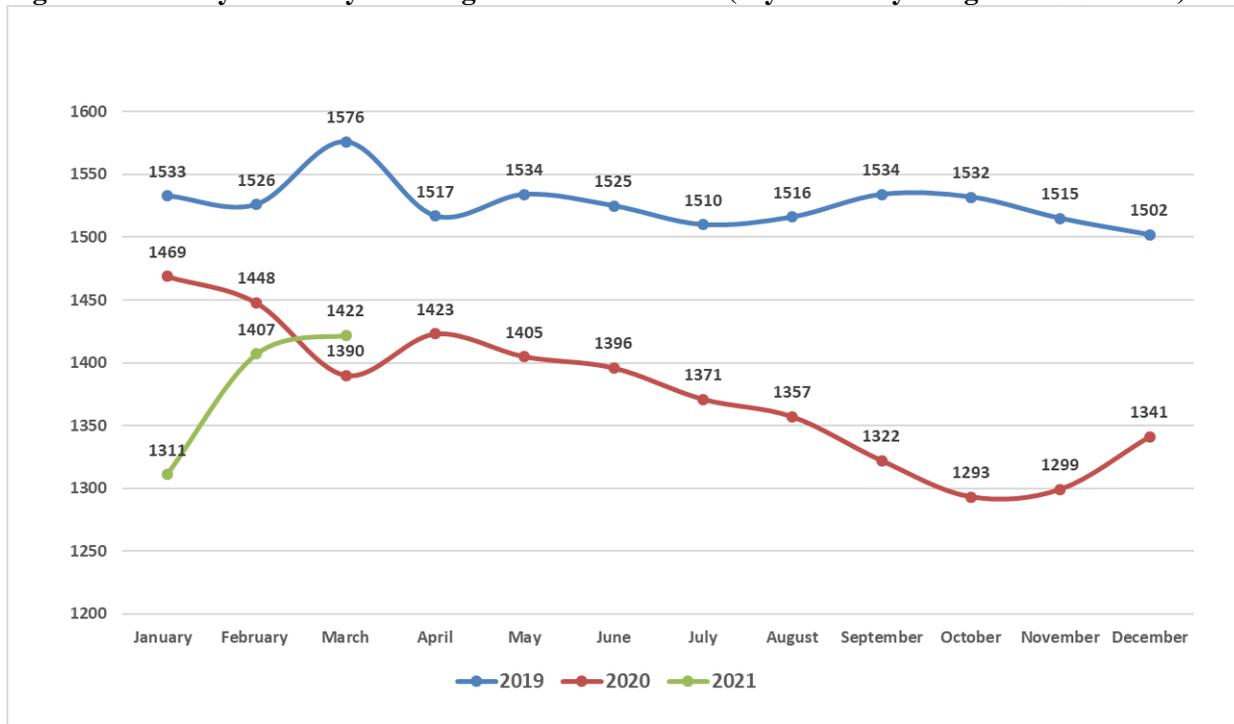
3.4 Prices

In CY 2020, domestic prices for wheat decreased 10-15 percent due to low domestic demand during the COVID-19 pandemic. Domestic wheat prices mostly depend on demand from the mills in the Mandalay, Sagaing, and Shan State areas, since they primarily use local wheat. The domestic wholesale prices for wheat generally increases at the time of harvest (January to March) due to purchases from domestic feed mills in the Mandalay, Sagaing, and Shan State areas. During the off seasons, the wheat flour business depends of imported grains and the prices decline according with the imported volume and prices. The prices for imported wheat flour vary according to type of wheat flour and are usually cheaper and higher quality than local wheat.

3.5 Policy

While the Department of Agricultural Research (DAR) is conducting some wheat variety trials, the government is more focused on assisting farmers with other crops, such as corn. However, especially since the February 1 coup, the military regime is seeking to reduce imports of “non-essential” products to save foreign currency. There are therefore some renewed efforts from the Department of Agriculture to revive wheat cultivation. There are no trade restrictions for wheat imports; however, import licenses are required, although they are temporarily waived until April 9, 2021. As noted above, U.S wheat is less competitive due to Australian wheat being exempt from the 5 percent tariff under the ASEAN-Australia-New Zealand Free Trade Area.

Figure 4. Monthly Currency Exchange Rate in 2019-2021 (Myanmar Kyats against U.S Dollar)



Source: Central bank of Myanmar

Note: 1. MMK: Myanmar Kyats

Note: Exchange rate for March is average value from March 1-12

Table 4. Import Tariff in Burma

Commodity	Purpose	Unit of Quantity	MFN Rate (%)
Rice	Consumption	kg	5
Rice seed	Sowing	kg	0
Wheat Grain	Consumption	kg	0
Wheat Flour	Consumption	kg	5
Corn Seed	Sowing	kg	0
Corn Flour	Consumption	kg	5

Source: Myanmar Customs Department

Attachments:

No Attachments