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Burma - Union of

Grain and Feed Annual

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Report Highlights:
BM1054 - Burma's rice paddy production and exports are expected to increase in MY 2012/2013. Corn production is expected to expand due to strong demand from domestic and Chinese feed mills. Wheat imports are expected to grow as consumers change their food preferences and exports of beans and pulses are expected to continue strong due to demand from India.

Executive Summary:

In MY 2012/2013, rice paddy production is expected to increase to 17.3 million metric tons (MMT) from 16.9 MMT in MY 2011/12, an increase of 2.6 percent. In MY 20-13/14 rice production area will increase to 7.0 million hectares (HA) from 6.5 million HA, a 7.7 percent increase as farmers shift their cultivation to summer rice varieties during the dry season. Burmese rice exports are estimated to increase 15 percent to 690,000 metric tons (MT) from 600,000 MT.

In MY 2013/14 Burma's corn production is forecast to increase to 1.8 MMT from 1.5 MMT as the planting area is expected to increase 17 percent to 450,000 HA. The higher corn production is driven by demand from domestic and Chinese feed mills.

In MY 2012/2013, Burma imported 15,000 MT of U.S. wheat; only the second such shipment since 2001. An additional 30,000 MT of U.S. WHEAT is expected to be exported to Burma in MY2013/2014.

Burma's bean and pulse production in MY 2013/2014 is estimated at 4.8 MMT due to an increase in production area the return of normal weather conditions. Burma is expected to export 1.4 MMT of beans and pulses in MY 2012/13.

Commodities:

Rice, Milled

Corn

Wheat

Author Defined:

I. Rice Milled

Rice, Milled Burma (Myanmar)	2011/2012			2012/2013			2013/2014			
	Market Year Begin: Jan 2012			Market Year Begin: Jan 2013			Market Year Begin: Jan 2014			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Harvested	6,500	6,500	6,500	6,350	6,500	6,500			7,000	(1000 HA)
Beginning Stocks	505	254	505	431	486	486			258	(1000 MT)
Milled Production	10,816	10,816	10,816	10,750	11,094	11,094			12,692	(1000 MT)
Rough Production	16,900	16,900	16,900	16,797	17,334	17,334			19,831	(1000 MT)
Milling Rate (.9999)	6,400	6,400	6,400	6,400	6,400	6,400			6,400	(1000 MT)
MY Imports	0	0		0	0					(1000 MT)
TY Imports	0	0		0	0					(1000 MT)
TY Imp. from U.S.	0	0		0	0					(1000 MT)
Total Supply	11,321	11,070	11,321	11,181	11,580	11,580			12,950	(1000 MT)
MY Exports	690	600	600	600	750	690			850	(1000 MT)
TY Exports	690	600	600	600	750	690			850	(1000 MT)
Consumption and Residual	10,200	9,984	10,235	10,380	10,630	10,630			11,700	(1000 MT)
Ending Stocks	431	486	486	201	200	258			400	(1000 MT)
Total Distribution	11,321	11,070	11,321	11,181	11,580	11,580			12,950	(1000 MT)
Yield (Rough)	3.	3.	2.6	3.	3.	2.6668			2.833	(MT/HA)
TS=TD			0			0			0	

Production

In MY 2012/2013, rice paddy production is likely to increase by 2.6 percent to 17.3 MMT. Burma's rice production system is plagued by a series of internal and external shocks. The decline in global rice prices has hit Burmese farmers hard as they are currently selling rice at or below production cost.

In MY2012/2013, Post adjusted production up to 17.3 MMT from 16.9 MMT as yields increased to 2.7 MT/HA due to an increase in summer rice planting area. In MY 2013/2014 production is expected to increase to 19.8 MMT or a 14 percent increase from MY 2012/2013. In MY 2013/14, rice production area is expected to increase to 7.0 million HA as farmers shift their cultivation to summer rice varieties that are better suited for the dry season and also meets Chinese consumer demands. Expected yields should increase by 3.7 percent as investments in post-harvesting practices improve.

Consumption

In MY2012/13 total consumption is estimated at 10.6 MMT for milled rice and 11.7 MMT for MY2013/2014. The basis for these projections are two percent population growth rate, a per capita consumption of 180 kg/year for the 61 million Burmese in 2012, and 103 kilogram/HA of seed usage.

Trade

In MY 2012-2013, Burmese rice exports are estimated to increase 15 percent to 690,000 MT from 600,000MT. Burma's exports have slowed due to the re-emergence of India in the non-basmati trade and it is losing market share in its traditional markets of Bangladesh, the Philippines, and West Africa. Post expects this trend to continue through MY 2013/2014.

In MY 2011/2012, Burma's rice exports totaled 600,000 tons, a 23 percent decrease from 2010/2011. Although exporters faced an appreciating currency with respect to the dollar, the government provided relief by reducing the export tax from ten to zero percent. Despite the tax relief, however, India's reemergence in the non-basmati trade has slowed Burmese exports significantly in the last trimester of MY 2011/2012.

Production Policy

The lack of government support has put Burmese farmers at a competitive disadvantage with some of its ASEAN counterparts, such as Thai and Vietnamese farmers who receive government support to compensate for lower prices. Burmese farmers do receive assistance from Agricultural Development Companies (ADC), which are private sector entities that provide low interest loans to farmers. However, due to the high rate of loan defaults, the ADC has reduced its original budget of $100 million in MY2010/2011 to $25 million in MY2011/2012. Bad weather, flooding, and untimely rains during the harvest season have affected farmers' rice production, consequently, preventing them from generating revenues to repay their loans.

II. Corn

Corn Burma (Myanmar)	2011/2012			2012/2013			2013/2014			
	Market Year Begin: Oct 2011			Market Year Begin: Oct 2012			Market Year Begin: Oct 2013			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Harvested	380	380	380	400	385	385			450	(1000 HA)
Beginning Stocks	48	23	48	48	23	48			59	(1000 MT)
Production	1,300	1,300	1,300	1,500	1,500	1,500			1,800	(1000 MT)
MY Imports	0	0		0	0	0			0	(1000 MT)
TY Imports	0	0		0	0	0			0	(1000 MT)
TY Imp. from U.S.	0	0		0	0	0			0	(1000 MT)
Total Supply	1,348	1,323	1,348	1,548	1,523	1,548			1,859	(1000 MT)
MY Exports	200	200	200	300	300	289			400	(1000 MT)
TY Exports	200	200	200	300	300	289			400	(1000 MT)
Feed and Residual	1,000	1,000	1,000	1,100	1,100	1,100			1,300	(1000 MT)
FSI Consumption	100	100	100	100	100	100			100	(1000 MT)
Total Consumption	1,100	1,100	1,100	1,200	1,200	1,200			1,400	(1000 MT)
Ending Stocks	48	23	48	48	23	59			59	(1000 MT)
Total Distribution	1,348	1,323	1,348	1,548	1,523	1,548			1,859	(1000 MT)
Yield	3.	3.	3.4211	4.	4.	3.9			4.	(MT/HA)
TS=TD			0			0			0	

Production

Corn production acreage in Burma continues to increase due to increased demand from domestic and Chinese feed industries. This trend is likely to continue as more farmers profit by growing hybrid corn rather than growing competing crops. Yields have also increased due to higher use of hybrid seeds, which have been aggressively introduced into Burma by private companies such as the Charoen

Pokphand Group (CP) from Thailand. Since most of the hybrid corn is grown in rain fed areas with low inputs, corn yields remain lower than the potential yield of 5 MT/HA.

In MY 2012/2013, corn production increased 15 percent to 1.5 MMT compared to 1.3 MMT during the previous year. In MY 2013/14 Burma's corn production is forecast to increase to 1.8 MMT from 1.5 MMT as the planting area is likely to increase by 17 percent to 450,000 HA. Average yields are likely to increase to 4.0 MT/HA driven by better seeds, higher demand from domestic and Chinese feed mills, and an increase in contract farming, particularly with CP/Thailand.

Consumption

In MY 2013/14, domestic corn consumption is forecast to grow to 1.4 MMT. Feed consumption accounts for an estimated 78 percent of the total corn production as livestock, particularly poultry, and aquaculture producers are increasingly substituting traditional livestock feed with compound corn feeds. Most of the corn supplies go to commercial mills in Rangoon, Mandalay, and Shan State primarily for feed use in contract farming systems. Additionally, in some hill regions like Chin State and drier parts of the country, corn is used as a staple food and a substitute for rice when it becomes too scarce or expensive.

Trade

In MY 2012/13, Burma's corn exports are likely to increase 45 percent to 289,000 MT due to higher demand from domestic and Chinese feed mills. In 2011/2012, 75 percent of Burma's total corn exports went to China. However, most of the trade goes through informal channels and is not officially recorded. Indonesia and Malaysia are also leading destinations for Burmese corn exports accounting for 25 percent of total exports.

III. Wheat

Wheat (Myanmar) Burma	2011/2012			2012/2013			2013/2014			
	Market Year Begin: Jul 2011			Market Year Begin: Jul 2012			Market Year Begin: Jul 2013			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Harvested	105	105	105	105	105	105			105	(1000 HA)
Beginning Stocks	0	0	0	0	0	0			0	(1000 MT)
Production	185	185	185	185	185	185			190	(1000 MT)
MY Imports	203	190	190	210	205	256			300	(1000 MT)

TY Imports	203	190	190	210	205	256			300	(1000 MT)
TY Imp. from U.S.	12	40	40	0	45	13			50	(1000 MT)
Total Supply	388	375	375	395	390	441			490	(1000 MT)
MY Exports	0	0	0	0	0	0				(1000 MT)
TY Exports	0	0	0	0	0	0				(1000 MT)
Feed and Residual	0	0	0	0	0	0				(1000 MT)
FSI Consumption	388	375	375	395	390	441			490	(1000 MT)
Total Consumption	388	375	375	395	390	441			490	(1000 MT)
Ending Stocks	0	0	0	0	0	0				(1000 MT)
Total Distribution	388	375	375	395	390	441			490	(1000 MT)
Yield	2.	2.	1.7619	2.	2.	1.7619			1.8095	(MT/HA)
TS=TD			0			0			0	

Production

Burmese wheat is primarily grown at a subsistence level in the Sagaing Division and Shan State using seeds from harvested grain. These regions have limited rainfall, thus, yields are nominal around 1.7 MT/HA.

In MY 2012/13, Burma is likely to produce 185,000 MT of wheat from 105,000 HA. In MY 2013/2014 wheat production is expected to increase as the private Burmese wheat importer, Diamond Star, enters into more contract wheat farming with growers in Shan State and provides advanced growing methods to increase productivity. Overall, wheat production in Burma is minimal due to the limited areas that are suitable for growing wheat.

Consumption

Consumption of wheat flour in 2013/14 is forecast to increase 11 percent to 490,000 MT due to increased population growth and changing food preferences.

Trade

Local wheat production is unable to meet local consumer demands, thus, imports have risen over time. In MY 2010/2011, Burma imported the first shipment of U.S. wheat since 2001. In MY2012/13, Burma is likely to import 256,000 MT of wheat. Ninety percent of imported wheat comes from Australia and 10 percent from the United States, Pakistan, and India.

In MY2012/ 2013, Burma is expected to import another 15,000 MT of wheat from the United States. The leading private wheat importers are Diamond Star and OK Brothers. The two companies have a 99 percent share of the market.

IV. Beans and Pulses

Beans and Pulses	2011/2012		2012/2013		2013/2014		
Burma (Myanmar)							
	Post	New Post	Post	New Post	Post	New Post	
Area Harvested	4,000	4,050	4,050	4,100		4,150	(1000 HA)
Beginning Stocks	0	0	0	0		0	(1000 MT)
Production	4,500	4,455	4,750	4,700		4,800	(1000 MT)
MY Imports	0	0	0	0		0	(1000 MT)
TY Imports	0	0	0	0		0	(1000 MT)
TY imp. From U.S.	0	0	0	0		0	(1000 MT)
Total Supply	4,500	4,455	4,750	4,700		4,800	(1000 MT)
MY Exports	1,500	1,200	1,550	1,400		1,500	(1000 MT)
TY Exports	1,500	1,200	1,550	1,400		1,500	(1000 MT)
Feed Consumption	3,000	3,255	3,200	3,300		3,300	(1000 MT)
FSI Consumption	0	0	0	0		0	(1000 MT)
Total Consumption	3,000	3,255	3,200	3,300		3,300	(1000 MT)
Ending Stocks	0	0	0	0		0	(1000 MT)
Total Distribution	4,500	4,455	4,750	4,700		4,800	(1000 MT)
Yield	1.1	1.1	1.2	1.2		1.2	(MT/HA)

Production

Production of beans and pulses in Burma is mainly based on residual soil moisture left from the monsoon season after the main rice crop has been harvested. Average yields are between 1.1 to 1.2 MT/HA. Similar to wheat production, farmers use seeds from harvested crops to grow beans and pulses resulting in poor quality and small yields.

In MY 2013/2014, Burma's bean and pulse production is estimated at 4.8 MMT, up 1.2 percent due to an increase in production area. Burma is expected to produce 4.7 MMT of beans and pulses in MY 2012/13, up 5.5 percent from MY 2011/2012 due to an increase in cultivation area.

Consumption

In MY 2013/2014, consumption is expected to remain at 3.3 MMT.

Trade

In MY 2013/14 Burma's bean and pulse exports are forecast to reach 1.5 million tons, an increase of 7 percent from MY 2012/2013 due to greater demand from India. In MY 2012/13, India is likely to remain the largest market for Burma's bean and pulse exports, however, demand from China is also likely to increase. Burma's bean and pulse farmers face increasing challenges as global prices continue to decline and climate conditions fluctuate.

Policy

There is no policy for beans and pulses.

End of Report