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Country: Burma - Union of

Post: Rangoon

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Report Highlights:

In January 2021, Burma's rice exports are forecast to decrease overall due to high domestic prices and since the Chinese government has not yet issued 2021 import permits for head rice. However, broken rice exports to China increased due to high demand before the Chinese New Year. Domestic prices for Emata 25 percent broken rice increased due to potential exports to Bangladesh and Malaysia while the prices for superior quality Shwe Bo Pawsan rice remain unchanged. Burma's rice exports in February are forecast to be weak due to the country-wide Civil Disobedience Movement following the February 1, 2021 coup, in which the military overthrew the democratically elected civilian government.

Production:

Burma plans to grow approximately 6.1 million hectares (MHa) of the main rice crop (monsoon rice) and 1 MHa of the second crop in 2020/21. As of the end of January 2021, 99 percent of the main rice crop was harvested and 45 percent of the second crop was planted. Yields from the main 2020/21 rice crop are lower than anticipated due to the lack of sufficient water and unusual rain during harvest time. Under Burma's COVID-19 Economic Relief Plan (CERP), the government spent more than 14 billion Myanmar Kyats (US \$10.5 million) to support 100,000 acres of rice seed production. In August 2020, the government directly provided additional cash support of 150,000 Myanmar Kyats (US \$113) per acre, with priority given to farmers producing rice seeds to avoid reduced rice production due to COVID-19. Some rice farmers who produce rice grains took advantage of this financial opportunity. This led to some of the harvested rice seed not meeting the quality standards for certification by the Department of Agriculture's seed laboratory. Lower yield is also projected for the second rice crop due to anticipated insufficient water. Yields are expected to be similar to or slightly under last year, which was also low due to reduced rainfall attributed to climate change.

Non-border Trade:

In January 2021, official Burmese rice exports are forecast to decrease due to high domestic prices (see Table 1). Official rice and broken rice exports by type for the month of January are not available at the time of reporting. This is due to delays in official data availability and the Civil Disobedience Movement (CDM) following the February 1, 2021 coup, in which the military overthrew the democratically elected civilian government. FAS Rangoon will provide this data as soon as it becomes available. Many staff, including government officials, are not working and are participating in the country-wide large-scale peaceful demonstrations against the coup. This is disrupting government services (e.g., issuance of required certificates), port operations, and commercial transactions across the country.

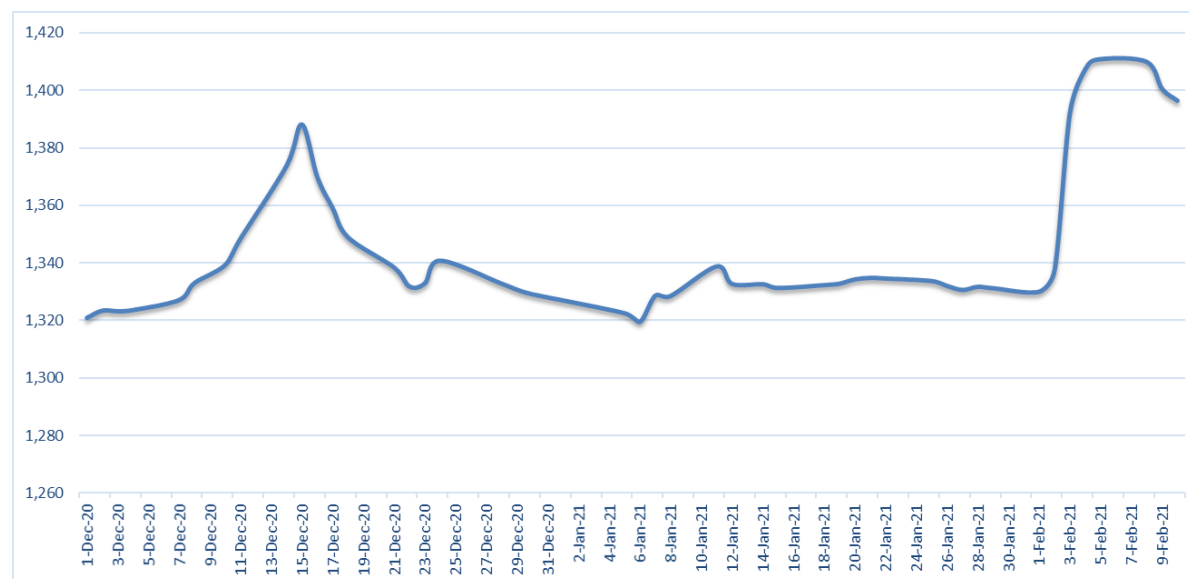
The data for the month of December 2020 is provided in Tables 2 and 3. Burma's official rice exports in December increased due to a continued export surge to China and increased head rice demand from the Philippines. In December, Emata rice varieties accounted for 55 percent of total exports followed by broken rice at 35 percent, Ngasein at 4 percent, parboiled rice at 3 percent, and glutinous rice at 3 percent (see Table 2).

FOB Rangoon prices for different qualities of Emata variety rice from January 2020 to February 2021 are presented in Table 1. The Myanmar Kyat weakened after the Military coup on February 1, 2021, but recovered somewhat due to a slow money currency exchange market and closing of some private currency exchange services (see Figure 1).

Border Trade:

Exports to China thorough the border are forecast to increase in January due to increased demand for broken rice before the Chinese New Year holiday. However, exports of head rice in January are forecast to decrease since the Chinese government has not yet issued the 2021 head rice import permits. Due to strong demand for broken rice, the price for head rice and large broken rice at the Muse border are the same: 122-128 Yuan per 108 lb bag.

Figure 1. Currency Exchange Rate: Myanmar Kyats against the U.S. Dollar (MMK/USD)



Source: Central Bank of Myanmar

Table 1. FOB Rangoon for Different Types of Rice (USD/MT) in 2020/21

	2020												2021
Emata (Long Grain)	January	February	March	April	May	June	July	August	September	October	November	December	January
Emata 5%	335-345	335-345	340-350	360-365	440-450	440-450	435-445	430-435	415-420	390-400	425-430	430-440	430-440
Emata 10%	335-335	330-335	345-350	345-350	425-430	430-435	400-410	390-400	400-410	385-390	410-415	415-420	415-420
Emata 15%	325-330	325-330	335-340	335-340	415-425	415-425	390-395	385-390	390-400	385-390	405-410	410-415	410-415
Emata 25% (well milled)	300-305	300-305	310-325	315-325	390-395	390-395	375-385	375-385	380-385	375-385	395-400	375-385	400-405
Emata 25% (Reasonable well milled)	265-270	265-270	285-295	310-315	340-350	335-340	330-335	330-335	340-345	330-335	350-360	370-375	375-385

Source: Myanmar Rice Federation

Table 2. Non-Border Rice Exports in December 2020 by Type and Destination (Metric Tons)

No	Destination	Parboiled	Parboiled Brown Rice	Emata 5-20%	Emata 25%	Ngasein 5-20%	Ngasein 25%	Glutinous Rice	Pawsan	Rice Total	Broken Rice Total	Total
1	Belgium		1,500							1,500	18,000	19,500
2	China			45,877	3,025	6,350		3,950		59,202	37,225	96,427
3	Croatia			250						250		250
4	Cyprus	100		50						150		150
5	Czech Republic	425		575		250				1,250		1,250
6	France	25								25		25
7	Germany	75								75		75
8	Greece	50								50		50
9	Hungary	75	50	1,300						1,425		1,425
10	Hong Kong						232			232		232
11	Indonesia										500	500
12	Italy	250	500							750		750
13	Lithuania	75		450						525		525
14	Malaysia			4,071						4,071		4,071
15	Mongolia			25						25		25
16	Netherlands	25	500						20	545	1,800	2,345
17	Philippines			17,974	8,671					26,645		26,645
18	Poland	271	475	3,791	1,332					5,869	175	6,044
19	Romania	100		250						350		350
20	Singapore	75		125	346					546	175	721
21	Slovenia			500						500		500
22	Spain		250	175						425		425
23	Thailand										404	404
24	United Kingdom		500							500		500
25	United States			2						2		2
26	Vietnam				2,875					2,875	125	3,000
	Total	1,546	3,775	75,415	16,249	6,600	232	3,950	20	107,787	58,404	166,191

Source: Ministry of Commerce, Custom Data

Table 3. Monthly Rice Exports in 2020 and 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	75,000	60,000	50,000	75,000	260,000
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	75,000	60,000	50,000	75,000	260,000

Source: Ministry of Commerce, Custom Data

Note: The December 2020 figures, which were estimated by Post in the November report, are now official figures.

The January 2021 figures are estimated by Post based on figures by Myanmar Rice Federation, and trade sources and contact with government officials.

Market Overview:

Average wholesale prices for low-grade Emata 25 percent broken rice in January increased due to reduced rice production of the 2020/21 main rice crop and potential exports to Bangladesh and Malaysia (see Table 4); the planned exports to Bangladesh were since postponed due to the coup, but are again under discussion. Meanwhile, the prices for the new superior quality Shwe Bo Pawsan rice crop remains unchanged due to higher supply in the domestic market.

The domestic rice prices are forecast to increase in February based on several factors: low 2020/21 production of the main rice crop, strong broken rice demand from China before the New Year holiday, and transportation delays due to the CDM.

Table 4. Monthly Domestic Wholesale Price for Emata and Shwe Bo Pawsan Rice in Rangoon Market

Type of Rice	Emata 25%		Shwe Bo Pawsan	
	MMK/108lb	\$/MT	MMK/108lb	\$/MT
January 2021	23,000-23,500	346-353	47,000-50,000	706-751
December 2020	21,000-22,500	315-338	46,000-50,000	691-751

MMK: Myanmar Kyat

Source: Myanmar Rice Federation

Reference exchange rate in January 2020: One US\$ = Kyat 1, 331

Source: Central Bank of Myanmar

Policy Updates:

As noted previously, on February 1, 2021, the Burmese military seized power by overthrowing the democratically elected civilian government. This action sparked the country-wide CDM, including participation from government staff. Due to the military coup, there was panic buying of rice on February 1, but the situation normalized the next day. 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 disruptions. The government extended the exemption of the 2 percent income tax for exporters until February 28, 2021.

On January 8, 2021, the Myanmar Rice Federation virtually launched the Myanmar Rice Portal. Rice growers, rice seed producers, and buyers can connect via this application to advertise their products and conduct business online.

Export Prospects:

In February, Burma's rice exports are projected to decrease due to continued instability in the country after the February 1, 2021 coup. Protests and walkouts at businesses throughout the country have significantly impacted the logistics sector, including disruptions at ports, in shipping lines, and in-country transit. In addition, many government officials have joined the CDM, resulting in delays in the issuance of phytosanitary certificates and export certificates, as well as other government services. Sources also indicate that issuance of Country of Origin certificates have been suspended and traders cannot complete transactions due to bank closures.

Attachments:

No Attachments