

Required Report: Required - Public Distribution

Date: March 18, 2021

Report Number: BM2021-0011

Report Name: Rice Trade - Monthly

Country: Burma - Union of

Post: Rangoon

Report Category: Grain and Feed

Prepared By: FAS Rangoon

Approved By: Lisa Ahramjian

Report Highlights:

In March 2021, Burma's rice exports are forecast to be weak and largely unrecorded due to widespread instability following the February 1, 2021 military coup. Burma's rice exports in January increased due to demand surges from China before the Chinese New Year Holidays, Côte d'Ivoire, and the Philippines. In February, domestic prices for Emata 25 percent broken rice increased due to severely limited transportation and banking services during labor strikes across the country, disruptions in government services, and isolated examples of panic buying while superior quality Shwe Bo Pawsan rice prices remain unchanged.

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 February 2021, approximately 60 percent of the second crop was planted.

Non-border Trade:

Official rice and broken rice exports by type for the month of February are not yet available at the time of reporting. However, February rice exports are forecast to decrease due to slow demand from China during Chinese New Year Holidays (February 12-17) and initial effects of the country-wide Civil Disobedience Movement (CDM) in opposition to the February 1, 2021 military coup. Rice exports are forecast to further weaken in March due to widescale disruptions in government services (e.g., issuance of phytosanitary certificates and other required documentation), truck driver strikes, and continued bank closures under the CDM. Additional information about agriculture and trade disruptions following the military coup is available at <https://www.fas.usda.gov/data/burma-impact-burma-military-coup-agriculture-sector-and-trade>. In addition, Post anticipates that official data will not reflect all rice exports due to a lack of staff that would normally record exports.

In January, Burma's rice exports increased due to demand surges from China before the Chinese New Year Holidays, Côte d'Ivoire, and the Philippines. Emata rice variety accounted for 57 percent of total exports followed by broken rice at 41 percent, Ngasein at 7 percent, and parboiled and Ngasein at one percent each (see Table 1). Burma exported 500 MT of glutinous rice to China.

Border Trade:

Burma's unofficial rice exports to China though the border were very slow in February due to Chinese New Year Holidays (February 10 -17) and initial effects of the CDM. Rice exports are forecast to continue weakening in March due to widescale disruptions under the CDM as noted above. Industry sources estimate that approximately 80-85 trucks (2,600-2,750 MT) are crossing the Muse border daily thus far in March, which is less than half of normal daily trade volumes typically experienced this time of year. Sources indicate that the lack of truck drivers remains the single largest barrier to trade at this time. As noted above, sources indicate that rice exports are generally not being officially recorded by Burmese officials due to their participation in the CDM and are entering China via informal channels.

Table 1: Burma's Rice Export by Type in January 2021 (Metric Tons)

Destination	Parboiled	Parboiled Brown Rice	Emata 5-20%	Emata 25%	Ngasein 5-20%	Ngasein 25%	Glutinous Rice	Pawsan	Rice Total	Broken Rice Total	Total
Australia			22						22		22
Belgium		375							375	23,475	23,850
China			39,071	1,100	1,500		500		42,171	30,470	72,641
Côte d'Ivoire				10,500					10,500		10,500
Croatia	50		375						425		425
Czech Republic	500		175						675		675
Germany	75		250						325		325
Hungary			750						750		750
Hong Kong						154			154		154
Indonesia										1,500	1,500
Italy	250								250		250
Latvia	125								125		125
Lithuania	75		75						150		150
Malaysia			3,772						3,772	250	4,022
Netherlands										1,500	1,500
Philippines			7,846	11,246					19,092		19,092
Poland	268		2,070	150					2,488	500	2,988
Singapore			125	620				24	769	225	994
Slovenia			925						925		925
Spain			500						500	250	750
Thailand										1,000	1,000
Vietnam			250	2,500					2,750		2,750
Total	1,343	375	56,184	26,116	1,500	154	500	24	86,218	59,170	145,388

Source: Ministry of Commerce

Table 2. Monthly Rice Exports in 2019 and 2020 (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, Custom Data

Market Overview:

In February, low-grade Emata 25 percent broken rice prices increased largely due to annual increases prior to harvest of the second crop in March-April, a low production forecast this year due to inadequate rainfall, high demand from China and ASEAN countries in January, isolated examples of panic buying following the coup, and increased consumption as a result of reduced incomes and stay-at-home conditions related to COVID-19 and the coup. Prices are forecast to continue increasing modestly in March. Meanwhile, the prices for the new superior quality Shwe Bo Pawsan rice crop remains unchanged.

Table 3. 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
February	24,000-27,000	341-383	47,000 -50,000	668-710
January 2021	23,000-23,500	327-334	47,000-50,000	668-710

MMK: Myanmar Kyat

Source: Myanmar Rice Federation

Reference exchange rate in February 2021: One US\$ = Kyat 1, 407 (Central Bank of Myanmar)

Policy Updates:

The February 1, 2021 military coup has led to major trade disruptions. Both Burma's official and unofficial rice exports are forecast to decrease in March, in part due to government officials' participation in the CDM and resulting major delays in required export procedures, such as the issuance of phytosanitary certificates). The Department of Agriculture, Plant Protection Division did not issue phytosanitary certificates February 8-19 but resumed on February 20 albeit with major delays. Industry partner participation in the CDM is also leading to major delays in the issuance of country-of-origin certificates (by Union of Myanmar Federation of Chambers of Commerce and Industry) and export recommendations (by Myanmar Rice Federation). Therefore, rice exports are not being controlled by the normal bureaucracy but rather the availability of truck drivers and export demand. Neither government officials nor the private sector is currently able to track exports and issue export statistics. Private companies are also encouraged to join CDM and many have, while exporters continue to export rice secretly, which also avoid public shaming for going against the CDM.

The military regime organized a trade facilitation steering committee on February 20, 2021 to facilitate import and export procedures through a One Stop Service Center at the customs office. While some traders have had success exporting products and clearing stuck containers at the port, this system does not fully work due to lack of container truck drivers and labor for loading and unloading containers. In addition, a nightly curfew from 8pm – 4am has limited transportation options for container trucks, which previously moved from 9pm-6am. While a few agents have arranged for security services to drive container trucks during curfew, this arrangement is uncertain. In addition, most agents are still participating in the CDM.

In addition, in order to facilitate the smooth trade for the exporters and importers, and to relieve the export/ import license fees, the Ministry of Commerce is waiving import and export license requirements for select agricultural commodities, including rice, from March 8 - April 9, 2021. For additional information, please visit <https://www.fas.usda.gov/data/burma-burmese-government-temporarily-waives-import-and-export-licenses-select-ag-products>. The military regime also extended the exemption the 2 percent advanced income tax for exporters until March 31.

Export Prospects:

Overall, Burma's rice exports in March and April are forecast to decrease due to the widespread trade disruptions described above as a result of the military coup and subsequent CDM. However, sources indicate that the previously-reported potential export of 100,000 MT of Burmese rice to Bangladesh is now confirmed under a signed government-to-government agreement. Due to shipping delays, these exports are planned for the end of March with payment in Singapore Dollars.

Attachments:

No Attachments