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Report Name: Rice Trade - Monthly

Country: Burma - Union of

Post: Rangoon

Report Category: Grain and Feed

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Report Highlights:

In April 2021, Burma's rice exports are forecast to decline overall due to the long Burmese New Year Holidays and border gate closures between China and Burma to prevent the spread of COVID-19. Domestic prices for Emata 25 percent broken rice are forecast to decrease in late April accordingly and remain low until harvest time, while superior quality Shwe Bo Pawsan rice prices remain unchanged due to low demand by local consumers.

Production

Burma (also called Myanmar) 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. The government also reported that the second rice crop area in CY 2020 could 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 System of Rice Intensification (SRI), direct seeding (dry and wet) method and broadcasting method and to use drum seeders.

In addition, industry sources confirmed that there might be a shortage of urea fertilizer, which is typically used by rice farmers for cultivation of the monsoon crop. Large shipments of urea-based fertilizers were canceled in February and March due to lack of shipping lines. Sources indicate that new orders are not possible since payments are not feasible due to widespread banking disruptions under the country-wide Civil Disobedience Movement (CDM) in opposition to the February 1, 2021 military coup. Additional information about the impact of the coup is available in FAS Rangoon's recent report, [Burma: Military Coup Continues to Hamper Agricultural Trade](#). Some companies are trying to import urea from China, but the price is high due to devaluation of the Myanmar kyat and high transportation costs. Fertilizer companies usually distribute urea-based fertilizers to farmers in advance and receive payments after the farmers have harvested and sold their crops. However, due to lack of sufficient cash in hand and unstable situation, some companies are selling fertilizer to farmers only with a cash down payment or requiring payment within one month. Accordingly, some farmers are not able to pay for fertilizers and will not use urea for rice cultivation. Therefore, the yield per unit area is forecast to decrease for the main season rice crop in MY 2021/22. Similarly, analysis by the [International Food Policy Research Institute \(IFPRI\)](#) and funded by the U.S. Agency for International Development indicates that fertilizer prices are 10-22 percent higher in Burma than last year and that sellers expect lower demand this year due to reduced farmer incomes, lack of available credit, and uncertain markets.

Non-border Trade

Official rice and broken rice exports by type for the month of March are not yet available at the time of reporting, but are forecast to increase due to increased demand from China after the Chinese New Year Holidays. In April, rice exports are forecast to decline overall due to the long Myanmar New Year Holidays and border gate closures between China and Burma to prevent the spread of COVID-19. In addition, the country-wide CDM in opposition to the February 1, 2021 military coup, especially widespread disruption of the banking sector, continues to dampen trade, although trade flows have increased somewhat since February.

Official rice exports in February, which were not available at the time of previous reporting, are described in Tables 1 and 2. Burma's rice exports decreased due to lower demand from China during the Chinese New Year Holidays and EU countries, as well as CDM-related trade disruptions. Broken rice accounted for 58 percent of total exports followed by Emata at 40 percent, and parboiled at 2 percent (see Table 1). Burma's official rice export to China in February decreased about 50 percent from the previous month.

Border Trade

In March, Burma's unofficial rice exports to China through the border are forecast to increase due to demand recovery from China after the Chinese New Year Holidays. However, Burma's rice exports are forecast to be weak in April due to slow trade during Burma's New Year Holidays, continued CDM-related disruptions, and new COVID-19 disruptions. According to industry sources from the Muse border, the Kyaegoung-Shwe Li bridge was closed on March 29 due to six COVID-19 confirmed cases in Shwe Li. The next day, the Man Wein gate was closed, which is essential for border trade and the flow of goods between Burma and China. Accordingly, Shwe

Li, Yunnan province was locked down for one week, with expectations that it would be extended with increased confirmed cases. As of April 11, there were 90 confirmed cases in Yunnan province. On April 11, Man Wein gate was temporary opened to allow Burma's trucks from China to enter Muse. However, Burmese trucks are not allowed to across the border into China. About 190 trucks are stacked at Kyaegoung and about 85 trucks departed for Burma on April 11. Due to the closing of border gates, industry sources confirmed that the Burma's rice exports have been suspended since April 1.

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

Destination	Parboiled	Parboiled Brown Rice	Emata 5-20%	Emata 25%	Ngasein 5-20%	Ngasein 25%	Rice Total	Broken Rice Total	Total
Australia			21				21		21
Belgium		250					250	24,950	25200
Bulgaria			250				250		250
China			21,953	500	400		22853	13,418	36271
France			25				25		25
Germany							0	100	100
Hungary			200				200		200
Hong Kong						176	176		176
Italy			125				125		125
Latvia	125						125		125
Lithuania							0	200	200
Malaysia			621				621		621
Netherlands			150				150	1,250	1400
Philippines			1,000				1000		1000
Poland	125	150	2,990	75			3340	750	4090
Portugal	250						250		250
Singapore								225	225
Spain	250		675				925	250	1175
Thailand								250	250
Total	750	400	28,010	575	400	176	30,311	41,393	71,704

Source: Ministry of Commerce

Table 2. 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	86,217	59,170	48,805	64,049	258,241
February	126,513	76,346	22,624	9,241	234,724	30,311	41,393	24,406	21,042	117,151
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	116,528	100,563	73,211	85,091	258,241

Source: Ministry of Commerce, Custom Data

Market Overview

In March, low-grade Emata 25 percent broken rice prices decreased in the middle of the month and continued to decrease through the end of March due to a large volume of the new crop entering the domestic market and lower purchasing by local wholesalers who do not have enough cash in hand. Prices are forecast to continue decreasing in April due to slow export activities during the new crop harvest season. Meanwhile, the prices for the new superior quality Shwe Bo Pawsan rice crop remains unchanged due to continued restaurant closures and decreased purchasing power by local consumers.

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
March	23,000-24,000	307-335	47,000-50,000	656-698
February	24,000-27,000	335-377	47,000 -50,000	668-710

MMK: Myanmar Kyat

Source: Myanmar Rice Federation

Reference exchange rate in March 2021: One US\$ = Kyat 1, 432 (Central Bank of Myanmar)

Policy Updates

Although the Department of Agriculture's Plant Protection Division (PPD) was unable to issue phytosanitary certificates for part of February due to staff participation in the Civil Disobedience Movement, it has been able to issue them since late February. However, local industry groups, such as the Myanmar Rice Federation, have to collect the applications and directly submit them to PPD; individual companies are not able to apply separately. The military government extended the exemption of 2 percent advanced income tax for all exports until April 30, 2021.

Export Prospects

Overall, Burma's rice exports in May are forecast to increase, but remain below normal levels due to the anticipation of regular exports to China and a partial ease of the trade disruptions described above.

Attachments:

No Attachments