

Required Report: Required - Public Distribution

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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:

Post forecasts Burma's rice exports lower in September due to the continued closure of all border checkpoints along the Burma-China border, poor demand from African and EU countries, and high shipping costs. Domestic prices for both Emata and Shwe Bo Pawsan will likely increase in September due to tighter supplies from reduced rice mill operations and transportation challenges due to COVID-19.

Burmese Rice Production

The Burmese Department of Agriculture forecasts that the main rice crop (monsoon rice) in MY2021/22 will be 6.1 million hectares (MHa), and farmers have planted about 93 percent of the monsoon rice as of September 3.

Non-border Trade

Post forecast Burma's official rice and broken rice exports in August lower due to low demand from both African and EU countries. Shipping costs remain very high, and traders have speculated that the current situation in Burma could lead to a drop in demand for rice and broken rice from European countries.

The State Administration Council (SAC) declared an extended public holiday that closed most government offices in an effort to slow the spread of COVID-19. Official export figures by type in July are available in Table 1, but official figures for August were not available at the time of reporting. Post will include August export figures in the next report. Emata accounted for 58 percent of total exports in July followed by broken rice at 42 percent and parboiled and Ngasein at less than 1 percent.

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

	Destination	Parboiled	Emata 5-20%	Emata 25%	Ngasein 5-20%	Ngasein 25%	Brown rice	Rice Total	Broken Rice	Total
1	Australia		90					90		90
2	Bangladesh		3,640					3,640		3,640
3	Belgium								750	750
4	China		2,511					2,511	13,498	16,009
5	Croatia		100					100		100
6	Germany	50	125					175		175
7	Hong Kong					156		156		156
8	Malaysia								250	250
9	Netherlands								1,500	1,500
10	Philippines		2,080	16,280				18,360	1,300	19,660
11	Poland		100					100	950	1,050
12	Singapore			125			24	149	277	426
13	Slovenia								50	50
14	Spain			500				500		500
15	Vietnam		260		125			385		385
	Total	50	8,906	16,905	125	156	24	26,166	18,575	44,741

Source: Ministry of Commerce, Custom Data

Border Trade

Post forecast Burma's rice and broken rice exports traded at the border lower in August and September due to the closure of all border gates. China has temporarily closed all trade gates in Kachin and Shan states since July 8 due to COVID-19. Border trade between the two countries almost completely stopped. There are reports that the Chinese-Burmese border trade will resume on September 15.

However, traders predict that China could postpone the reopening of the border gates to October due to

an important meeting in October for which China does not want any imported COVID-19 cases. All agricultural exports to China, including rice, broken rice, onions, beans, and pulses, have been held at Muse in rented warehouses. Merchants are not able to afford the cost of transporting them back to Mandalay.

The total trade value of the 105-mile Muse trade zone, the main China-Burma trade port, is about USD 10 million on a daily basis. Traders estimate that the trade value could drop around USD 300 million over a month since China closed the gates in July. About 25,000 MT of rice and broken rice are currently waiting for export at Muse. Despite the declining prices of Burmese exports to the Chinese market, prices for some consumer goods and raw materials, including agricultural fertilizers from China, have risen due to the border gates closures.

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	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	29,233	10,791	26,555	39,143	105,722
April	42,909	38,745	10,482	3,007	95,143	48,060	41,475	12,385	21,435	123,355
May	111,800	84,427	9,142	2,024	207,393	104,431	53,618	7,471	30,566	196,086
June	77,107	70,793	15,358	20,425	183,683	103,120	52,308	10,137	39,932	205,497
July	64,158	54,904	23,422	24,339	166,823	26,166	18,575	2,497	3,308	50,546
August	79,642	42,190	19,791	21,078	162,701	25,000 *	20,000 *	2,000*	3,000*	50,000*
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	107787	58,404	60,652	59,756	286,599					
Total	1,037,731	708,500	347,811	214,523	2,308,565	452,538	297,330	134,255	222,475	1,106,598

Source: Ministry of Commerce, Custom Data

Note: * represents post estimate

Market Overview

Domestic wholesale prices for both Emata 25 percent broken rice and Shwe Bo Pawsan increased in August due to reduced rice mill operations, limited transportations during the third wave of COVID-19, and the devaluation of the Myanmar Kyats. In addition, farmers who suffered from COVID-19 could not sell their rice (rough), which led to lower rice supplies in the domestic market. Post forecast rice prices will rise in September due to smaller supplies and the continued devaluation of the Myanmar Kyats. Burma's rice exports in September will likely decrease due to the continued closure of the Burma-China border checkpoints and low demand from African and EU countries.

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

Type of Rice	Emata 25% (low grade)		Shwe Bo Pawsan	
	MMK/108lb	\$/MT	MMK/108lb	\$/MT
September (September 1-10)	22,300-22,800	269-256	48,000-54,000	580-653
August	21,000-22,000	253-267	47,000-51,000	568-616
July	20,500-21,500	248-260	47,000-50,000	568-604

MMK: Myanmar Kyat

Source: Myanmar Rice Federation

Reference exchange rate in July 2021: One US\$ = Kyat 1,655 (Central Bank of Myanmar)

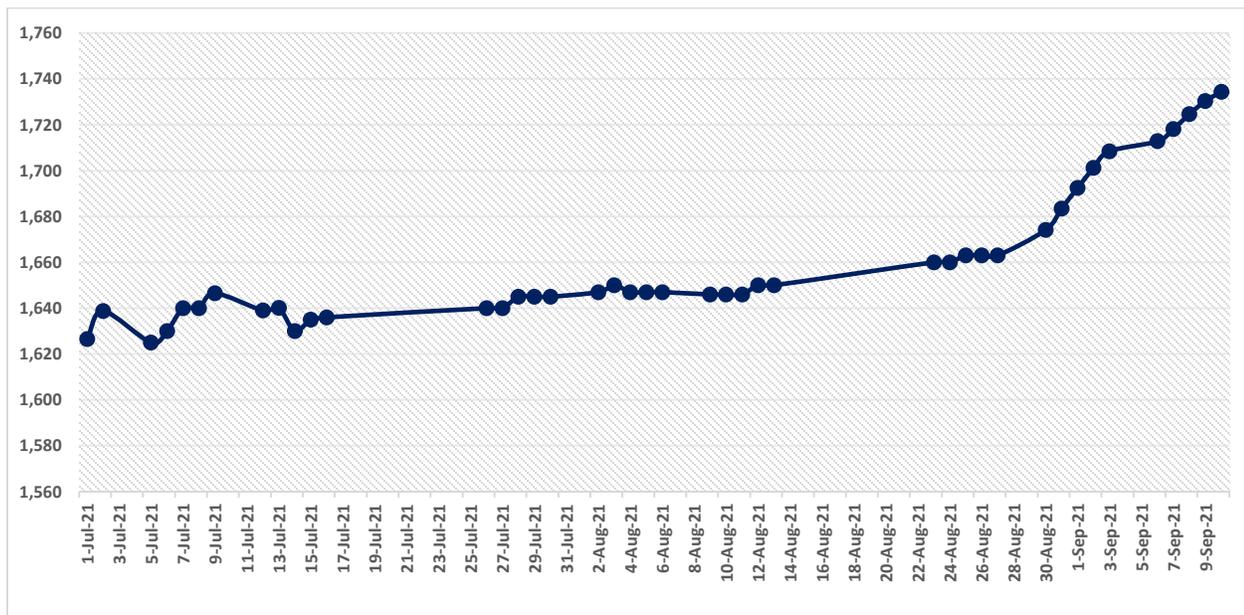
Policy Updates

The SAC recommended to set the price of 100 baskets of rice (rough) at 560,000 kyats (USD 165/MT) as the basic reference price for monsoon rice and summer rice crops in MY2021/22. According to the Farmers' Rights Protection and Benefit Promotion Law, which was enacted in 2013, the state announces the basic reference price of paddy in October each year. The basic reference price for rice was set at 520,000 kyats per 100 baskets (about USD 152/MT) in MY2020/21 and 500,000 kyats per 100 baskets (USD 147/MT) in MY2019/20.

The Myanmar Rice Federation conducted a virtual meeting with committee members, exporters, and private companies regarding rice production and price stability on August 14, 2021. The main topics during the meeting were lower production during the 2021-2022 monsoon season due to the impact of COVID-19 on labor and other logistical challenges, high input cost, plans to donate rice to the people, and how to sell rice at affordable price near industrial zones.

The Central Bank of Myanmar (CBM) issued a notification on August 3, 2021, for authorized dealers and licensed money changers to conduct foreign exchange trading within the framework set by the Central Bank (Central Bank reference rate + 0.8%). Prices for USD, however, continued to increase and a black exchange rate market rose between buyer and sellers. The price for USD reached 2,000 MMK in first week of September on the black market. The CBM announced that they would remove the maximum spread gap between selling and buying prices in foreign exchange markets on September 10, which revoked the previous order dated on August 3. The Central Bank of Myanmar (CBM) then released a notification on September 3, 2021, requiring exporters to sell the remaining balance of their foreign currency to the banks within four months after receiving it. Shortly after that announcement, the value of the Myanmar Kyats depreciated against the U.S. dollar to Myanmar Kyat (MMK) 1,800/USD 1 at authorized money exchange counters. In addition, the CBM sold USD 15,000,000 at its auction on September 13 with the average auction exchange rate at Myanmar Kyats 1,750 per USD in order to control the appreciation of USD (see figure 1). This was the recorded as the highest value of USD selling by CBM.

Figure 1. Central Bank of Myanmar Currency Exchange Rate (MMK/US)



Source: Central Bank of Myanmar

Attachments:

No Attachments