

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Burma - Union of**

**Post:** Rangoon

## **Corn Production, Supply, and Demand Update 2016**

**Report Categories:**

Grain and Feed

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**Report Highlights:**

Myanmar's major corn production area is located in the central part of the country, particularly in Shan State which has about 52 percent of total production. Most farmers use high-yielding hybrid seeds provided or purchased from foreign entities. In Marketing Year 2016/17, total corn production is estimated to increase by 6 percent due to the expansion of rain fed corn growing areas and increased demand from neighboring countries in the region.

## General Information:

The Myanmar government recently changed its methodology to calculate official corn exports, thus, Post has revised its historical corn production, supply and demand (PS&D) data to reflect the new government data.

**Figure 1 - Map of Myanmar**



## Production

The main corn producing areas in Myanmar are primarily found in the hilly and dry zones of the country with smaller production taking place in the delta and coastal regions. According to government sources, Shan State which is located in the central part of country, accounts for 52 percent of Myanmar's total corn production area while the Ayeyarwady (delta regions), Magwe, and Sagaing regions make up the balance. The main corn crop is sown during the rainy season from May through June and harvested in September-October, especially in the central dry zone and hilly regions. The dry-season corn crop is sown in November-December and harvested in February-March, mostly in the delta regions. About 90 percent of Myanmar's corn crop is grown in rain-fed areas.

## Seed Variety Use

Myanmar corn farmers need about 5,000-6,000 metric tons (MT) of corn seeds annually to meet

domestic demand. An estimated 90 percent of Myanmar farmers use hybrid seeds that are either purchased from commercial seed producers or the government. Other farmers use seeds saved from previous crops. Most of the seed companies in the country are owned by foreign investors from Thailand and China. According to industry sources, the Myanmar CP Livestock Company (MCPLC), a subsidiary company of the Charoen Pokphand Group (CP) from Thailand, holds about 60-70 percent of the Myanmar corn seed market. The MCPLC produces hybrid corn seeds through contract farming with local growers, primarily in southern Shan State.

The Myanmar Department of Agriculture (DOA) has developed its own corn seed varieties for research and commercialization. The government holds an estimated 8 percent share of the corn market. The government seeds are known as Yazin varieties, which are cheaper than the corn seeds sold by private seed companies. In comparison, the price for CP's Hybrid corn seed is about \$3-3.5/kg while the Yazin variety is about \$ 2-2.5/Kg. The potential yield for CP corn varieties is about 5 metric tons per hectare, while the yield for Yezin varieties is about 4.5 metric ton per hectare.

### **Outlook, Production, Supply and Demand**

Corn production in Myanmar is expected to reach to 2 million metric tons (MMT) in marketing year (MY) 2015/16 and 2.1 MMT in MY 2016/17 due to the expansion of rain-fed corn growing areas, particularly in the Sagaing Region and Shan State. The average corn yield in MY 2016/17 is forecast around 4 MT per hectare, up from 3.9 MT per hectare in MY 2015/16 due to increased use of hybrid corn varieties.

Despite the lack of government data, trade sources report that the corn planted area has steadily increased in recent years due mainly to lower production cost and better profitability for corn as compared to competing crops such as potato and garlic. Domestic corn consumption is also expected to grow in MY 2015/16 and MY 2016/17 in line with the growth of Myanmar's livestock sector, especially poultry and swine.

Corn use in animal feed production is expected to increase to 800,000 MT in MY 2015/16 from 600,000 MT in MY 2014/15. This number is anticipated to climb to 850,000 MT in MY 2016/17 as corn is likely to replace broken rice as a major ingredient in animal feed. The current domestic price for broken rice is US\$ 200-215/MT while corn prices in the major trading center of Mandalay are around US\$130-155 MT. Corn accounts for about 20-45 percent of complete feed rations depending on type of feed.

Trade sources estimate that about 30-35 percent of Myanmar's domestic corn supply is used in animal feed, while 5-6 percent is used for seed, food processing and alcohol production. The bulk of Burma's corn production is exported to China.

Key foreign players in the animal feed manufacturing sector include MCPLC and Japfa Maykha (part of the Indonesia Japfa group). The MCPLC operates four compound feed mills located in Yangon, Mandalay, Taunggyi and the Kyauk Mae regions and holds about a 40-45 percent share of the animal feed market. Tatchaung, Htoo Thit, Top, Diamond, and San Pya Feed Millers are among domestic-based companies that are also major players in this market.

### **Trade**

According to government and trade sources, almost 95-97 percent all of Myanmar's corn exports take place along the border between Myanmar and China. The remaining balance is shipped to Thailand and

Singapore by sea freight. Corn export supplies are normally delivered to Mandalay, the largest wholesale market in central Myanmar, and then subsequently transported for export to the northeastern border towns like Muse, Chin Shwe Haw, Lwejel and Kan Paiktee. (See figures 2 and 3 for border trade locations).

Due to more rigorous inspections and substantial seizures by Chinese officials at the border in 2016, Myanmar corn exports are likely to decrease to 1 MMT in 2015/16 from 1.3 MMT in MY 2014/15.

Myanmar imported 8,800 MT of corn from Brazil and Paraguay in MY 2015/16 due to demand from feed millers in lower Myanmar as the flooding during the monsoon season affected the transportation logistics in middle and upper areas of Myanmar.

Currently, the average corn export price at the Muse border hovers around US\$160–180 per MT. Corn prices in Muse are higher than other parts of Myanmar because of the higher transportation cost. Trade sources report that corn supplies from southern Shan State are mostly for domestic use, while those produced in northern Shan State are for export.

**Table 1. Corn Production, Supply and Demand**

| Corn                 | 2012/2013 |          | 2013/2014     |          | 2014/2015     |          | 2015/16       |          | 2016/17       |          |
|----------------------|-----------|----------|---------------|----------|---------------|----------|---------------|----------|---------------|----------|
|                      | Oct-12    |          | Oct-13        |          | Oct-14        |          | Oct-15        |          | Oct-16        |          |
| Market Begin Year    | USDA      | New Post | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Burma (Myanmar)      |           |          |               |          |               |          |               |          |               |          |
| Area Harvested       | 410       | 410      | 450           | 450      | 470           | 470      | 520           | 510      | 530           | 520      |
| Beginning Stocks     | 48        | 48       | 48            | 93       | 53            | 103      | 33            | 3        | 33            | 65       |
| Production           | 1,600     | 1,599    | 1,800         | 1,800    | 1,950         | 1,900    | 2,050         | 1,990    | 2,100         | 2,100    |
| MY Imports           |           |          | 5             |          | 5             |          |               | 9        |               |          |
| TY Imports           |           |          | 5             |          | 5             |          |               | 9        |               |          |
| TY Imp. from U.S.    |           |          |               |          |               |          |               |          |               |          |
| Total Supply         | 1,648     | 1,647    | 1,853         | 1,893    | 2,008         | 2,003    | 2,083         | 2,002    | 2,133         | 2,165    |
| MY Exports           | 550       | 754      | 700           | 1,090    | 850           | 1,300    | 900           | 1,000    | 950           | 1,200    |
| TY Exports           | 550       | 754      | 700           | 1,090    | 850           | 1,300    | 900           | 1,037    | 950           | 1,200    |
| Feed and Residual    | 950       | 700      | 1,000         | 600      | 1,025         | 600      | 1,050         | 800      | 1,050         | 850      |
| FSI Consumption      | 100       | 100      | 100           | 100      | 100           | 100      | 100           | 100      | 100           | 100      |
| Total Consumption    | 1,050     | 800      | 1,100         | 700      | 1,125         | 700      | 1,150         | 900      | 1,150         | 950      |
| Ending Stocks        | 48        | 93       | 53            | 103      | 33            | 3        | 33            | 65       | 33            | 15       |
| Total Distribution   | 1,648     | 1,647    | 1,853         | 1,893    | 2,008         | 2,003    | 2,083         | 2,002    | 2,133         | 2,165    |
|                      |           |          |               |          |               |          |               |          |               |          |
| (1000 HA) ,(1000 MT) |           |          |               |          |               |          |               |          |               |          |

Note: Post has revised its corn PS&D data due to the availability of additional sources used to verify corn estimates and more importantly to reflect the changes the Myanmar government has made to its corn related data.

## Policy

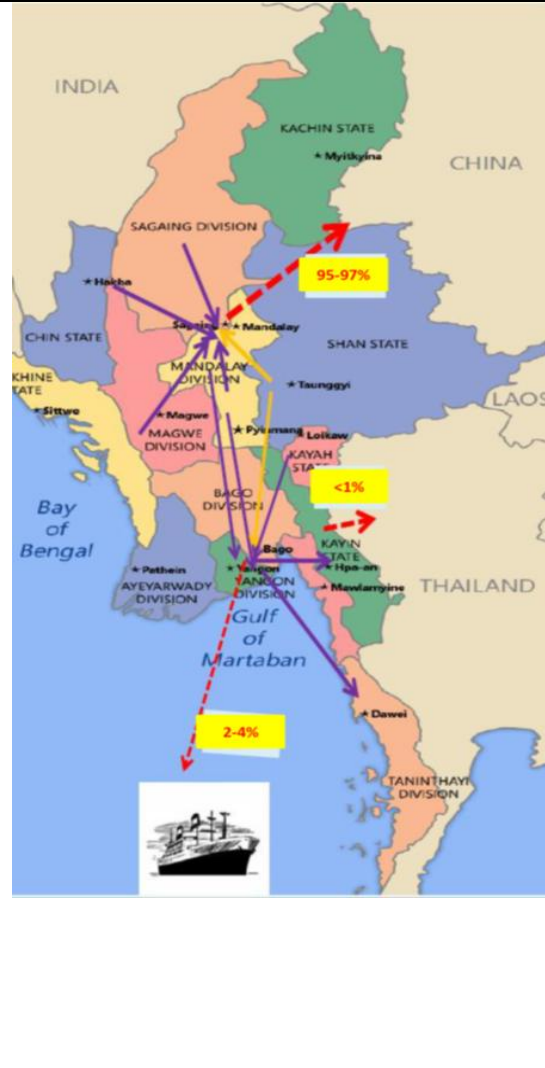
The Myanmar government provides technical assistance to farmers, but does not provide subsidies. Permits are required to import corn, while a permit is not required for export.

**Figure 2. Myanmar Border Trading Locations**



Source: Ministry of Commerce

**Figure 3. Major Corn Trade Routes in Myanmar**



Source: Business Bulletin, Myanmar Federation Chamber of Commerce and Industry (UMFCCI), 2015