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**Report Name:** Grain and Feed Annual

**Country:** Burma - Union of

**Post:** Rangoon

**Report Category:** Grain and Feed

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**Report Highlights:**

FAS Rangoon (Post) forecasts Burma's rice and corn exports larger in MY 2022/23 due to strong demand from African, EU, and ASEAN countries. Post forecasts Burma's wheat imports down in MY 2022/23 due to low domestic demand, restrictions on buying of foreign currency, and changing import policies.

## **Executive Summary:**

FAS Rangoon (Post) forecasts rice production in Burma (also called Myanmar) flat in marketing year (MY) 2022/23. Anticipated high costs for agricultural inputs (e.g., fertilizers and fuel) and limited access to financing have discouraged farmers from planting. Burma's rice exports are likely to increase four percent in MY 2022/23 due to high demand from African, EU, and ASEAN countries and potentially an increase in official rice exports to China. Exporters shifted border trade to sea freight after prolonged closures of Burma-China border gates and high transportation cost. Low domestic production, active domestic demand, high transportation costs, depreciation of Myanmar Kyats and limited milling operations will increase domestic prices for rice in MY 2022/23.

Post forecasts Burma's corn production higher due to surging demand from Thailand, China, Philippines, Vietnam, and India in MY 2022/23. Burma's feed demand, however, continues to decline about 40-50 percent due to reduced livestock production and high prices for corn.

Post forecasts wheat production in Burma smaller in MY2022/23 due to low domestic demand, lack of good quality seed, and low investment by the government in promoting production. Domestic prices for wheat increased in 2021 due to low domestic production, high fuel costs, and the depreciation of the Myanmar Kyat against the U.S. dollar. Post anticipates Burma's wheat imports and consumption to be smaller in MY2022/23 due to low demand from bakeries, coffee shops, the tourism industry, and a suspension of sending wheat from Rangoon to conflict areas and small cities. While U.S. wheat exports to Burma have been growing with significant market share gains, U.S. wheat faces competition from Australian wheat that enjoys duty-free access under a preferential trade agreement.

## 1. Rice

**Table 1.1: Burma's Rice Production, Supply, and Distribution**

Rice, Milled Market Year Begins Burma (Myanmar)	2020/2021		2021/2022		2022/2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6900	6800	6900	6900	0	6900
Beginning Stocks (1000 MT)	1012	1012	1164	1404	0	1308
Milled Production (1000 MT)	12600	12600	12600	12352	0	12352
Rough Production (1000 MT)	19688	19688	19688	19300	0	19300
Milling Rate (.9999) (1000 MT)	6400	6400	6400	6400	0	6400
MY Imports (1000 MT)	2	2	2	2	0	2
TY Imports (1000 MT)	2	2	2	2	0	2
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	13614	13614	13766	13758	0	13662
MY Exports (1000 MT)	1900	1910	1900	2200	0	2300
TY Exports (1000 MT)	1900	1910	1900	2200	0	2300
Consumption and Residual (1000 MT)	10550	10300	10650	10250	0	10250
Ending Stocks (1000 MT)	1164	1404	1216	1308	0	1112
Total Distribution (1000 MT)	13614	13614	13766	13758	0	13662
Yield (Rough) (MT/HA)	2.8533	2.8953	2.8533	2.7971	0	2.7971

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2022/2023 = January 2023 - December 2023

Source: Post Calculation based on information from the Ministry of Commerce, Department of Agriculture, and phone interviews with industry sources

### 1.1 Production

Post forecasts MY2022/23 rice production to be equal to MY2021/22 at 12.35 million metric tons (MT) mainly due to rising production costs. The continued depreciation of the Myanmar Kyat against the U.S. dollar, the political crisis, and the continued economic impacts of COVID-19 have fueled the rising costs of fertilizers, chemicals, fuel, and seeds since mid-2021. In addition, Burmese farmers continue to have limited access to financing. The net margin for farmers remains uncertain with the current reference prices (floor prices), and farmers will probably use less inputs, which will lead to reduced production. The currently market prices for rough rice (paddy) (355,000-375,000 Myanmar Kyat (MMK)/MT) are higher than the reference prices (270,000 MMK/MT). Post revised MY2020/21 production down to 12.6 million MT due to insufficient irrigation. In MY2020/21, the prices for all agricultural inputs also increased in MY2020/21. The price for urea increased 30-40 percent during the MY2020/21 monsoon rice crop and more than doubled during the second rice crop.

Posts forecasts lower yields as farmer used significantly less fertilizer in MY2021/22 and will likely use a reduced amount in MY2022/23. Trade sources confirmed that imports of urea fertilizer, which is mainly used in rice cultivation, declined about 20-25 percent in 2021. In addition, agricultural input suppliers demanded payments in cash at the time of purchase due to the unstable economic and political situation. Burmese farmers have limited access to financing making it difficult for them to acquire enough cash to purchase sufficient agricultural inputs. Farmers have begun switching to cheaper and more natural fertilizers. Post expects that the planting area and production of the second rice crop in MY2020/21 and the main crop in MY2021/22 to be smaller as farmers will use less urea fertilizer.

Favorable weather, however, made the MY2020/21 main crop production slightly larger than the previous year.

Rising fuel prices, which have more than doubled since the February 1, 2021, are also making it harder for farmers to operate farms with limited financing. Farmers use fuel in irrigated farms to pump water from rivers and underground sources to farmland in higher elevations. In addition, blackouts have increased in frequency, occurring daily and for long durations of time. The Ministry of Electricity and Energy announced an electricity schedule for March 2022 making electricity available in four-hour intervals. The State Administration Council (SAC) announced that electricity rationing will continue until May 2022. The blackouts coupled with high fuel costs will limit rice milling operations.

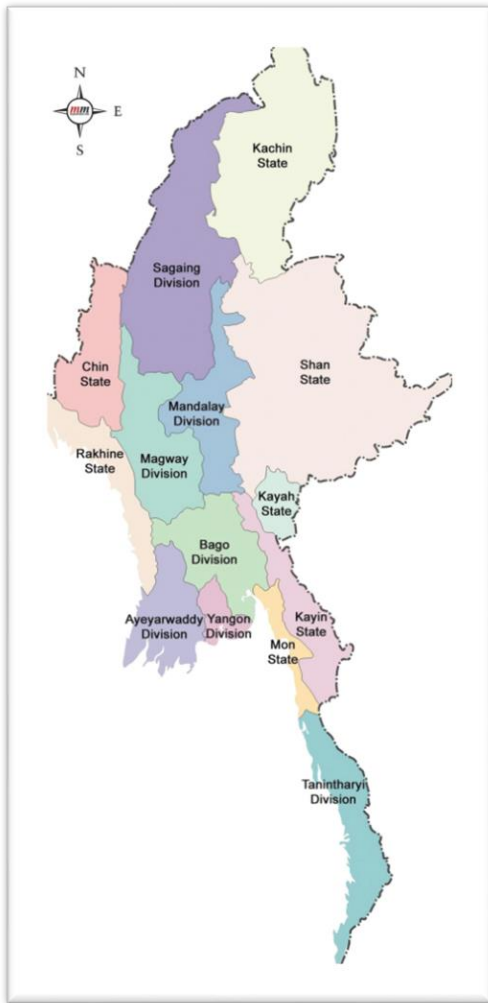
Post forecasts average yield in MY2022/23 to be the same as MY2021/22 at 2.8 MT/Ha, which is lower than the normal yield of 2.9 MT/Ha. Farmers are doing more direct seeding and broadcasting methods in rice cultivation due to higher labor costs and uncertain water availability. The Department of Agriculture reports that urea accounts for more than 44 percent of total fertilizer utilization, followed by compound fertilizers (40 percent), phosphate (8 percent), and potash and other fertilizers (8 percent). Burma imports urea from China, Malaysia, Russia, Saudi Arabia, Malaysia, Thailand, Singapore, and Indonesia. Urea imports, however, decreased 20-25 percent in 2021. Industry sources reported that Burma usually uses 300,000-400,000 MT of urea fertilizer for main rice crop cultivation.

## **1.2 Consumption**

Rice is the staple diet in Burma. For people in rural Burma (70 percent of the population), most people consume rice three times per day, with per capita consumption estimated at 170 kg per year. In urban areas (30 percent of the population), most Burmese consume rice two times per day, with a per capita consumption estimated at 145 kg per year. The country's average per capita consumption is estimated to be 155 kg based on a survey by the Myanmar Rice Federation in 2016. However, per capital consumption may vary by region and ethnic group.

In general, head rice is mainly consumed as part of breakfast, lunch, and dinner. Food manufacturers use broken rice and other lower quality rice to make rice noodles and traditional Burmese snacks, which are more common in rural areas. Broken rice is also used for livestock feed. Burma plants more than 100 varieties of rice in 3 main categories, including Emata (long grain), Pawsan (median and round), and Ngasein. High and some middle-class Burmese consume superior quality Pawsan varieties, which is seven percent of total rice production, including the premium Shwe Bo Pawsan. Low and some middle-class Burmese consume other types of super quality Paw San, high quality long grain, and median grain rice. Emata 25 percent broken rice is the largest rice export by volume; however, China demands high grade of Emata rice from Burma. Ngasein variety has lower eating quality and is mainly used to make noodles and traditional rice snacks.

**Figure 1.1: Map of States and Regions in Burma**



Post forecasts rice consumption flat at 10.25 MMT in both MY2022/23 and MY2021/22. Due to a slow economy, low income, higher food prices, and the return of migrant workers, Posts expects to see more broken rice used in livestock feed. The closure of 60-70 percent of cafés and restaurants, continued closure of hotels, limited foreign tourism, and reduced local travel by citizens will continue to limit rice consumption in MY2021/22. The State Administration Council announced that international flights will restart in April 2022.

Smaller livestock producers, including backyard farms, are the main consumers of broken rice. Feed millers confirmed that they are using more broken rice due to high corn prices in MY2021/22. The increase in broken rice in feed, however, has not contributed to higher overall consumption rates as poultry and swine production was down in 2021 and unlikely to recover in 2022. Posts revised down MY2020/21 rice consumption as most restaurants were closed during the third wave of COVID-19 in July 2021 (Table 1.1).

### 1.3 Trade

Post forecasts Burma's MY2022/23 rice exports to grow to 2.3 MMT with continued strong demand for head rice from China, Philippines, and Sri Lanka, and for broken rice from EU countries. Post forecasts for MY2021/22 to also increase to 2.2 MMT from the reduced imports during MY2020/21. After several official discussions between the two countries, border gates in Muse and Laukkaing Township located in Shan State reopened on November 26, 2021. Border gates in Kachin State reopened mid-December 2021 and the rest of the border gates opened in January 2022. Transportation costs at the border increased significantly reaching 10 million MMK/50MT of rice, forcing most rice exporters to shift from border trade to maritime trade. China also announced the temporary suspension on imports of several kinds of goods through the Kyin San Kyawt gate on March 14, 2022, including rice and broken rice. Since most rice trade had already shifted to sea freight, the temporary suspension will not have a significant impact on rice exports to China. Exporters are now shipping more than 80 percent of total rice exports to China via sea.

Burma signed a new bilateral agreement with the government of Sri Lanka to export 150,000 metric tons of rice on January 7, 2022. The Sri Lanka State Trading (General) Cooperation plans to buy 100,000 metric tons of high-quality Myanmar white rice and 50,000 metric tons of parboiled rice in 2022 and 2023. Rice and broken rice demand from EU has increased since August 2021, and Post expects demand to continue growing due to low prices in comparison with Thailand and Vietnam.

Posts revised down Burma's MY2020/21 rice exports from 2.3 to 1.9 MMT, 17 percent lower than the previous year due to the closing of border gates. China closed border gates throughout the last few years as a preventative control measure against the spread of COVID-19 and only allowed Chinese trucks to cross the border, which significantly increased shipping costs. Burma exported head rice (milled rice) and broken rice to more than 40 countries in 2021, with more than 80 percent through official channels. Primary export markets for head rice are China, Philippines, Bangladesh, and EU countries, while primary export markets for broken rice were China, Belgium, Poland, Indonesia, and Spain in 2021. Burma exported more than 1 MMT of rice and broken rice to China in 2021, accounting for approximately 62 percent of total rice exports.

**Table 1.2: Official and Unofficial Rice Exports in 2021 (Metric Tons)**

Month	Rice Milled, 2021				Total
	Non-border trade		Border trade		
	Head Rice	Broken Rice	Head Rice	Broken Rice	
January	86,217	59,170	48,805	64,049	258,241
February	30,311	41,393	24,406	21,042	117,152
March	29,233	10,791	26,555	39,143	105,722
April	48,060	41,475	12,385	21,435	123,355
May	104,431	53,618	7,471	30,566	196,086
June	103,120	52,308	10,137	39,932	205,497
July	26,166	18,575	2,497	3,308	50,546
August	39,197	13,285	920	140	53,542
September	65,274	54,775	145	452	120,646
October	86,450	88,261	0	380	175,091
November	153,225	72,015	0	527	225,767
December	198,773	69,314	425	1,269	269,781
<b>Total</b>	<b>970,457</b>	<b>574,980</b>	<b>133,746</b>	<b>222,243</b>	<b>1,901,426</b>

Source: Ministry of Commerce, Custom Data, Myanmar Rice Federation.

**Table 1.3: Official and Unofficial Rice Exports in 2022 (Metric Tons)**

Month	Rice Milled, 2022				
	Non-border trade		Border trade		Total
	Head Rice	Broken Rice	Head Rice	Broken Rice	
January	205,098	100,596	6,723	2,251	314,667
February	105,000*	95,000*	4,200*	10,000*	214,200*
March	100,000*	90,000*	3,000*	3,000*	196,000*
April					
May					
June					
July					
August					
September					
October					
November					
December					
<b>Total</b>	<b>410,098</b>	<b>285,596</b>	<b>13,923</b>	<b>15,251</b>	<b>724,867</b>

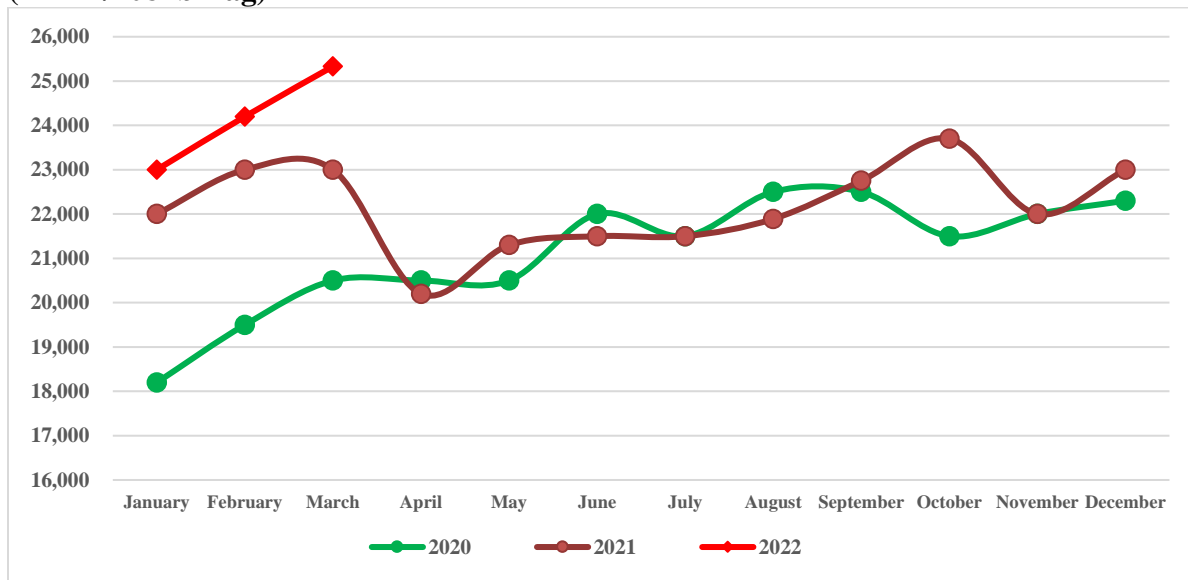
Source: Ministry of Commerce, Custom Data, Myanmar Rice Federation.

\* denotes post's estimate

#### 1.4 Prices

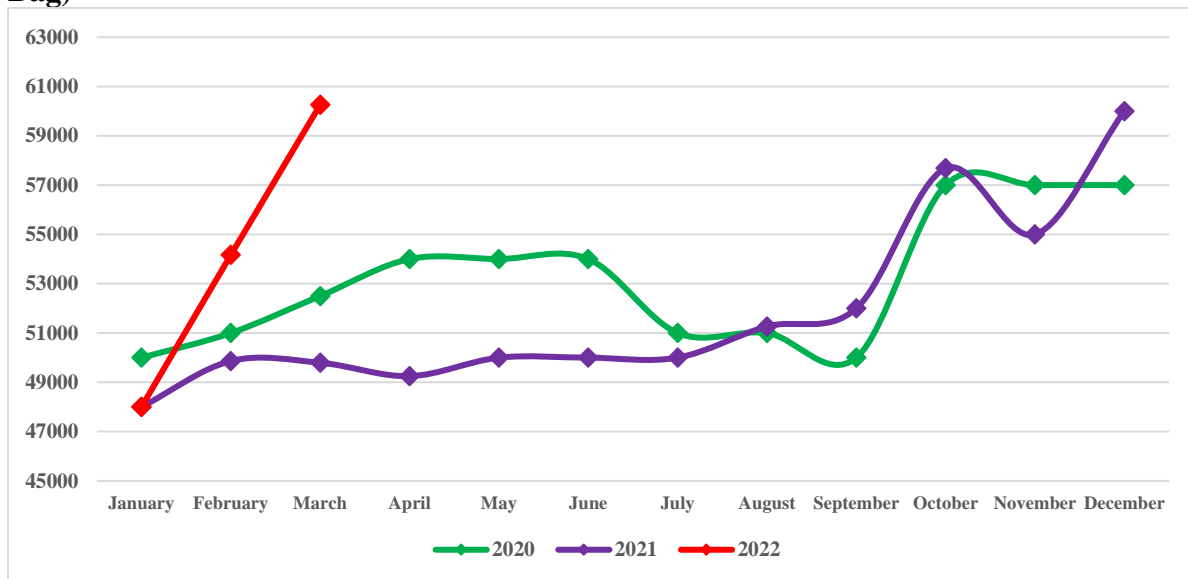
Domestic prices of rice usually drop when new supplies enter the market in November from the main crop and rise at the end of February before the harvest of the second crop. Average domestic wholesale prices for Emata 25 percent broken rice have increased since 2020 and remain high in March 2022. Prices for Emata 25 percent broken rice dropped while the border gates were closed but started climbing in October 2021 in anticipation of the resumption of border trade, declining stocks in the domestic market, and a smaller rice production forecast in MY2021/22. Domestic prices for superior quality Shwe Bo Pawsan in Yangon have increased since May 2021 due a reduced supply entering to the market. Rice mills were not able to operate normally through most of 2021. In addition, the closure of some commodity centers and limited transportation during the COVID-19 pandemic also reduced the supply of rice in the domestic market (see Figure 1.3). Domestic wholesale prices for both Emata 25 percent broken rice and Shwe Bo Pawsan have increased 10-15 percent in March 2022 due to active domestic demand, higher transportation costs, Myanmar Kyat depreciating against the U.S. dollar, and low supplies due to limited milling operations. The Myanmar Rice Federation has been selling a small quantity of rice at reduced prices in some townships in Yangon.

**Figure 1.2: Average Monthly Wholesale Prices for Emata 25 Percent Broken (low grade) Rice (MMK/108 lb Bag)**



Source: Myanmar Rice Federation

**Figure 1.3: Average Monthly Domestic Wholesale Prices for Shwe Bo Pawsan Rice (MMK/108 lb Bag)**



Source: Myanmar Rice Federation

### 1.5 Policy

Burma set floor prices for rough rice (paddy) at 540,000 MMK for every 100 baskets (about US\$146/MT<sup>1</sup>, 1 basket is 20.86 lb) of paddy harvested in the 2021 monsoon and 2022 summer seasons that had a 14 percent moisture content and met established minimum quality criteria. The government provides seasonal farm loans and short term and long-term credit for agricultural crops, including rice, oilseeds, pulses, and beans, but the amount of credit varies by the commodity and season. The Myanmar

<sup>1</sup> Post used a central bank’s fixed exchange rate of 1,850 MMK/1US\$



Agricultural Development Bank (MADB) also provides credit for rice farmers of up to 150,000 Myanmar kyat (US\$81) for a maximum of 10 acres with a 5 percent interest rate (Table 1.5). Farm credit provided by the government is only 30-40 percent of the cost of production and farmers must seek credit from other sources. In addition to MADB farm loans, farmers can also access loans from the Japan International Cooperation Agency (JICA) and the Myanmar Economic Bank (MEB). Due to restricted transportation and poor cash flow due to disruptions in the banking system, the local cooperatives and various NGOs and microfinance institutions could not provide loans for farmers which led to limited access to loans to allow them to pay in cash for inputs.

MADB provides farm loans for the winter crop season (the second week of November to January), which must be paid off by the following September. Additionally, the government will disburse farm loans for the pre-monsoon cultivation season between early January and the end of March, which farmers must pay off by the following February. Farmers can take out agricultural loans for the monsoon crop season between early May and the end of September, and the deadline for repayment is in April. Farmers who have not paid off previous loans are not eligible for new ones.

The government provided 2.7 billion MMK (US\$1.46 million) for farmers in MY2019/20 and an additional 479.2 billion MMK (US\$259 million) as a special COVID-19 relief loan for farmers. The Burmese government extended the repayment period for COVID-19 special loans and farm loans for the 2021 winter crop to lessen the impact of COVID-19 and to encourage agricultural activities. The repayment period of the COVID-19 special loan was amended from December 31, 2021, to the end of March 2022. The deadline for the repayment for the winter crop loan was extended from January 31, 2020 to the end of February 2022. The government also announced interest rate reductions for farm loans on April 1, 2021 (1 percent) and May 15, 2021 (an additional 2 percent). The interest rate for annual agricultural loans provided by MADB, JICA two-step loan, and the Myanmar Economic Bank (MEB) loan were also reduced (see Table 1.5).

The Burmese government does not control the volume of rice exports and encourages the export of agricultural products. The Burmese government allows imports of very small quantities of sushi rice and Thai fragrant rice for use in Japanese and Korean restaurants. The Myanmar Rice Federation, and sometimes the Department of Trade, must approve all imports of rice. Import tariffs for rice and other commodities are listed in Table 4.

**Table 1.4. Type of loan and Amount of Loan Provided by MABD (Myanmar Kyats in Million)**

Year	Pre-monsoon	Monsoon	Winter	COVID-19 relief fund
2017	16,362	1,416,704	272,222	
2018	18,781	1,301,614	366,264	
2019	16,500	1,346,4708	362,199	
2020	17,955	137,5987		481,058
Duration of loan	January to March	May to September	October to January	June 2020 to September

Source: Myanmar Agricultural Development Bank

**Table 1.5 Type of Loan and Interest Rate in 2019-2021**

Type of loan	Annual Interest rate	Reduced Interest rate in 2019/20	Interest rate in-2020/21
Farm loan provided by MADB	8%	7%	5%
JICA Two steps loan	8%	6.5%	5%
MEB, Two step loan	9%	8%	6.5%
Saving account for farmers	8%	6.5%	5%

Source: Myanmar Agricultural Development Bank

### Marketing:

Farmers sell rice (rough) to rice millers directly through contract farming or through local collectors. Most of the local collectors are sent by rice millers. The rice millers then sell to rice wholesalers or sell directly to exporters. Wholesalers then distribute the rice to retail shops and department stores. Most farmers must sell their rice immediately after harvest to pay back farm loans and to get cash for their home expenditures. However, there are some large farmers who decide to store rice and wait for higher prices. There are two main rice trading centers: the Bayintnaung rice trading center and Wardan rice trading center, both in Yangon. Rice from the delta region enters the Wardan rice trading center and is mostly consumed locally and exported to China through the border. Rice from Bago and Yangon enter the Bayintnaung rice trading center and mainly sell to overseas markets. The standard weight for one basket is 46 lb with 14 percent moisture content. Since farmers usually sell the rice (rough) immediately after harvest by the combine harvesters, the moisture content is usually higher than 14 percent. In order to cover the loss from high moisture and unfilled grains and dust, buyers offer lower prices than market prices and use a different weight measure: 50-52 lb per basket.

## 2. Corn

**Table 2.1: Burma's Corn Production, Supply, and Distribution**

Corn Market Year Begins Burma (Myanmar)	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	590	650	590	670	0	670
Beginning Stocks (1000 MT)	35	35	70	47	0	59
Production (1000 MT)	2450	2800	2450	2900	0	2900
MY Imports (1000 MT)	5	12	5	12	0	12
TY Imports (1000 MT)	5	12	5	12	0	12
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2490	2847	2525	2959	0	2971
MY Exports (1000 MT)	1850	2400	1800	2450	0	2450
TY Exports (1000 MT)	1850	2400	1800	2450	0	2450
Feed and Residual (1000 MT)	500	350	500	400	0	400
FSI Consumption (1000 MT)	70	50	70	50	0	50
Total Consumption (1000 MT)	570	400	570	450	0	450
Ending Stocks (1000 MT)	70	47	155	59	0	71
Total Distribution (1000 MT)	2490	2847	2525	2959	0	2971
Yield (MT/HA)	4.1525	4.3077	4.1525	4.3284	0	4.3284

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Source: Post Calculation based on information from the Ministry of Commerce, the Department of Agriculture, and interviews with industry sources.

## **2.1 Production**

Post forecasts Burma's corn production in MY2022/23 and MY2021/22 at 2.9 MMT due to high domestic prices, robust export demand from Thailand, Philippines, Laos, Vietnam, India, and possibly China. High corn prices encouraged some sweet corn farmers to shift to seed corn production. In MY2021/22, Burma's wet season corn production increased, especially in southern Shan State (in the Eastern part of country), Sagaing Region and Kayah State due to favorable weather. The second crop (dry season crop) production in MY2021/22 is likely to decrease about 10 percent especially in irrigated areas due to high fuel and fertilizer costs. Farmers typically use 100-250 kg/acre of fertilizer per acre during the second crop (dry season corn). The main producing areas for wet season corn are Shan State, Kachin State, Kayah State, and Sagaing region, while the main producing area for dry season corn is the Ayeyarwady region. Yields for MY2021/22 wet season corn should be good due to favorable rainfall, while yield for the second crop, which is only 12 percent of total production, will likely decrease due to high fuel and fertilizer costs. Good quality seed and favorable weather should keep yields good in MY2021/22 and MY2022/23 despite high fuel and fertilizer costs.

Rainfall, seed quality, and fertilizer are the main factors in determining the yield. Wet season crop often relies solely on rainfall. Farmers only harvest about 15-20 percent of corn production with machines, while they thresh most of the corn mechanically. Almost all corn cultivated in Burma is from hybrid seed, largely imported from Thailand. Major players in the corn seed market are Charoen Pokphand (CP Group), Myama Awba Group, Aventine Limited, and Seven Tiger Group. Burmese corn farmers plant more than 7,000-10,000 MT of seed annually and purchase the seed from local seed producers, seed importers, and small amount from the government. Government seed producing farms only provide 7-8 percent of the total seed demand.

## **2.2 Feed Consumption**

Post forecasts local feed corn demand in MY2022/23 at 400,000 MT, which is still below average consumption. High domestic prices, reduced demand from the livestock sector, and higher usage of broken rice in feed production have reduced the consumption of feed corn in Burma. Posts estimates that domestic demand for livestock feed will decrease 40-50 percent in MY2022/23 with a decline in livestock production. Higher prices from increased costs for fuel and inputs, reduced purchasing power, and unstable electricity supply have all contributed to decreased domestic demand for meat and eggs. The decrease in foreign and domestic tourists has also lowered the demand for meat and eggs.

The price for corn has increased by 45 percent from the previous year due to strong export demand from Thailand, Philippines, China, and Vietnam. Some feed mills are using more broken rice and sorghum in their feed formulation due to the high prices for corn. In addition, breeding farms have reduced their day-old chick production due to the low domestic demand for poultry meat, the high input costs, and electrical problems. Feed millers are requiring farmers to purchase feed with cash instead of on credit due to the unstable banking system. Some small and median poultry farms have had to close, and only large farms that receive foreign direct investment and that are vertically integrated are able to stay in operation.

The Myanmar Livestock Federation reports that approximately 70 percent of the raw livestock feed demand comes from the poultry sector and 25 percent from the swine sector. Domestic corn constitutes 35-45 percent of total feed composition in the poultry sector, depending on the age of the animal, nutrition formula of the feed mill, feeding methods, and domestic prices.

### **2.3 Trade**

Post forecasts Burma's corn exports at 2.45 MMT in MY2022/23 due to high demand from Thailand, Philippines, Vietnam, Bangladesh, and China. Burma's corn export to Philippines and Vietnam increased significantly in early October 2021. Burma exported more than 355,000 MT to the Philippines and more than 290,000 MT to Vietnam during the last quarter of 2021. Burma also exported 37,850 MT to Bangladesh, a new market, between October and December 2021. In addition, corn exports to Thailand have resumed through the Myawady (Burma-Thailand) border trade gate. Posts expects demand from Thailand to remain strong in 2022. According to the ASEAN Free Trade Area, Thailand allows duty-free imports of corn through the border from February to August. However, importers must pay a 73 percent tariff from September to January.

The Myanmar Corn Industrial Association reported that China wants to buy Burmese corn through official channel and signed an SPS protocol in January 2022. China suspended corn imports from Burma in 2019. Trade sources reported that China offered to buy 100,000 MT of corn from Burma as soon as the Burmese companies register at the General Administration of Customs of the People's Republic of China (GACC).

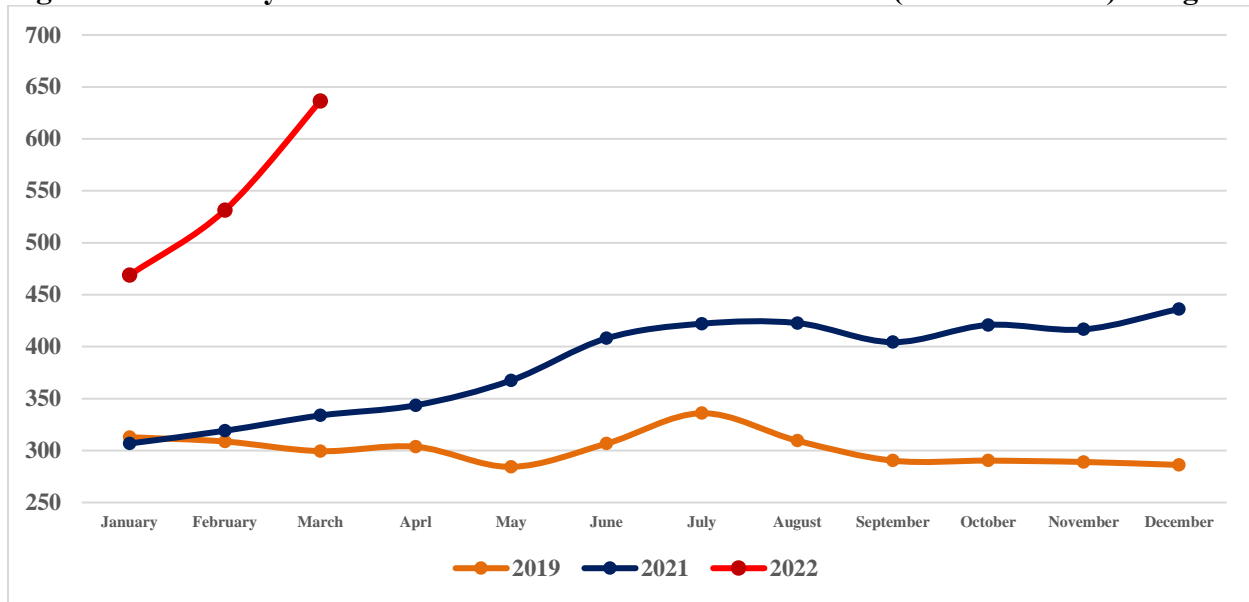
The Myanmar Corn Industry Association (MCIA) and local feed millers met on March 17 to discuss the domestic corn supply needs for the livestock industry. MCIA committed to prioritize some corn supply to feed millers at market prices to avoid a short supply for the millers if they share the volume needed in advance.

Due to conflicts between the Junta and Karen National Union (KNU), the primary road to Myawady (Border trade city with Thailand) was closed on March 27 and trade was suspended between the two countries. Due to closing a road to Myawady, the domestic price for corn declined about 10 percent. Trade sources expect the trade will resume after the Burmese New Year holidays in the third week of April. About 80,000 MT of Burmese corn is stacked at Myawady border and traders are demanding high prices to control the daily volume of corn across the border.

### **2.4 Prices**

Yellow corn prices have increased since 2020 and reached a record high in 2022 as there is high demand for corn from Burma's trading partners. Domestic prices for yellow corn tend to be higher in June, July, and August as no new supplies enter the market but then drop in October with the arrival of new supplies. However, in MY2021/22 domestic prices continued increasing in October, November, and December 2021 even during harvest time. Yellow corn prices reached record highs in March 2022 at 1,015 MMK/viss (See Figure 2.2), which is 43 percent higher than the price at the end of December 2021. Most local feed millers have limited storage capacity and usually hold one to two months of usage in stock. Feed millers could face a short corn supply in June 2022 if the export demand continues and prices remain high.

**Figure 2.1. Monthly Domestic Wholesale Prices for Yellow Corn (000'MMK/MT) Yangon Market**



Source: etrademyanmar.com  
 Note:MMK = Myanmar Kyats

### 2.5 Policy

The Myanmar Agricultural Development Bank provides farm loans (100,000 MMK per acre) for corn farmers in Burma. The Department of Agriculture also provides technical assistance, such as training via extension agents on Good Agricultural Practices (GAP) and pest and disease control, during the growing season. The Central Bank of Myanmar allowed for direct payment of Thai Baht / MMK for Myanmar-Thailand border trade on March 3, 2022. This will facilitate Burmese corn exports to Thailand. The Burmese Ministry of Commerce announced that yellow corn seed (maize), sorghum, corn flour and cracked corn will require an export license starting April 1, 2022. This policy has not had an impact on domestic prices.

Burma and China signed a sanitary and phytosanitary (SPS) protocol to enable the export of Burmese corn and corn silage to China on January 31, 2022. According to the SPS protocol, Myanmar companies must register at the General Administration of Customs of the People’s Republic of China (GACC). The Myanmar Inspection and Testing Services Ltd will inspect corn processing plants and warehouses to determine if they meet the SPS requirements. Trade sources expect that China probably relax the SPS requirements as they need corn from Burma. Six Burmese exporters have already registered with the GACC to export corn silage to China and have already exported about 52 MT. Industry sources confirmed that Burma is planning to access official corn exports to China under their new SPS protocol and expects to export 400,000-500,000MT of corn to China during MY 2022/23.

### 3. Wheat

**Table 3.1: Burma's Wheat Production, Supply, and Distribution**

Wheat Market Year Begins Burma (Myanmar)	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	70	60	70	56	0	56
Beginning Stocks (1000 MT)	141	141	81	91	0	66
Production (1000 MT)	100	80	100	75	0	75
MY Imports (1000 MT)	460	450	450	430	0	430
TY Imports (1000 MT)	460	450	450	430	0	430
TY Imp. from U.S. (1000 MT)	96	96	0	30	0	30
Total Supply (1000 MT)	701	671	631	596	0	571
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	0	0	0	0	0	0
FSI Consumption (1000 MT)	620	580	570	530	0	530
Total Consumption (1000 MT)	620	580	570	530	0	530
Ending Stocks (1000 MT)	81	91	61	66	0	41
Total Distribution (1000 MT)	701	631	631	596	0	571
Yield (MT/HA)	1.4286	1.3333	1.4286	1.3393	0	1.3393

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023

Source: Post Calculation based on information from the Ministry of Commerce, the Department of Agriculture, and Trade Data Monitor (TDM), interviews with industry sources.

#### 3.1 Production

Post forecasts MY2022/23 wheat production at 75,000 MT. Decreased domestic demand, lack of good quality seeds, low government interest in supporting wheat production, and high cost of production from rising fuel and fertilizer prices will keep wheat production below average. The Sagaing region, the Mandalay region (central plain of country), and Shan State (eastern part of country) are the main wheat producing regions in Burma. The Sagaing region accounts for more than 73 percent of total production, followed by Shan State at 11 percent, and Mandalay at 4 percent. Farmers typically plant wheat in October and harvest it between January and March. Post forecasts MY 2021/22 wheat production lower as well due to less domestic demand and high input costs.

#### 3.2 Consumption

Post forecasts wheat consumption down to 530 MT in MY 2022/23 and MY 2021/22 due to lower domestic demand. Wheat noodle manufacturers consume 45 percent of total wheat flour in noodle production, bakeries consume another 35 percent, and other food manufacturers use the remaining 20 percent to produce wheat products such as wheat-derived breakfast foods. Wheat breakfast snacks, such as prata, spring rolls, samosas, chapati, roti, naan, puri, and dosas, are popular and cheaper wheat-based foods at breakfast cafés in Burma. Small individual sellers at wet markets often sell these snacks targeting lower- and middle-income people who are price sensitive. When prices increase for these snacks, the main consumer base can no longer afford them. Lower- and middle-income consumers will switch to eating rice at home if they can no longer afford these snacks. Similarly, demand for bakery goods and fast food is also weak due to high prices and low incomes. For a more detailed look into wheat consumption in the Burmese market, please read the GAIN report, "[Pandemic and Coup Reduce](#)

[Wheat Consumption in Burma.](#)” High prices for both domestic and imported wheat, the continued closures of cafés and restaurants, and the lack of foreign and domestic tourists have all contributed to lower demand for wheat. Some wheat millers have suspended distribution to small cities and conflict areas within the country due to lower demand in those areas, safety concerns, and transportation challenges. The prices for imported wheat and edible oil have also increased due to the Ukraine crisis.

There are more than 70 wheat flour mills in the Mandalay, Monywa, Sagaing area (central part of the country) with a capacity of approximately 30-60 MT/day. Wheat millers operate these mills independently and primarily use local wheat grains from Shan State. They rely on imported wheat when the local supply is not sufficient. These mills produce flour according to the demand in their areas and often do not operate daily or at full capacity. There are four major wheat mill businesses (i.e., U Kyu Family Group, Lluvia (under the umbrella of Capital Diamond Star), Htun Myittar companies, and Wilmar Myanmar) who operate larger wheat mills. Even these bigger wheat mill companies have reduced their operations by about 40-50 percent since 2021 due to the unstable situation following the coup, COVID-19 restrictions, and power outages.

### **3.3 Trade**

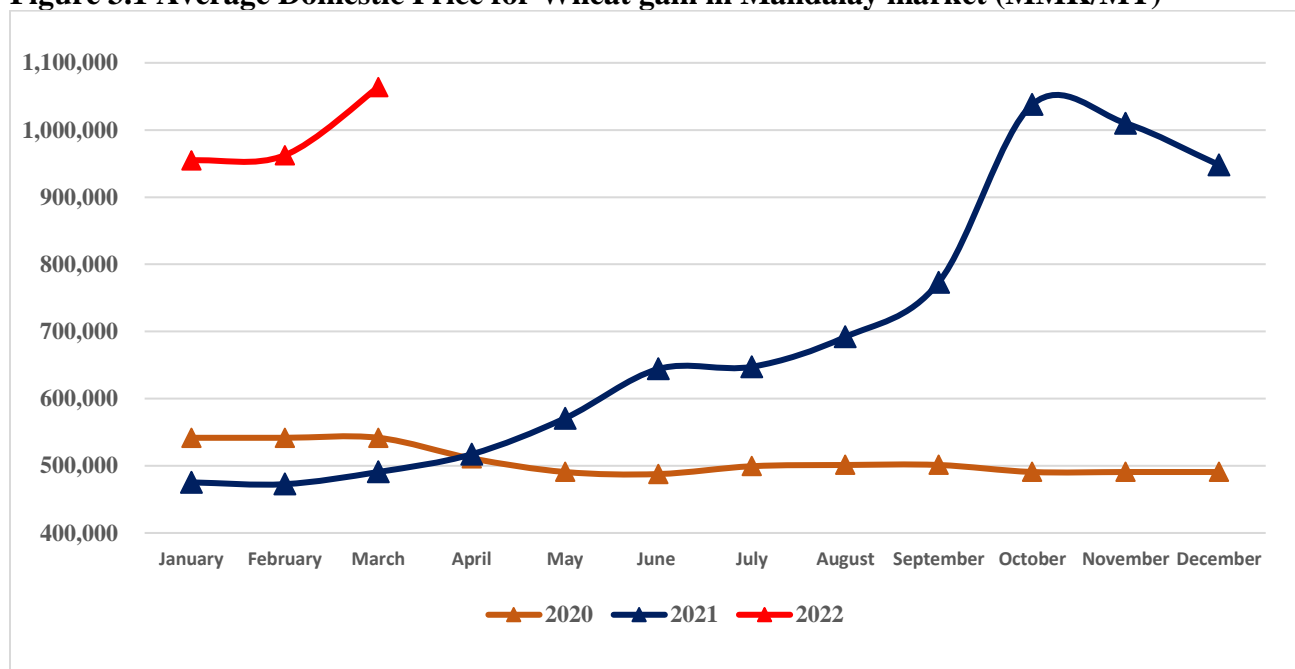
Post forecasts wheat imports at 430,000 MT in MY2022/23 and MY2021/22 due to poor domestic demand, higher world prices, the depreciation of the Myanmar Kyat against the U.S. dollar, and increasingly stringent controls on foreign currency. Burma mainly imports wheat grain from Australia, Canada, and the United States. In 2021, Australia supplied 75 percent of Burma’s total wheat grain imports. Australia wheat benefits from zero duties under the ASEAN-Australia-New Zealand Free Trade Area. Major wheat mills in Yangon usually source about 20-30 percent of their wheat grain from Ukraine as it is generally cheaper than wheat grain from Australia and the United States. Wheat imports from Ukraine had already decreased during 2021 due to higher prices and logistic challenges. Burma imported 19,251 MT of wheat grain from Ukraine in MY 2020/21 and has only imported 31,206 MT so far in MY 2021/2022.

The Central Bank of Myanmar released an order on April 3, 2022, restricting the trading and holding of foreign currency, including U.S. dollars. Please see unofficial translation for the order at <https://www.lincolnmyanmar.com/wp-content/uploads/2022/04/CBM-Directive-4-2022-.pdf>. The order also requires trading companies to work through the Department of Trade in order to pay for imported products. This order negatively impacts both exporters and importers and will hinder trading.

### **3.4 Prices**

Domestic prices for wheat doubled in March 2022 compared to the same period last year due to anticipated low domestic production, high fuel and transportation costs, and the depreciation of the Myanmar Kyat against the U.S. dollar. Domestic wholesale prices for wheat gradually increased during August and September 2021 and sharply increased in October due to reduced stocks. Prices for imported wheat flour vary according to type of wheat flour and are usually cheaper and higher quality than local wheat. Domestic wheat prices mostly depend on demand from the mills in Mandalay, Sagaing, and Shan State since they primarily use local wheat. However, current world prices for wheat increased due to the Ukraine crisis.

**Figure 3.1 Average Domestic Price for Wheat gain in Mandalay market (MMK/MT)**



Source: etrademyanmar.com

### 3.5 Policy

The military regime is seeking to reduce imports of “non-essential” products to save foreign currency in order to reduce the current trade deficit. The military regime has recently released a number of notifications for the revision of the list of goods for which importers must apply for import licenses, including wheat. There are no trade restrictions on the volume of wheat imports.

**Table 4. Import Tariff in Burma**

Commodity	Purpose	Unit of Quantity	MFN Rate (%)
Rice	Consumption	kg	5
Rice seed	Sowing	kg	0
Wheat Grain	Consumption	kg	0
Wheat Flour	Consumption	kg	5
Corn Seed	Sowing	kg	0
Corn Flour	Consumption	kg	5

Source: Myanmar Customs Department

### Attachments:

No Attachments