Required Report - public distribution

Date: 4/1/2014
GAIN Report Number: BM4005

Burma - Union of

Grain and Feed Annual

2014

Approved By:
Rey Santella, Agricultural Attaché

Prepared By:
Swe Mon Aung, Agricultural Specialist
Sakchai Preechajarn, Agricultural Specialist

Report Highlights:

BM4005. The future outlook for grain production in Myanmar looks bright. Rice paddy production and exports are estimated to increase in MY 2013/2014 and MY 2014/15. Corn production is also estimated to expand due to strong demand from domestic and Chinese feed mills. Wheat imports are expected to grow to meet increasing domestic consumption and exports of beans and pulses should remain strong due to demand from India.

Executive Summary:

In MY 2013/2014, rice paddy production is estimated to increase by 2 percent to 18.7 million metric tons (MMT) from 18.3 MMT in MY 2012/13. In MY 2014/15 rice production is forecast to slightly increase to 19 MMT in anticipation of farmers shifting to summer rice cultivation during the dry season. Myanmar rice exports should accordingly increase by 1 percent to1.31 MMT in MY 2014/15 from 1.30 MMT in MY 2013/14.

In MY 2014/15 Myanmar's corn production is forecast to increase to 1.75 MMT from 1.70 MMT as the planting area, driven by demand from domestic and Chinese feed mills, is expected to increase by 2 percent to 450,000 hectares (HA).

In MY 2013/2014, Myanmar's wheat imports are estimated to grow 17 percent to 300,000 MT from 256,000 MT in MY 2012/13. The U.S. market share in Myanmar's wheat imports should increase to 20 percent in MY 2013/14 as compared to only 5 percent in MY 2012/13.

Given normal weather conditions, Myanmar's bean and pulse production should continue to rise to 5.04 MMT in MY 2013/14 and 5.16 MMT in MY 2014/2015 due to an expansion in growing area. Myanmar's bean and pulse exports should reach 1.60MMT in MY 2013/14 and 1.63 MMT in MY2014/15.

Commodities:

I. Rice Milled

Rice, Milled Burma (Myanmar)	2012/2013		2013/2014		2014/2015		
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	7,040	7,040	7,050	7,050		7,055	(1000 HA)
Beginning Stocks	401	404	553	556		713	(1000 MT)
Milled Production	11,715	11,715	11,957	11,957		12,160	(1000 MT)
Rough Production	18,305	18,304	18,683	18,683		19,000	(1000 MT)
Milling Rate (.9999)	6,400	6,400	6,400	6,400		6,400	(1000 MT)
MY Imports	0	0	0	0		0	(1000 MT)
TY Imports	0	0	0	0		0	(1000 MT)
TY Imp. from U.S.	0	0	0	0		0	(1000 MT)
Total Supply	12,116	12,119	12,510	12,513		12,873	(1000 MT)
MY Exports	1,163	1,163	1,300	1,300		1,310	(1000 MT)
TY Exports	1,163	1,163	1,300	1,300		1,310	(1000 MT)
Consumption and Residual	10,400	10,400	10,500	10,500		11,000	(1000 MT)
Ending Stocks	553	556	710	713		563	(1000 MT)
Total Distribution	12,116	12,119	12,510	12,513		12,873	(1000 MT)
Yield (Rough)	3.	2.6	3.	2.6501		2.6931	(MT/HA)
TS=TD		0		0		0	

Production

Rice production in MY 2013/14 is estimated to grow to 11.96 MMT, which was approximately 2 percent higher than last year due to favorable weather conditions, especially in Ayeyarwaddy and Bago Regions. Trade sources confirmed that the quality and yields of this year's rice crop are good. Rice prices are also better than last year. Although some growing areas in the Sagaing Region (northwestern Myanmar) encountered an outbreak of pest infestation (stem borer), the impact was reportedly minimal.

In MY 2014/2015, rice production is forecast to increase by 1 percent to 12.16 MMT in anticipation of continued expansion in the growing area. The construction of 8 dams, which are targeted to be completed in 2014 and the renovation of drainage canals in flood zones and deep water areas in the Ayeyarwaddy region, is likely to increase the planting acreage for dry season rice.

Consumption

In MY2013/14, total milled rice consumption is estimated at 10.5 MMT and 11 MMT for MY2014/2015. The projected two percent population growth rate is expected to boost per capita rice consumption by 180 kg/year Myanmar and seed usage by103 kilogram/hectare (HA).

Trade

After a decline in 2013, Myanmar's rice exports are estimated to recover to 1.3 MMT in 2014 from 1.16 MMT in 2013. Rice exports are likely to further increase to 1.31 MMT in 2015 in anticipation of increased domestic production and stronger overseas demand. In addition, the Myanmar Agricultural Private Cooperation has won a rice tender in Japan for 60,000 MT in April 2013 and has planned to export the rice this fiscal year.

Production Policy

The Government of Myanmar (GOM) is making an effort to provide farmers support in infrastructure development, mechanization, technology assistance, etc. The GOM is also providing financial support in the form of a Kyat (Ks) 100,000 (US$ 103) credit line per acre to farmers through the government-owned Myanmar Agricultural Development Bank (MADB). Despite these support programs, trade sources believe that rice farmers in Myanmar still cannot compete with ASEAN farmers (i.e., Thai and Vietnamese farmers) who receive government support to compensate for lower prices. Labor shortages in many rice growing areas as well as rising input costs are also having an impact.

The GOM has already announced that it will not buy buffer stocks for 2014. The Myanmar Rice Federation and the GOM are currently working on new rice policies.

II. Corn

Corn Burma (Myanmar)	2012/2013		2013/2014		2014/2015		
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	385	410	450	440		450	(1000 HA)
Beginning Stocks	48	48	48	7		27	(1000 MT)
Production	1,500	1,599	1,800	1,700		1,750	(1000 MT)
MY Imports	0	0	0	0		0	(1000 MT)
TY Imports	0	0	0	0		0	(1000 MT)
TY Imp. from U.S.	0	0	0	0		0	(1000 MT)
Total Supply	1,548	1,647	1,848	1,707		1,777	(1000 MT)
MY Exports	300	590	400	600		610	(1000 MT)
TY Exports	300	590	400	600		610	(1000 MT)
Feed and Residual	1,100	950	1,300	980		1,050	(1000 MT)
FSI Consumption	100	100	100	100		100	(1000 MT)
Total Consumption	1,200	1,050	1,400	1,080		1,150	(1000 MT)
Ending Stocks	48	7	48	27		17	(1000 MT)
Total Distribution	1,548	1,647	1,848	1,707		1,777	(1000 MT)
Yield	4.	3.9	4.	3.8636		3.8889	(MT/HA)
TS=TD		0		0		0	

Production

Corn production acreage in Myanmar continues to increase due to improving average yields and strong demand from domestic and Chinese feed mills. Increased number of farmers are profiting from growing hybrid corn rather than growing competing crops. Yields are apparently increasing due to the higher use of hybrid seeds, which have been introduced to Myanmar by private companies such as the Charoen Pokphand Group (CP) from Thailand. Trade sources claim that CP has an 80 percent market share of Myanmar's hybrid seed market. About 90 percent of the corn production is in rain fed areas, which require low inputs, but is susceptible to adverse weather conditions. The remaining production is grown in other areas as winter crops. Corn yields, however, remain lower than the potential yield of 5 MT/hectare (HA) due to the inconsistent supply of water.

Anticipated expansion in both growing area and productivity has resulted in higher corn production. Corn production is estimated to increase nearly 7 percent to 1.7 MMT in MY 2013/14 as compared to 1.6 MMT in MY 2012/13, and should further rise to 1.75 MMT in MY 2014/15.

Consumption

Domestic corn consumption in both MY 2013/14 and MY 2014/15 is forecast to grow to 1.08 MMT and 1.15 MMT, respectively. Myanmar's livestock and aquaculture industries are increasingly substituting traditional livestock feed with compound corn feeds. There are about 40 feed mills in Myanmar that consume 25 percent of the domestic corn production. Most of the corn supplies go to commercial mills in Rangoon, Mandalay, and Shan State and is primarily used for livestock feed in contract farming systems.

Trade

In MY 2014/15, Myanmar's corn exports are likely to increase by 1.6 percent to 610,000 MT from 600,000 MT in MY 2013/14 due to higher demand from domestic and Chinese feed mills. In 2012/2013, 75 percent of Myanmar's total corn exports went to China. Most of the corn trade to China flows through informal channels and is not officially recorded. Indonesia and Malaysia are also leading destinations for Myanmar corn exports accounting for 25 percent of total exports.

III. Wheat

Wheat Burma (Myanmar)	2012/2013		2013/2014		2014/2015		
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	105	105	105	100		100	(1000 HA)
Beginning Stocks	0	0	0	0		0	(1000 MT)
Production	185	185	190	180		180	(1000 MT)
MY Imports	265	256	235	300		350	(1000 MT)
TY Imports	265	256	235	300		350	(1000 MT)
TY Imp. from U.S.	26	13	0	50		60	(1000 MT)
Total Supply	450	441	425	480		530	(1000 MT)
MY Exports	0	0	0	0		0	(1000 MT)
TY Exports	0	0	0	0		0	(1000 MT)
Feed and Residual	0	0	0	0		0	(1000 MT)
FSI Consumption	450	441	425	480		530	(1000 MT)
Total Consumption	450	441	425	480		530	(1000 MT)
Ending Stocks	0	0	0	0		0	(1000 MT)
Total Distribution	450	441	425	480		530	(1000 MT)
Yield	2.	1.7619	2.	1.8		1.8	(MT/HA)
TS=TD		0		0		0	

Production

Myanmar wheat is primarily grown for subsistence in the Sagaing Division and Shan State (western Myanmar) using seeds from harvested grain. These regions have limited rainfall, thus, yields are low at around 1.8 MT/HA.

In MY 2013/14, Myanmar is likely to produce 180,000 MT of wheat from 100,000 HA. In MY 2014/2015, wheat production is expected to remain the same as MY 2013/14. Although the private Great Wall Company introduced Chinese wheat seed to growers in the Sagaing and Mandalay areas, wheat production in Myanmar is not able to significantly increase due to the limited areas that are suitable for growing wheat. Wheat is generally grown in loamy soil near rivers where water quickly drains away.

Consumption

Consumption of wheat flour in 2014/15 is forecast to increase 2 percent to 530,000 MT due to population growth, changing food preferences, and the opening of more bakery shops, especially in major cities where the number of tourists are increasing.

Trade

Local wheat production does not meet local consumer demands, thus, imports have risen over time. In MY2014/15, Myanmar is likely to import 350,000 MT of wheat. Ninety percent of Myanmar's imported wheat comes from Australia and 10 percent from the United States, Pakistan, and India.

In MY2012/ 2013, Myanmar imported about 13,000 MT of wheat from the United States, most of which were purchased by Diamond Star and OK Brothers. This trend is likely to continue. Other small companies are importing wheat flour. Myanmar's wheat flour imports totaled 2.96 MT in 2012/13 fiscal year and have grown to 71 MT in 2013/14, primarily due to changes of food preferences and the new bakery shops.

IV. Beans and Pulses

Beans and Pulses Burma (Myanmar)	2012/2013		2013/2014		2014/2015		
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014		
	Old Post	New Post	Old Post	New Post	Old Post	New Post	
Area Harvested	4,050	4,100	4,150	4,200		4,300	(1000 HA)
Beginning Stocks	0	0	0	0		0	(1000 MT)
Production	4,750	4,700	4,800	5,040		5,160	(1000 MT)
MY Imports	0	0	0	0		0	(1000 MT)
TY Imports	0	0	0	0		0	(1000 MT)
TY Imp. from U.S.	0	0	0	0		0	(1000 MT)
Total Supply	4,750	4,700	4,800	5,040		5,160	(1000 MT)
MY Exports	1,550	1,400	1,500	1,600		1,630	(1000 MT)
TY Exports	1,550	1,400	1,500	1,600		1,630	(1000 MT)
Feed Consumption	3,200	3,300	3,300	3,440		3,530	(1000 MT)
FSI Consumption	0	0	0	0		0	(1000 MT)
Total Consumption	3,200	3,300	3,300	3,440		3,530	(1000 MT)
Ending Stocks	0	0	0	0		0	(1000 MT)
Total Distribution	4,750	4,700	4,800	5,040		5,160	(1000 MT)
Yield	2.	1.1463	2.	1.2		1.2	(MT/HA)
TS=TD		0		0		0	

Production

Production of beans and pulses in Myanmar is mainly based on residual soil moisture left from the monsoon season after the main rice crop has been harvested. Myanmar pulse production mainly depends on favorable weather. Yields ranged between 0.7-1.3 MT/HA.
Myanmar is expected to produce 5.0 MMT of beans and pulses in MY 2013/14, up 7 percent from MY 2012/2013 due to an increase in cultivation area and favorable weather. In MY 2014/2015, Myanmar's bean and pulse production is estimated at 5.2 MMT, up 1.2 percent due to an increase in production area.

Consumption

In MY 2014/2015, consumption is expected to increase 3,560 MMT due to increased population.

Trade

Myanmar's bean and pulse exports in MY 2013/14 are estimated to grow significantly by 14 percent to 1.6 MMT from 1.4 MMT in MY 2012/13 due mainly to increased export demand from India. India is likely to remain as the largest market for Myanmar's bean and pulse exports in MY 2013/14. Demand from China is also likely to increase. In MY 2014/15 bean and pulse exports are forecast to reach 1.63 million tons, an increase of 2 percent from MY 2013/2014.

Policy

The GOM has no policy for beans and pulses.

End of report.