



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Required Report – FAS internal use only

Date: 8/6/2004

GAIN Report Number: BM4021

Burma

Grain and Feed

Rice Monthly Trade Report-June

2004

Approved by:

Russ Nicely, Acting Agricultural Counselor
U.S. Embassy, Bangkok, Thailand

Prepared by:

Daphne Khin Swe Swe Aye, Agricultural Specialist

Report Highlights:

Even though the rice export ban has not been officially lifted, 4,199 metric tons (mt) of paddy (unmilled rice) and 1,000 mt of rice were exported to Bangladesh via border trade. The Government of Burma (GOB) stated on 29 May that it would allow the export of all crops produced on large-scale farms operated by selected entrepreneurs.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Rangoon [BM1]
[BM]

The Myanmar Times, a business journal, dated June 7-13, reported that the Government of Burma (GOB) would allow the export of all crops produced on certain large-scale farms operated by entrepreneurs. Secretary 1 of the State Peace and Development Council, Lieutenant-General Soe Win, said paddy, cotton, sesame, maize, and beans and pulses grown by entrepreneurs could be exported. He was addressing about 30 entrepreneurs who have farms in Magwe, Mandalay, Rangoon and Sagaing divisions at a meeting held at Myanma Farms Enterprise in Rangoon on May 29. (The government suspended the export of rice, maize, sesame, cotton and chickpeas last January.)

Lieutenant-General Soe Win said the entrepreneurs should not be worried about the government export restrictions on crops grown on their farms because Burma has been self-sufficient in food production lately. He stressed that exports of crops developed by entrepreneurs would not in any way affect the domestic market. He also urged the entrepreneurs to accelerate efforts to make greater use of machinery on their farms. He cited the success of mechanization at a big cotton farm established by a group of entrepreneurs at Pwint-byu in Magwe Division.

The meeting was also attended by the Minister of Agriculture and Irrigation, Major-General Nyunt Tin, who said Burma had 45 million acres of arable land, of which 26 million acres was under cultivation. He said that agricultural entrepreneurs had leased more than 340,000 acres of underdeveloped land in four divisions from the government since 1991, of which 219,000 acres has been developed to the end of fiscal year (March-April 2003) on March 31. He said crops were grown on 116,000 acres last fiscal year. (March-April 2002) He continued to say that only 14,600 acres has been cultivated since the start of the fiscal year and urged the entrepreneurs to do their best within their budgets to bring more land into production. He also urged the entrepreneurs to review their ability to cultivate their land. Those unable to grow crops should relinquish their land leases so that other entrepreneurs could have the opportunity to farm the land.

In B.I.G issue-209, dated June 7, it was stated that the Ministry of Agriculture and Irrigation provided lands to 70 companies and permitted them to cultivate paddy, beans and pulses, jute, sugarcane, cashew, palm oil, castor oil, mango, pineapple, and other desirable crops. Under the arrangement and scrutiny of the respective States and Divisions organizations, the production from these companies will be permitted to be exported. In Irrawaddy division, 143,860 acres of virgin land are being excavated and designated for 28 companies; 36,881 acres in Rangoon division is allotted to 7 companies; 1,081 acres is assigned to 17 companies in Bago Division; 5,981 acres to a company in Sagaing Division. One company has been assigned 1,000 acres in Kachin State; 300 acres was allotted to a company in Kayin State; 15,811 acres were allotted to 7 companies in the Shan States; and 15 companies were allotted 89,707 acres in Taninthayi Division. A total of 678,766 acres of virgin land have been excavated with 340,866 acres to come under cultivation.

Although it was officially announced that MAPT (Myanma Agricultural Produce Trading), an agency of the Ministry of Commerce will no longer be engaged in rice exports except for broken rice and rice by products, it was learned that MAPT is now engaged in contracting rice export sales under the guise of G to G contracts (government to government contracts), with the private sector excluded from participating. It was learned that MAPT contracted 30,000 metric tons of Ehmata 25 percent with the Gambia. The price quotation in this contract is not known but since MAPT's rice consists of older stocks, the price quotation will be fixed according to the amount of yellow grains above 5 and 8 to 10 percent in the shipment. MAPT at the moment has about 50,000 metric tons of Ehmata 25 percent available for export.

A powerful cyclone landed June 4 in the Rakhine State, leaving about 18,000 people homeless. It also damaged the port in Sittwe, hundreds of schools and other public buildings, and disrupted transport and communication links. The Red Cross estimated 4,260 households were affected by the cyclone. It was learned that the World Food Program (WFP) in Rangoon would provide 200,000 tons of rice and planned to give one bag of rice to each household. Priority will be given to those suffering the worst damage.

According to the Ministry of Agriculture and Irrigation, 80 percent of the second dry season is being harvested and 13 percent of the main wet season has been seeded against the target of 13.7 million acres.

TRADE

In the month of June 2004, 1,000 mt of rice and 4,199 mt of paddy were exported through MaungTaw to Bangladesh through Border Trade.

Bangladesh - a total of 1,000 mt of rice and 4,199 mt of paddy exported:
 1,000 mt of Ehmata 25 percent
 4,199 mt of Ngasein paddy

Monthly Rice	2003				2004			
	Milled	Paddy	Broken	Rice Total	Milled	Paddy	Broken	Rice Total
In mt								
Jan.	16,841	----	14,844	31,325	5,857	----	----	5,857
Feb.	61,348	----	21,144	82,492	----	----	----	----
Mar.	80,976	----	943	81,919	----	----	----	----
Apr.	57,688	----	1,150	58,838	----	----	----	----
May	46,158	79	2,684	48,842	----	673	----	----
June	8,060	411	2,804	10,864	1,000	4,199	----	1,000
July	17,175	154	32,005	49,180				
Aug.	330	1,315	2,344	2,674				
Sept.	1,869	----	7,651	9,520				
Oct.	3,111	----	2,137	5,248				
Nov.	1,448	----	3,537	4,985				
Dec.	7,402	----	4,269	11,671				
Total:	302,406	1,959	95,512	397,918	6,857	4,872	----	6,857

SALES

During June, 30,000 mt of rice were contracted:
 30,000 mt of Ehmata 25 percent were contracted with the Gambia as G to G sales (Government to Government).

Monthly Rice sales (mt)

Current Month	Previous Month
June	May
30,000	---

National Average Domestic Wholesale Rice Price (Kyat/kilo)

	Ehmata	Superior	Inferior
Current Month	113	194	107
Previous Month	109	196	90
One year ago	154	243	126

National Average Domestic Wholesale Paddy Price (Kyat/ton)

	Ehmata	Superior
Current Month	65,740	140,001
Previous Month	63,305	130,262
One year ago	102,262	165,566

Average exchange rate: one US\$= Kyat 944

Compared to the previous month paddy and rice price increased, except for Superior quality rice. Ehmata rice increased by 4 percent, Inferior quality rice increased by 19 percent whereas Superior quality rice decreased by 2 percent respectively. Ehmata quality paddy price increased by 4 percent and Superior quality paddy prices increased by 7 percent compared to the previous month. Confirmed trade sources said that paddy and rice prices strengthened since the main wet season stocks were near depletion in the domestic market since, even though the second dry season harvest has commenced, there was a low volume of new crop entering into the market. Traders also reportedly are hoarding stocks rather than releasing them. Some in the market hold that the prices increases came about due to the fact that private donor organizations are buying rice in the domestic market for the cyclone victims of in Rakhine State. It was also learned that the World Food Program contracted to buy 10,000 mt of rice from Myanmar Agriculture Service (MAS), an agency under the Ministry of Agriculture and Irrigation. Confusingly, MAS is no longer permitted to fill the remaining sales contract amount of 8,000 mt to WFP. Instead WFP will have to procure the remaining sales amount from MAPT.

EXPORT PROSPECTS

Even though the ban on rice exports was not officially lifted, there was a small amount of rice and paddy being exported to Bangladesh via border trade. Meanwhile, the GOB signed a G-to-G sales contract with the Gambia for 30,000 mt of Ehmata 25 percent, to be provided by MAPT. Private sector traders were not permitted to participate.

The announcement by the GOB allowing large-scale entrepreneurs to export their production could upset the domestic market since most of the entrepreneurs are not actually fully engaged in the cultivation of crops. It is very likely that the entrepreneurs will buy crops from smallholder farmers and claim this production to be that of the large-scale farms, eligible for exports. One outcome of the situation will be that farmers will see better prices

for their products but prices will increase in the domestic market, raising the question about what action the GOB might take to counteract higher domestic prices.

Most of the land provided by the government to the entrepreneurs is land that have been abandoned by other farmers due to water access problems (either too little or too much) and where land development is capital intensive (irrigation demands). This scheme was first implemented in 1991 in the wetlands of the Irrawaddy division and has proved to be a failure. This was the first scheme that permitted the private sector to export 50 percent of their paddy production back when rice exports were still monopolized by MAPT. It may be that MAPT will be involved in exporting rice again under the guise of G to G contracts, procuring rice from the rice millers and traders association. Post believes that Burma will be back in the rice export business but will become more active only after the harvest of the main monsoon crop, at the end of 2004.

End of Report.