



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 9/8/1999

GAIN Report #BM9020

Burma

Grain and Feed

Beans and Pulses Report

1999

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Report Highlights:

Post's forecast for Burma's 1999/2000 beans/pulses production will be 1.65 million metric tons with total harvested acreage of 2.4 million hectares on an assumption of normal weather patterns in mid-late 1999. Burma's beans and pulse exports are forecast to reach 700,000 tons in 2000, up from an estimated 670,000 tons in 1999.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Bangkok [TH1], BM

EXECUTIVE SUMMARY

Post forecasts that Burma's beans and pulse production will reach 1.65 million metric tons in 2000, with a substantial increase in the Mung bean (Matpe), Pigeon pea/Toor whole (Pesingon) and Green Mung bean (Pedesein /Pedi-shwe-war). The growth in production is due entirely to an anticipated increase in the harvest area, and a return to more normal weather patterns. Total harvested area is forecast at 2.4 million hectares.

Pulses production in 1999 marketing year is estimated to be 1.6 million metric tons. Although planted area was up, the yield per acre was affected due to unfavorable weather conditions, mainly drought-like conditions, late seeding, pests and insufficient inputs.

The projected area increase reflects farmers' likely response to substantial growth in private sector exports, Government of Burma (GOB's) drive to increase seeded area to 2.6 million hectares by the year 2001 and farmers' increased freedom in choosing their crops. However, the prevailing market situation where prices of pulses are more attractive, with less cost per acre compared to paddy, and less intervention by GOB, export oriented pulses such as Mung bean, Green Mung bean, Pe-di-shwewar/Pe-desein and Pigeon pea /Toor whole (Pesingon) seeded area have been expanding without much GOB input. Pulses remain the commodity group that has fewer restrictions on the border trade.

Burma is forecast to export about 700,000 metric tons of pulses in 2000 and the export forecast for 1999 was revised downwards to 670,000 metric tons. In October 98, GOB increased the export commercial tax from 5 percent to 10 percent (including 2 percent income tax). Since then exports had solved substantially. Recently, export have picked up due to stronger market demand. Unlike rice, the export of beans and pulses is not controlled by a government monopoly. Private exporters compete in the market with Myanmar Agricultural Produce Trading (MAPT), an agency of the Ministry of Commerce that also procures pluses for exports. However, in the coming pulses procurement season, the advanced purchase system as with rice will be implemented by MAPT to procure pulses from the farmers to re-establish their dominance over the pulse export market. MAPT will give a full advance payment on the amount of sales the farmers will make. Confirmed Sources said that, MAPT plans to buy one third of the production. Farmers are not obligated to make a sale to MAPT. But, they have to enter into a contract with MAPT if they take advance payment. The advance payment procurement average prices for beans and pulses will be based upon last year's prices at harvest time. The advance procurement system was implemented for procuring pre- monsoon pulses in June 99, but was abandoned in July. It was assumed that, MAPT will no longer procure beans and pulses for export from the farmers, leaving it entirely to the private sector. However, it is not certain if GOB will remain out of the market.

The export of chickpea/gram however is still monopolized by GOB. Private traders are not allowed to participate.

The government is encouraging the production of a more diversified basket of agriculture products for export including beans and pulses. It would like to see an expansion of the beans/pulses area in the next three years and for exports to increase significantly. It is uncertain if government targets will be met, but is likely that production and export of pulses will expand in the next three to five years. Beans and pulses have become the major foreign exchange earner since the decline of rice exports. GOB also plans to increase the pulses area through land reclamation projects carried out by the private entrepreneurs in Lower and Upper Burma, but it is

too early to assess results. Land reclamation of wet lands and fallow lands are time consuming and costly projects that will at least take three to four years to begin production. Post speculates that production of pulses will increase gradually but not significantly as expected from land reclamation projects.

PSD Table						
Country:	Burma					
Commodity:	Beans					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Harvested	2118	2050	2200	2390	0	2400
Beginning Stocks	0	0	0	0	0	0
Production	1273	1300	1500	1600	0	1650
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Jul-Jun Imports	0	0	0	0	0	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1273	1300	1500	1600	0	1650
TOTAL Mkt. Yr. Exports	800	654	900	670	0	700
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	473	646	600	930	0	950
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1273	1300	1500	1600	0	1650

Production/crop Assessment

General

Post's forecast for Burma's 1999/2000 beans/pulses production will be 1.65 million metric tons with total harvested acreage of 2.4 million hectares on an assumption of normal weather patterns in mid-late 1999. The high price of inputs will be the major factor hampering improved yields. Although harvested area increased in 1998/99 year, total production is estimated at 1.6 million metric tons, as yields suffered due to dry weather conditions.

Burma grows nineteen varieties of pulses for domestic consumption and export. Among these pulses Mung bean (Matpe) Green gram (Pedesin), Pedi-shwe-war, Soya bean (Soy bean), Gram, Chick pea, Cow pea (Pelun), Pigeon pea (Pesingon/Toor whole), Black eyed bean (White Pelun) and Garden pea (Sadawpe) are the major export-oriented varieties. Burma grows nineteen varieties of beans and pulses for domestic consumption and export.

Beans and pulses are grown throughout Burma, but 90 percent of the total area is concentrated in the Irrawaddy, Magwe, Pegu, Mandalay, Sagaing and Rangoon Division. In 1998/99, these crops constituted about 19 percent of the total sown acreage according to government. The main emphasis in 1999/2000 is on the increased area of Mung beans (Matpe) and Green mung bean (Pedesein).

Production is entirely dependent on monsoon rains. Cultivation of these crops is determined by the status of moisture in the soil. In Burma, pulses and beans are grown in late-monsoon season and also in the cold season as double cropping after the monsoon-season paddy. Monsoon production constitutes 31 percent of the total, while the cold season production constitutes 69 percent.

Yields are generally in the 0.60-0.68 metric tons per hectare range. Since pulses are mainly sown in the cold season, relying on the residual soil moisture, or in the rainy season with the onset of the monsoon rain, timely seeding is crucial for the success of the crop. In 1998/99, drought like conditions in Mandalay and Sagaing division, affected the yields. Average yield per hectare in 1998/99 was somewhat lower compared to 1997/98. An increase in production was primarily the result of increased harvested acreage, as there was a decrease in yield per hectare.

Consumption

The Burmese consume beans and pulses as a supplementary dish in their diet to rice. It is also a main source of protein in the diets of poorer consumers. Some varieties are consumed as snacks. Although more than nineteen varieties of beans and pulses are produced in Burma, not more than ten varieties are locally utilized. Most utilized beans and pulses are chick pea, gram, soya bean, pigeon pea, green gram, black gram, lablab bean, red lentil, suntani, suntapyar and gear bean. They are consumed as fried snacks, powdered, boiled or in soup form, pea noodles and beans sprouts. People from Central Burma consume more beans and pulses than people from the other parts of the country, partly due to lack of green vegetables in the hot, humid summer season. In Shan States soya beans are mostly consumed as soya bean paste or curd. Burma does not grow a variety of soya bean from which oil could be extracted.

Trade

Burma's beans and pulse exports are forecast to reach 700,000 tons in 2000, up from an estimated 670,000 tons in 1999. Exports in 1998 totaled 654,000 tons. The principal pulses exported in 1998 were Mung bean (Matpe) and Green Mung bean (Pedesein), constituting about 70 percent of the total export. India was the major buyer of Burma's beans and pulses in 1998, taking 78 percent of the total export and is likely to continue as the major recipient in the future. Beans and pulses are a major agricultural export for the country, and with the decline of rice exports over the last three years, beans and pulse exports are a critical earner of much-needed foreign exchange.

After the decentralization of the economy in 1989, the private sector was allowed to export. The Ministry of Commerce (formerly known as the Ministry of Trade) issues export license for private companies. Export of beans/pulses are not restricted except export of chick pea/ gram, which is monopolized by the government. Unlike paddy growing farmers, beans and pulse farmers have no obligations to GOB. It is also one of the commodities that could also be traded in border trade. Reliable Sources estimate about 10 percent of the total regular trade went through border and sea borne trade.

TRADE MATRIX 1998				
Country:	Burma		Units:	M.T.
Commodity:	Beans			

Exports for	1998		- IMPORTS FOR 1998 FROM:	
- U.S.....	576	*		
- Other			- Other
Belgium	1,371			
Bangladesh	4,931			
Brazil	966			
China	961			
Colombo	733			
Dubia	859			
Egypt	7,968			
France	419			
Germany	84			
Hong Kong	636			
India	511,696			
Indonesia	17,589			
Italy	348			
Israel	43			
Japan	3,654			
Korea	5,340			
Mauritius	88			
Malaysia	8,234			
Netherlands	167			
Pakistan	45,408			
Portugal	986			
Philippines	8,308			
Rotterdam	2,643			
Singapore	17,701			
Spain	40			
South Africa	242			
Thailand	889			
Turkey	2,081			
U.A.E.	7,365			
United Kingdom	1,470			
Vietnam	83			
Total	653,879		Total	

* Mung beans

Changes in Government Policy

Unlike previous years, at the procurement season for beans and pulses it was made known that Myanmar Agricultural Produce Trading (MAPT), an agency of the Ministry of Commerce will not be involved in procuring pulses for export due to wastage and heavy costs incurred in storage and transportation. MAPT decided to concentrate only on rice exports. Nevertheless, by late April MAPT had changed its policy and was aggressively procuring beans/pulses, which was by then mostly in the hands of private sector. Exports by MAPT will earn foreign exchange directly for the government. This sudden shift in policy coincides with the urgent need of hard currency by the GOB.

In the upcoming procurement season for beans and pulses, reliable sources said that, MAPT will implement an advance purchase system in procuring beans and pulses from the farmers for export. A full advance payment on the amount of sales the farmers made to MAPT will be given at the seeding period. Farmers will have to enter into contracts with the MAPT. MAPT plans to buy one third of the beans and pulses farmer's produce. Post has learned that, farmers have the freedom of choice when making the sales and are not obligated to sell only to MAPT. However, post speculate that MAPT's official who are in charge of pulses procurement will set a quota that each farmer is obligated to fulfill, in order to meet the procurement target. Post assumes that, beans and pulses advance purchase system is similar to the quota paddy advance purchase system. The procurement prices for beans and pulses will be based upon last year's prices at the harvest time. The advance procurement system was implemented in procuring pre- monsoon pulses in June 99, but was abandoned in July 99. It was assumed that MAPT will no longer procure beans and pulses for export from the farmers, leaving it entirely to the private sector. However, change has occurred in period of tight foreign exchange. The export of chick pea/gram is still monopolized by the government and private traders are not allowed to participate.

The government is encouraging a more diversified basket of agricultural products for export and is promoting the production and export of beans and pulses, cotton, and sugarcane in addition to rice. It has allowed private entrepreneurs to reclaim wet lands in the Irrawaddy division virgin and fallow lands in Upper Burma to increase the production of rice as well as pulses. The entrepreneurs are given the right to export fifty percent of their production and import agricultural machinery and inputs. These land reclamation land projects are capital intensive projects where recoupment period may take years even on conditions, that production and prices were good and is too early to assess results.

In FY 1998/99 (April-March) the Ministry of Commerce was able to achieve US \$ 108 million earnings against the target of US\$ 200 million. It plans to earn US\$ 220 million in FY 1999/2000.

Export Prices

In CY 1998, average FOB prices received for one metric ton of Matpe (Mung Bean) was US\$ 270, Pedesein (Green Gram) Fair Average Quality, Pede-shwe-war (Fair Average Quality) US\$ 380, Pesingon (Pigeon Pea) US\$ 285, Sultani/Sultapya, Kidney Beans US\$ 350 and Soya Bean US\$ 350-380. It was estimated that GOB could earn about US\$ 100 million by exporting 300,000 metric tons of Mung bean (Matpe) Green Gram (Pedesein) and Pigeon pea (Pelsingon).