

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Burma - Impact of COVID-19 on the Livestock Industry

**Country:** Burma - Union of

**Post:** Rangoon

**Report Category:** Agricultural Situation, Livestock and Products, Grain and Feed

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**Report Highlights:**

Burma's livestock sector, which has been experiencing strong growth, is expected to slow due to travel restrictions, decreasing demand, and low prices during the COVID-19 pandemic. Farmers are facing economic losses and reduction of labor, and 93 percent report an ability to continue their businesses in two years if they do not get financial support from the government. Accordingly, demand for U.S. soybean meal and dried distiller grains are expected to decrease.

## **Impact of COVID-19 on Burma's Livestock Industry**

**Date: April 25-30, 2020**

**Methodology: Online Survey**

**Organizer: Myanmar Livestock Federation**

**Number of Respondents: 303**

### **Background:**

As of May 12, 2020, Burma has a total of 180 confirmed cases of COVID-19 with 6 deaths. Following the first two cases in late March, the impact of COVID-19 hit quickly, especially on the garment sector, hotel and tourism industry, and small and medium businesses. The government has supported affected businesses by providing loans from a revolving fund, reducing the 2 percent advanced income tax normally placed on exports, reducing bank interest rates, reducing interest rates for farm loans, and exempting tariffs for medicine and equipment used to combat COVID-19.

The livestock sector is one of the major business sectors in Burma. According to statistics from the Ministry of Agriculture, Livestock and Irrigation (MOALI), there are about 17 million chickens; 9.5 million cattle; 8.9 million duck, quail, and other poultry; 5.8 million swine; 2.1 million sheep and goats, and 1.8 million buffalo. The livestock sector provides major protein sources for the country and is important not only for economic development but also for food security. According to the Myanmar Livestock Federation's (MLF) estimate, per capita consumption in 2018 was 9 kg of chicken, 4.3 kg of pork, and 75 eggs, which is lower than the consumption of these products in neighboring countries. In order to provide sufficient protein in Burma, sustainable development of the livestock industry is crucial.

Prior to COVID-19, the poultry sector was on track to grow 25-30 percent during 2018-2020, with growing demand and the establishment of new feed mills. However, the movement controls and reduced demand due to COVID-19 has hit Burma's livestock sector hard, which prompted MLF to conduct an online survey of livestock producers in April. The objectives for the survey were:

1. To identify the actual impact of COVID-19 in the livestock industry.
2. To support drafting the recovery plan for the livestock industry.
3. To support drafting food sufficiency management plans.
4. To identify potential research needs.

MLF prepared the survey questionnaire to assess producers' challenges due to COVID-19, including financial losses, labor impacts, and the future sustainability of their businesses, as well as the remedies for those impacts. MLF conducted the online survey April 25-30, 2020 and released the results on May 4 via its official social media channels. There were 303 respondents to the survey, 43 percent of which were broiler farmers. Except Chin State, livestock producers from all States and Regions in Burma participated.

## **Findings:**

### **1. Challenges due to COVID-19**

Major challenges for the livestock farmers during COVID-19 include decreasing prices, surplus supply, decreased demand, and slow trade flow due to movement controls, all of which are related. Due to COVID-19, tourism stopped and consumption decreased, the surplus increased and prices decreased, and trade slowed due to travel restrictions and decreased demand in export markets. The severity of the impact varies with the type of business. For instance, curfew requirements cause major problems for chicken and pork production, since farmers generally slaughter animals and prepare products after midnight and send them to market in the early morning. Livestock products are highly perishable and storage options are limited, meaning that producers cannot hold onto products to wait for prices to normalize. Some retailers closed their shops in wet markets entirely. In addition, some villages locked down and restrict travel, which further impedes trade flows. Movement restrictions also prevented honey bee and cattle producers from moving their livestock to new pasture.

### **2. Economic Losses**

About 97 percent of respondents reported financial losses due to COVID-19. About 25 percent of affected farmers reported reduced incomes and 75 percent reported losing money.

### **3. Labor Impact**

COVID-19 has also had an impact on farm labor, with about 51 percent of respondents reporting reduced labor due to low production. About 21 percent of respondents reported that they reduced labor in their operations by 25 percent, with some laborers returning to their hometowns.

### **4. Sustainability of the Sector**

About 93 percent of respondents estimate that if there is no recovery assistance for the livestock industry, their businesses will be terminated within two years. For broiler farmers, the impact is felt very quickly since the production cycle is only two months. Approximately 8 percent of respondents are considering shifting to other businesses.

### **5. Requirements to Remedy the Situation**

Respondents indicated that financial assistance is essential to facilitate recovery of the sector. To date, there are no plans to provide financial support to the livestock industry due to COVID-19. Approximately 95 percent of respondent are seeking loans for their business.

### **6. Farmers' requests to the Government and MLF**

Livestock producers are seeking the following so that they can continue their businesses:

- Removal of the travel restrictions for transportation of livestock products.
- Exemptions to allow the movement of honey bees and cattle to new pasture and the farmer's right to live there.
- Price controls to not allow prices to drop below production costs.
- Financial support for livestock farmers who are affected by COVID-19.

Producers believe the first and second requests should occur immediately since they do not require financial support, the second two should occur quickly, and the Government should lead the final request with the cooperation of MLF and private banks.

**Impact on U.S. Exports:**

Soybean meal, a key component in livestock feed, is the top U.S agricultural export to Burma, valued at a record \$103 million in 2019. The first three months of 2020 reflected continued growth in Burma's livestock sector, with a 100 percent increase in U.S. soybean meal imports compared to the same period in 2019. With the contractions noted above, there is a growing oversupply of soybean meal, especially since orders were already made thorough August for at least one feed mill. Sources indicate that the surplus will likely be sold to other Burmese mills, which will likely reduce imports through at least June, depending on the trajectory of COVID-19 in Burma. Similarly, U.S. dried distillers' grain (DDGs) exports to Burma, which hit a record \$15 million in 2019, will likely be reduced.

**Attachments:**

No Attachments.