

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Burma - Rice Export Policy Updates during COVID-19

**Country:** Burma - Union of

**Post:** Rangoon

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

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**Report Highlights:**

With the onset of COVID-19, the Government of Myanmar adjusted its rice trade policy to maintain price stability and increase farmer incomes while also ensuring a sufficient supply for domestic consumption. Myanmar set the rice export quota for May 2020 at 150,000 MT, further specifying 100,000 MT for the overseas markets and 50,000 MT through border trade to China. The validity of rice export licenses was reduced to one month and exporters can apply monthly. The government is also upping loans to support monsoon paddy and other agricultural production.

## **Burma: COVID-19 Updates**

Burma's Ministry of Health and Sports has reported a total of 181 COVID-19 cases with six deaths as of May 15, 2020. The majority of cases involve people living in Rangoon (also called Yangon), Burma (also called Myanmar). The government has run approximately 12,500 tests in a country of 54 million people. Since more than half of the positive cases were from people with no symptoms, the true caseload could be substantially higher.

## **Impact of COVID-19 on Rice Exports**

Rice is the staple food for Burma as well as its top export commodity. After the confirmation of Burma's first COVID-19 cases in March, the price for rice increased and panic buying ensued, but largely stopped after the Myanmar Rice Federation (MRF) confirmed that Burma has enough rice for domestic consumption. The Ministry of Commerce (MOC) released a rice and broken rice export work plan with the goal of continuing exports at the level necessary to maintain price stability and increase farmer incomes while also ensuring a sufficient supply for domestic consumption. Consequently, the government suspended issuing the rice import licenses after March 20 to analyze the current rice stocks in country and to determine how much rice could be exported. On April 16, the MOC's Department of Trade announced the requirement for rice and broken exporters to return expired and unused export licenses by April 25. This again allowed for careful analysis of the volume of rice and broken rice available for export while ensuring sufficient supply. The Government also directed rice exporters and traders to report their rice stock volumes to MRF.

The Minister for Commerce also announced that the government will use a \$26 million fund to stockpile 50,000 MT of rice and 12,000 MT of palm oil to be used for food assistance. The Ministry of Commerce directed rice exporters to sell 10 percent of their export volume to the government, noting that MOC will lead the purchasing program with the cooperation of Myanmar Rice Federation, Myanmar Edible Oil Dealer Association, and the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI). On April 30, the government began purchasing its national rice stock and sources indicate that 6,300 MT had been purchased as of May 12. For reference, Burma's monthly rice consumption is estimated at 850,000 MT.

Burma exported about 1.7 million MT of rice from October 2019 to early April 2020 and is forecast to export about 2.5 million MT through September 2020. On April 28, the government set the rice export quota for May at 150,000 MT, further specifying 100,000 MT for the overseas markets and 50,000 MT through border trade to China. The quota will be shared equitably among exporters, whom must also sell 10 percent of export volumes to the government for food assistance (21,600 Kyats/108 lb bag of 25 percent Emata polished rice). The government estimates that the rice export quota will be approximately 150,000 MT per month for the rest of the financial year (through September 2020), although quotas will be announced monthly. On May 1, MRF released the details of the Government's statement on its official social media channels (please see courtesy translation below):

1. "According to negotiations with the Ministry of Commerce and Myanmar Rice Federation (MRF), the Government of Myanmar has set the rice export volume for May 2020 at

150,000 MT (+/- 10 percent), including 100,000 MT (+/-10 percent) for the overseas channel and 50,000 MT (+/- 10 percent) through border trade to China. In addition, Government to Government rice exports within ASEAN countries are under discussion.

2. Export volume setting is based on discussions, suggestions, and advice from all stakeholders and practices in other countries. The rice export volume for May (150,000 MT) includes head rice, broken rice, and sticky rice, but excludes parboiled rice.
3. The Export quota for May will be shared with 112 companies for the overseas channel and about 200 companies for border trade with China. About 60 percent of the average monthly export volume during the past 3 years will be given to each company and additional volume will be added according to its performance in contract farming, role in the supply chain and value chain, investment for rice mills and warehouses, performance for representation for MRF, Foreign Direct Investment, etc.
4. Based on the local and international demand and spread of COVID-19, the rice export volume will be adjusted and presented with the cooperation of the government. Currently, this is the second crop rice season (dry season) and MRF is trying to be reasonable regarding prices for not only farmers but also local consumers during the COVID-19 period with the cooperation of other affiliated institutions, Rice Trading Centers, and Rice Trader Association. Estimated market share for local consumption is more than 70 percent and export market share is more than 20 percent and MRF is evaluating and judging and both markets.
5. Related to rice exports, rice stocks will be maintained under the National Stock Program. Exporters must deliver 10 percent of the export volume for rice stock and the grade must be 25 percent broken, well milled and sorted grade which will be delivered to the specified warehouse. A third party, the Myanmar Inspection and Testing Service (MITS), will check the quality, quantity, and receive the rice. Rice stocks will be received in the Yangon Region for overseas export and in the Mandalay Region for border trade. The Department of Consumer Affairs will manage the storage and maintenance of rice stocks.
6. At present, rice is sufficient for local consumption and reserving rice stock is also being carried out. Exports will restart in May 2020 to reach the more than 2.0 million metric rice export target [during the current fiscal year]. MRF has requested the government to provide more agricultural loans for farmers for the next main crop season and has made other suggestions.”

Once issued, the validity of rice export licenses is reduced to one month (was previously three months). Export licenses will be issued within a few working days.

### **Burmese Rice Stuck at Chinese Border**

Since April 3, approximately 5,000 MT of Burmese rice have been stuck at the Kyalgaung town due to Phytosanitary Certificate (PC) issues. Previously, China allowed rice imports with the PC

issued by the Department to Agriculture in Muse, but China is now only allowing imports under the SPS agreement signed between the two countries on January 17. Burma had sent China a list of more than 40 approved companies to China and currently China only allows rice imports from 11 of them. To solve this problem, the Muse Rice Trade Centre and MRF (Mandalay) met and later released a statement on May 8 indicating they will only assist with rice exports under the January 17 SPS agreement. For the rice and broken rice stuck in Muse, the resolution will depend on the origin of the rice. For rice produced by the 11 approved companies, after inspection by China Certification and Inspection (CCIC) group and fumigation, the Department of Agriculture in Yangon will issue the PC for the rice and broken rice. Rice produced by non-approved companies can be switched to export via overseas channels. If the companies who are allowed to export rice and broken rice through the border in May 2020 have problems, the Ministries and MRF will help them switch to export via overseas channels. Trade sources expect this PC issue will be resolved during the second week of May.

### **Government Ups Loans**

Starting on May 15, 2020, agricultural loans of approximately \$1.25 billion, a four percent increase compared to last year, will be dispersed to farmers to support the production of a wide range of agricultural commodities, including rice, at a five percent interest rate (down from an original 8 percent). Farmers who have not paid off last year's loans yet will not be eligible. The Agricultural Development Bank reports that only 63 percent of the amount dispersed last year has been repaid. The extent to which reduced access to credit and COVID-19-related movement restrictions will affect the monsoon rice crop this year remains unclear.

### **Attachments:**

No Attachments.