

Voluntary Report – Voluntary - Public Distribution

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Report Name: Burma Beans and Pulses Updates 2020

Country: Burma - Union of

Post: Rangoon

Report Category: Grain and Feed, Agricultural Situation

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Report Highlights:

Burma's beans and pulse production in MY 2020/21 is forecast to increase by 3 percent with expanded growing areas, especially for Black matpe and Toor whole in line with increased demand from India. MY 2021/21 exports are estimated to be 1.5 million metric tons in anticipation of demand from India. Burma's beans and pulses production, trade, prices, and policy continue to be heavily influenced by India's trade policy.

General Background

Burma grows about 24 types of beans and pulses, including Black matpe (black gram), Toor whole (pigeon pea), Mung bean (green gram), Soybean, Chick pea, Butter bean, Cow pea, Lima bean, Black eyed bean, ground nut, and Kidney Bean. Contrary to the United States, Burma categorizes soybeans and ground nuts as beans and pulses. In Burma, beans and pulses are normally grown immediately after the harvest of the main rice crop in the delta region (lower parts of Burma) and are grown as a monsoon crop in the central plain areas and in Shan State (southeastern part of country). About 70 percent of all beans and pulses are grown during the winter season with residual soil moisture, which reflects the yield per unit area. The yields range between 1.0 -1.3 metric tons (MT)/hectare. Black matpe, Mung bean, and Toor whole accounted for 70-75 percent of total pulse production and were the largest exported varieties.

Approximately 80-90 percent of total Toor whole production and 70-80 percent of total Black matpe is exported to India and the domestic wholesale prices are highly dependent on India's demand. Another exported bean, the Mung bean, has more extended markets, including China, Vietnam, Malaysia, Bangladesh, India, Indonesia, and European Union (EU) countries.

Table 1. Burma (Myanmar): Beans and Pulses Production, Supply and Distribution

Beans and pulses	2017/18	2018/19	2019/20	2020/21	
Market Begin Year	Jan-18	Jan-19	Jan-20	Jan-21	
Area Harvested	4,440	4,060	4,040	4,150	(1000 HA)
Beginning Stocks	1,055	979	465	134	(1000 MT)
Production	4,884	4,466	4,444	4,648	(1000 MT)
Total Supply	5,939	5,445	4,909	4,782	(1000 MT)
MY Exports	1,460	1,500	1,500	1,500	(1000 MT)
TY Exports	1,460	1,500	1,500	1,500	(1000 MT)
Feed and Residual	180	180	175	180	(1000 MT)
FSI Consumption	3,320	3,300	3,100	3,000	(1000 MT)
Total Consumption	3,500	3,480	3,275	3,180	(1000 MT)
Ending Stocks	979	465	134	102	(1000 MT)
Total Distribution	5,939	5,445	4,909	4,782	(1000 HA)
Yield	1.1	1.1	1.1	1.12	(MT/HA)

Source: Department of Agriculture, Ministry of Commerce, and Post estimates

Table 2. Beans and Pulses Cultivation Area in Burma (Hectares)

Hectare	2017/18			2018/19			2019/20		
Type	Monsoon	Winter	Total	Monsoon	Winter	Total	Monsoon	Winter	Total
Black matpe (black gram)	7,478	968,871	976,349	5,274	940,717	946,441	4,983	937,198	942,181
Mung Bean (green gram))	606,463	631,512	1,237,975	534,396	630,925	1,165,321	503,699	651,467	1,155,166
Soybean	50,744	88,996	139,740	47,696	91,283	138,979	47,068	84,739	131,807
Cowpea	26,157	115,038	141,195	18,382	106,070	124,452	17,750	101,668	119,418
Toor Whole (Pigeon pea)	658,125		658,125	444,459		444,459	441,786		441,786
Others	222,853	1,058,144	1,280,997	202,548	1,033,253	1,235,801	199,119	1,026,773	1,225,892
Total	1,571,820	2,862,561	4,434,381	1,252,755	2,802,248	4,055,453	1,214,406	2,802,559	4,016,965

Source: Department of Agriculture

Production

Beans and pulses in Myanmar are normally grown immediately after the harvest of the main rice crop in the delta regions (lower parts of Myanmar) and are grown as a monsoon crop in the central plain areas (dry zone) and Shan State (Eastern part of country). About 70 percent of all pulses are grown during the winter season, with yields ranging between 1.0 -1.3 MT/hectare. Black Matpe (Black gram), Mung bean (Green gram) and Toor whole (Pigeon peas) accounted for 70-75 percent of total bean and pulse production, and are the main types of exported beans and pulses. About 80-90 percent of total Toor whole production and 60-70 percent of total Black Matpe is exported to India and the domestic wholesale prices depend almost entirely on India's demand.

Black matpe is cultivated in the winter season (starting from October) and is harvested in March to April. Mung Bean is grown in two seasons: the winter season (starting October), which is harvested in February to April, and the rainy season (starting from July, August), which is harvested in November to January. Toor whole (Pigeon pea) is grown over a longer period (about 6-7 months) than other beans and pulses, is mostly grown in monsoon season (May to June), and is harvested in January to March. Myanmar produced more than 1.3 million metric tons (MMT) of Black matpe, about 1.5 MMT of Mung bean, and more than 500,000 MT of Toor whole in 2019/20.

Burma's production of beans and pulses has dramatically declined since 2017/18 after its main buyer, India, imposed import quota restrictions (see Policy section below). Production in MY2019/20 further decreased due to low rainfall during the 2019 monsoon season, unstable domestic prices, and farmers shifting to other crops such as dry season paddy, which is certain to get reference prices provided by the government. However, Burma's pulse production is expected to increase by 3 percent in MY 2020/21, with growth especially in Black matpe area planted in anticipation of high domestic prices in line with a negotiated import quota from India. The

production of Toor whole decreased in 2018/19 due to low domestic prices in line with the lack of export demand in 2017/18. Burma does not consume the Toor whole variety and plants it solely for export to India and other foreign markets. If there is no export demand for Toor whole, the area will definitely decline year by year.

Consumption

In Burma, consumers eat Chick pea, lentil, Butter bean, Lab lab bean, soybean, garden pea, Red kidney bean, velvet bean, Limba bean, Black matpe, and peanuts (which Burma categorizes as beans and pulses). Locally-produced soybeans are crushed locally and consumed as livestock feed, although Burma meets the majority of its soybean meal requirements by imports. Burma's consumption of beans and pulses in MY 2019/20 and MY 2020/21 is estimated to decrease due to reduced production while maintaining the export volume.

Trade

Burma's beans and pulses are exported via formal channels, although the beans and pulses are then imported via both official and unofficial channels, depending on the importing country. The unofficial trade is along the borders, mainly to India, Thailand, Bangladesh, and China. Formal trade exists with India, Malaysia, Singapore, Indonesia, Pakistan, and EU countries. According to government sources, Black matpe, Toor whole and Mung bean are the leading pulse exports, which are mainly exported to India and China via sea freight and accounted for approximately 75 percent of total bean and pulse exports in MY2019/20. Overall, Burma exported 1.5 MMT of beans and pulses in 2018/19 and 2019/20. This was a 2.6 percent increase from MY 2017/18 due to increased demand from India, UAE, and the EU. Mung bean is mainly exported to China, the United Arab Emirates (UAE), and the EU. Exports were slow in October 2019 to January 2020 as a result of low stocks due to reduced production in 2018/19. The COVID-19 pandemic and India's desire to stockpile essential commodities led to strong exports in February and March 2020 (see Table 3). There are some informal imports of Indian yellow peas through the border, although Burma officially bans the importation of beans and pulses.

Prices

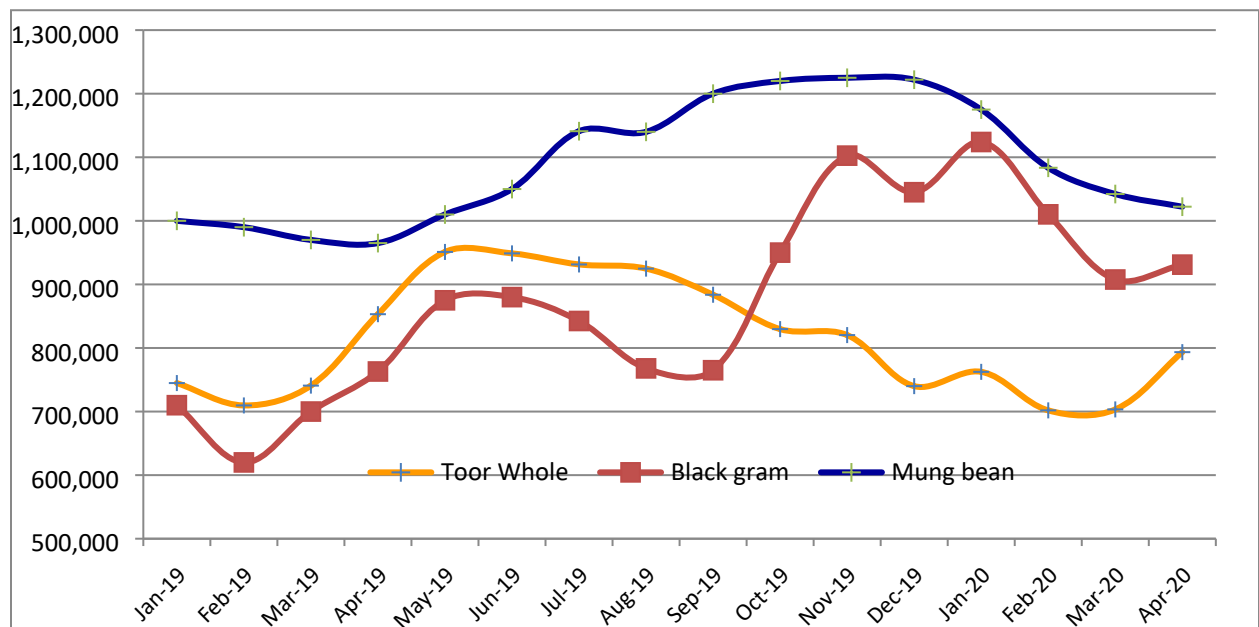
The domestic price for beans and pulses is largely related to the demand from importing countries, especially India (for Black matpe and Toor whole) and China (for Mung bean). Overall, the domestic prices for beans and pulse is expected to increase in 2020 due to increased demand from India and tighter supply due to the drought-induced reduced production in 2019/20. Sources indicate that the increased demand in India is due to its reduced production as a result of flooding and torrential rain in September 2019.

Black matpe: As shown in Figure 1, in early 2019, the price for Black matpe was approximately 700,000 Myanmar Kyats per metric ton (MMK/MT). This relatively low price was due to India ceasing purchases of Burmese beans and pulses, which reportedly caused price increases in India. However, prices increased from 76,300 MMK/MT in April 2019 to 87,500 MMK/MT in May 2019 due to high demand from UAE, Pakistan, and Bangladesh. The prices for Black matpe in Burma increased again in September 2019 due to active trading in order to meet India’s October 31, 2019 import deadline, reaching a height of 1,130,000 MMK/Mt in November 2019. If India repeats the 400,000 MT import quota of Burmese Black matpe in MY 2020/21, the price is forecast to increase.

Toor whole: The maximum average domestic wholesale prices for Toor whole increased in April 2019 after announcement of India’s beans and pulses import and declined until March 2020 due to low demand from India. India allowed to import only 200,000 MT of Toor whole in 2019/20. Trade sources confirmed that Burma’s beans and pulses prices decreased in late November in reaction to decreasing prices in India due to rumors about an additional import quota.

Mung bean: The maximum average domestic wholesale prices for Mung bean increased in May 2019 after announcement of India’s beans and pulses import quota and due to regular demand from China and the EU. The prices for Mung bean decreased again in December due to the entering of the new crop to the market and poor demand in export markets.

Figure 1. Monthly Prices for Black matpe, Toor whole and Mung bean in 2019(MMK/MT)



Source: Commodity Trading Centre in Rangoon (Myantrade, Monthly Newsletter)

Export Prospect

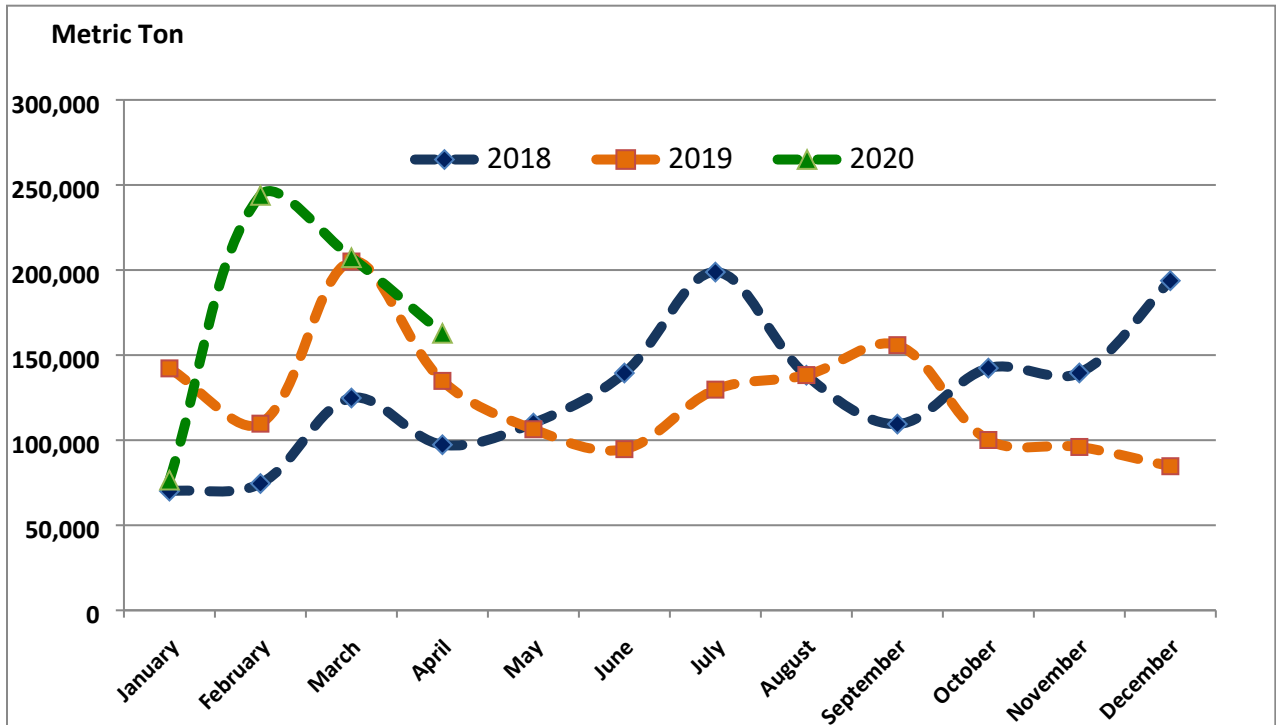
Burma's beans and pulses exports in MY 2020/21 are forecast to be strong at 1.5 MMT due to expectation that India will repeat the 400,000 MT import quota for Burmese Black matpe. The deadline to fulfill the import quota of 400,000 MT was initially March 2021. However, on May 22, 2020, India announced that imports must occur by August 30, 2020 (within 3 months) to avoid shortages in India. This will be quite difficult for Burmese exporters since harvest of the new Black matpe crop starts in March and some movement restrictions remain due to COVID-19. Sources indicate that India's changing import policies with short timeframes are a result of India's low pulse production due to unfavorable weather in September 2019, and that India will probably maintain higher pulse imports in MY 2020/21.

Table 3. Export of Bean and Beans and Pulses in 2018 and 2020 (Metric Ton)

MY	2018			2019			2020		
	Month	Non-border	Border	Total	Non-border	Border	Total	Non-border	Border
January	57964	12,807	70,771	121,222	20,984	142,207	64,119	12,366	76,485
February	46298	28,221	74,519	46,366	63,347	109,713	195,302	48,550	243,852
March	66771	58,012	124,783	111,720	93,294	205,013	134,591	72,632	207,223
April	66796	30,515	97,311	75,028	59,819	134,847	48,362	114,423	162,785
May	65953	44,095	110,048	65,953	40,473	106,426			
June	112266	27,203	139,469	56,225	38,511	94,736			
July	171037	27,765	198,802	99,229	30,485	129,715			
August	123520	14,646	138,166	120,123	18,148	138,272			
September	95686	13,775	109,461	127,900	27,950	155,850			
October	130285	12,098	142,383	87,442	12,666	100,108			
November	128216	11,296	139,512	76,151	19,860	96,011			
December	95336	19,843	115,179	57,892	26,802	84,694			
Total	1,160,128	300,275	1,460,403	1,045,253	452,339	1,497,592	442,374	247,971	690,345

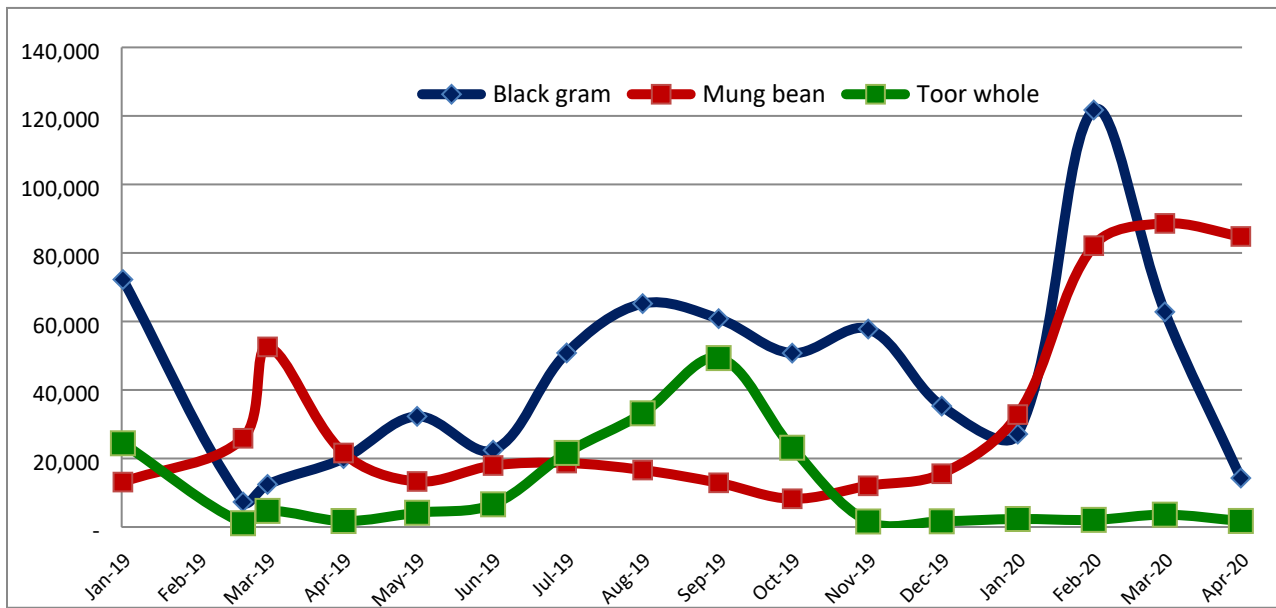
Source: Ministry of Commerce, Myanmar Custom Department

Figure 2. Burma Beans and Pulses Export in 2018 through 2020



Source: Ministry of Commerce, Custom data

Figure 3. Burma's Major Beans and Pulses Export in 2019 (Metric Ton)



Source: Ministry of Commerce, Custom data

India's Import Policy

Since India is Burma's top export market for beans and pulses and Burma largely produces the Toor whole variety for the Indian market, policy changes in India directly affect the prices and production for Black matpe and Toor whole in Burma. India imports beans and pulses under MOUs signed with exporting countries, including Burma, based on its domestic production to protect the domestic producers and to maintain price stability. In August 2017, India specified beans and pulses as a restricted commodity and began importing beans and pulses via quota for each financial year. India's import restrictions directly affected not only Burma's beans and pulses exports, but also Burma's pulse production and prices. Each year, approximately 80-85 percent of India's total Black matpe imports are shipped from Burma by sea. When India restricted imports in 2017/18, the Black matpe prices in Burma prominently decreased. However, in May 2018, India announced an import quota for 150,000 MT of Black matpe, 150,000 MT of Mung bean and 200,000 MT of Toor whole for 2018/19 fiscal year, which was valid until August 2018.

Similarly, in March 2019, India announced the beans and pulses import quota for 2019/20, which was the same as the previous year. India's Ministry of Commerce and Industries released a list of 1,000 Indian companies approved to import beans and pulses and announced that the quota was only valid until October 31, 2019. However, traders were not able to fill the quota in time and India extended the quota for Mung bean imports only until November 15, 2019.

So far, India's beans and pulses production declined in 2019/20 due to unfavorable weather and India announced an additional, about 250,000 MT, import quota for Black matpe, which was set to expire on March 31, 2020. However, since the new crop was not harvested until February and March, Burma requested to extend the quota. India granted the extension until its next crop harvest time (March/April 2021). Industry sources indicated the quota volume would be shipped at the end of May. On March, 2020, after the Burma president's visit to India, India announced an import quota for 400,000 MT of Black matpe in MY 2020/21. However, the formal quota announcement, including the quota volumes for Toor whole and Mung bean and the valid dates for MY 2020/21, is still pending. To increase predictability in beans and pulses exports to India, Burma's Ministry of Commerce has been seeking a memorandum of understanding (MOU) that would outline import quota volumes and procedures. India has not responded to Burma's November 2018 proposal. Meanwhile, India has an MOU with Mozambique, under which India agreed to purchase 1.75 MMT of Toor whole from Mozambique for the 2019-20 financial year and had already imported 165, 292 MT by February 3, 2020. India has agreed to import 2 MMT of Toor whole from Mozambique in 2020-21.

On September 2, 2019, the Indian government announced a 50 percent import tariff for Yellow peas and Lentils, 60 percent for chick peas, and 30 percent for other peas and beans. The import

tariff is 40 percent for the yellow peas and 20 percent for other peas and beans from the Preference Areas. Burma does not need to pay import tariffs for beans and pulses import due to the ASEAN-India free trade agreement.

Policy

In response to India's unpredictable import restrictions on beans and pulses, the Government of Myanmar suspended beans and pulses imports on September 15, 2017; these restrictions remain.

Burma provides farm loan to beans and pulses farmers at the rate of 100,000 Myanmar kyat per acre with a 10-acre limitation. More recently, the Government reduced the interest rate for farm loans from 8 percent to 5 percent due to COVID-19. Beans and pulses farmers can also apply for farm loan from other sources, such as NGOs and microfinance institutions.

Attachments:

No Attachments.