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Myanmar Feed Industry Update 2018

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Report Highlights:

Myanmar's total 2018 feed demand is estimated at about 3.0 million metric tons (MMT) including about 0.5 MMT of aqua feed. Out of this, about 46 percent is commercial feed, 20 percent is local home mix, and 34 percent is raw feed ingredients. Total animal feed demand increased 13-15 percent from 2016 to 2018 due to the rapid growth of the livestock sector. Trade sources forecast that total animal feed demand will increase to 4.0 MMT in 2020.

General Information:

Livestock Feed

The Myanmar livestock feed industry is entirely operated by the private sector and the industry has been growing steadily due to the development of the livestock sectors. The national livestock feed demand is estimated at 2.5 MMT in 2018 including 1.2 million metric tons of commercial feed. About 70 percent of feed demand comes from the poultry sector and 25 percent from swine. The rest comes from other sectors such as dairy, duck, and quail. Feed costs represent about 70-75 percent of total production cost, especially in broiler and layer farming.

The Myanmar feed sector is mainly led by foreign companies, which hold about a 60 percent share of domestic sales in Myanmar. The government does not provide subsidies, but does provide some technical assistance.

Table 1. Key Feed Millers in Myanmar

Feed Mill	Investment	Production Volume (MT/Month)	Locations
C.P.	FDI	23,000-25,000	Yangon, Mandalay, Taunggyi, Kyauk Me
Japfa Comfeed	FDI	15,000-18,000	Yangon, Mandalay
New Hope	FDI	4,000-4,200	Yangon
Sunjin	FDI	2,500-3,000	Bago
De Heus	FDI	2,000-2,500	Yangon, Mandalay
Khuang Htet	Local	3,000-3,500	Yangon
KT	Local	3,500-4,000	Shwe Bo
Top	Local	1,000-1,500	Yangon
Crystal Diamond	Local	4,000-4,200	Yangon, Mandalay
Htoo Thit	Local	10,000-12,000	Yangon

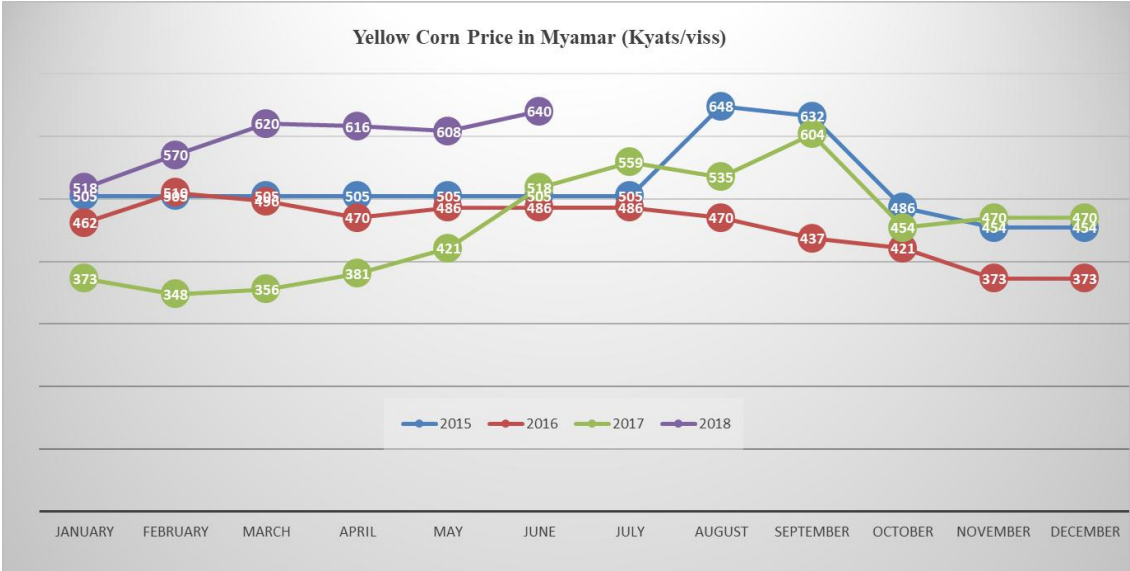
Source: Myanmar Livestock Federation

The major raw materials used for feed production in Myanmar are broken rice, yellow corn, wheat, rice bran, wheat bran, soybean meal, sunflower meal, bone meal, corn distiller's dried grains with soluble (DDGS), oil cakes, and fishmeal. Yellow corn, broken rice, by-product brans, and fishmeal are produced locally. Due to the availability of certain region-specific raw materials, lower Myanmar livestock farms are using more broken rice and upper Myanmar farms are using more yellow corn. Myanmar's estimated yellow corn (maize) production is 2.25 MMT in MY 2017/18 and about 60 percent of total production is exported, primarily to China. Nearly 40 percent is used for animal feed.

Due to strong demand from China, yellow corn prices increased in 2018 and the local feed millers faced a shortage of supply and high prices. As an alternative, feed millers tried to import yellow corn from

other countries, including the United States, however local corn traders and growers pressured the government to prevent corn imports. The Ministry of Commerce agreed and refused to issue import permits for corn grains. When feed millers complained, the government and local producer groups suggested that they enter into contract farming arrangements with local farmers. Feed millers point out that there are not strict controls or regulations on contract farming, and there is no guarantee that farmers will save the agreed amount of corn if Chinese buyers offer higher prices. However, feed millers have no choice but to try, and so the related domestic industries eventually agreed on a base price of 425 Kyats/ viss for contracted corn. If the market price is higher than this base price, feed millers agreed to pay the market price in order to convince farmers and traders not to export their corn to China.

Monthly Yellow Corn Prices in Myanmar



Source: Myanmar Livestock Federation

Domestic production of oilcakes such as sesame, soybean and peanut cakes are not sufficient to supply the feed industry, due to strong exports of whole peanuts and sesame rather than sales of these goods to the domestic crushing industry. Instead, Myanmar is importing soybean meal, DDGS, corn gluten, feed wheat, bone meal, and other protein source ingredients from the United States, India, Paraguay, India, Brazil, Pakistan, Canada, Ukraine, Moldova, and Argentina (Table 2). Trade source report that the import of these types of feed ingredients has increased in 2018 due to higher domestic prices for yellow corn and other oil cakes (Table 2).

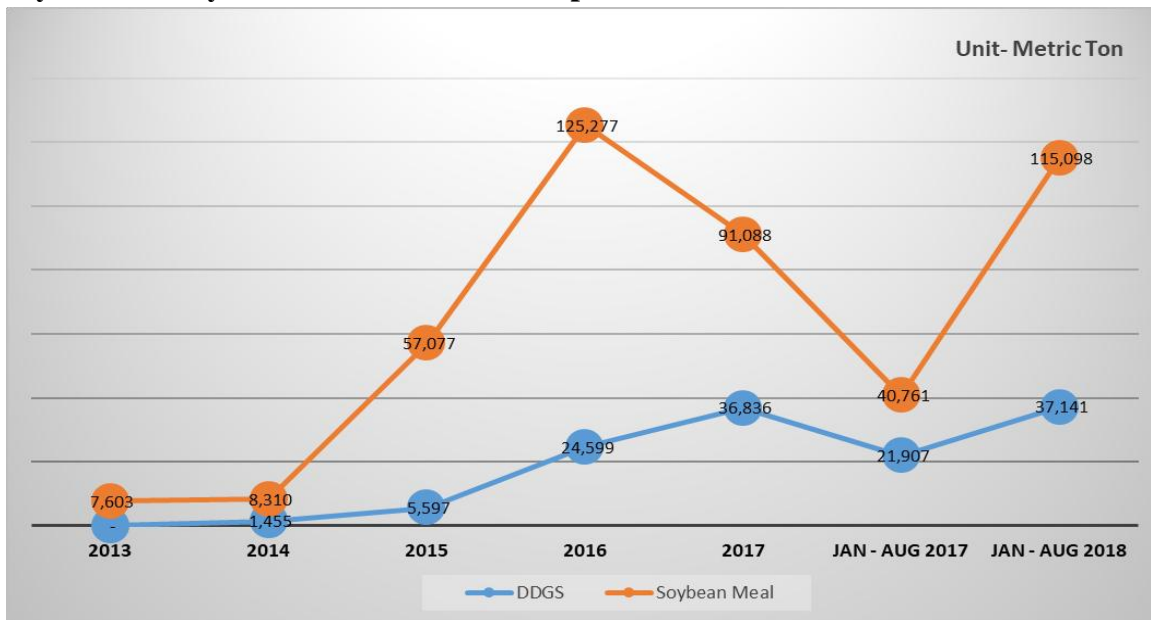
Table 2. Major Feed Ingredients Used in Myanmar, Metric Ton (MT)

Sr.	Ingredients	Imported/ Locally Produced	Exporting Countries	Import Volume (MT)		
				2017	2018 up to June	2018 (Forecast)
1	Corn	Local				
2	Wheat	Imported	Ukraine, Turkey, Moldova	23,343	47,872	68,000
3	Broken Rice	Local				
4	Rice bran, Corn bran, Wheat bran	Local				
5	Soybean Meal	Imported	USA, Brazil, India, Bolivia, Malaysia, Paraguay, Pakistan, Canada	389,610	233,840	450,000
6	Sunflower Meal	Imported	Ukraine, Malaysia, Romania, Russia	31,540	20,661	32,000
7	Groundnut cake, Sesame cake	Local				
8	Fish meal, Dry Fish	Local				
9	Meat and Bone Meal	Imported	Hungary, EU, Poland	71,094	41,798	80,000
10	DDGS	Imported	USA	43,239	4,482	70,000
11	Corn Gluten	Imported	China, India, South Africa	3,362	4,677	

Source: Myanmar Livestock Federation

Myanmar imported 389,610 MT of soybean meal in 2017 and the volume is expected to increase to 450,000 MT in 2018. Due to high domestic prices of raw feed in Myanmar in 2017/18, imports of soybean meal and DDGS from the United States sharply increased, as shown in the figure below. Myanmar imported about 91,088 MT of soybean meal and 36,836 MT of corn DDGS from the United States in 2017. There are more than 20 livestock feed concentrate and feed ingredient importers in Myanmar. Some feed millers import inputs themselves and some buy through local importers.

Myanmar's Soybean Meal and DDGS Imports from the United States



Feeding Practices

There are generally three feeding practices in Myanmar. About 45 percent of total livestock, feed demand is for complete feed, 20 percent is for local home-mixed feed, and another 35 percent is for raw feed materials.

Aqua Feed

Myanmar commercial aqua feed demand in 2018 is estimated at about 0.5 MMT, with a feed conversion ratio (FCR) of 1.5-2.0, depending on feeding practices. More than 40 percent of aquaculture uses raw feed and less than 60 percent uses scientifically formulated mesh, sinking pellets or floating pellets. Traditional home-mixed feed is typically produced with 19-20 percent protein, commercial feed mills produce sinking feed and floating pellets with 20-28 percent protein for carp and 35-39 % protein for snakehead and catfish. Most shrimp farms are using imported pellet feed. Myanmar imported approximately 100,000 MT of aquaculture feed in 2017/18, especially from Thailand and Vietnam. There are about six large aqua feed mills in Myanmar and Htoo Thit is one of the largest local aqua feed mills in Yangon, with a capacity of 450 MT/day. Rice bran constitutes the largest portion of aqua feed, and protein comes from oilseed cakes such as groundnut, sesame, sunflower, cottonseed, aspergillus niger, rapeseed and soybean. Trade sources report that 70-75 percent of total operation costs are from feed costs, and increasing raw feed prices are a major challenge for aqua feed producers and fish farmers.

According to one trade source, Myanmar’s total feed demand in 2018 is likely to increase by 15 percent from the previous year, and could reach 3.9 MMT in 2020.

Table 3. Myanmar Estimated Feed Demand (2016-2020), Million Metric Ton

Sr.	Item	2016	2018	2020
1	Poultry	1.6	1.7	2.1
2	Swine	0.5	0.6	0.8
3	Aqua	0.4	0.5	0.7
4	Others	0.1	0.2	0.3
	Total	2.6	3.0	3.9

Source: Myanmar Livestock Federation

Policy

Myanmar allows imports of feed additives and other raw materials such as soybean meal, soybean grains, and feed wheat. It currently only restricts whole corn grain imports. Imports of raw materials for animal feed are tax exempted, but need to receive an import recommendation from the Department of Agriculture’s Livestock Breeding and Veterinary Department or Department of Fisheries, and an Import Permit from the Ministry of Commerce.

Feed Standards

There are no specifications or standards for animal feed imposed by the government of Myanmar, and feed millers are free to use their own nutritional formulas.

Imports of Raw Feed and Feed Ingredients

Importers of animal feed and feed ingredients must apply for an import permit, and the application takes about one month to be approved. The importing process involves communication with the Ministry of Agriculture, Livestock and Irrigation (MOALI); the Ministry of Commerce (MOC); and the Myanmar Livestock Federation (MLF).

Import procedures for animal feed and feed ingredients are as follows:

1. Application for recommendation from Myanmar Livestock Federation (MLF) (Importer has to be a member of the MLF)
2. Application for recommendation from MOALI's Livestock Breeding and Veterinary Department for livestock feed (Department of Fisheries for aqua feed), with a product sample.
(Note: Importers of raw ingredients such as corn grain, feed grade wheat, and soybean grain need to also apply for an Import Certificate (IC) (sometimes also called an import recommendation) from the Plant Protection Division (PPD), Department of Agriculture (DOA), MOALI. Before any product can be imported for the first time, the country of origin also has to get approval through the Pest Risk Assessment (PRA) process, regulated by PPD. For raw feed materials, samples must be sent to PPD for inspection upon arrival. An original Phytosanitary Certificate must accompany the shipment.)
3. Product registration at Livestock Breeding and Veterinary Department/Department of Fisheries.
4. Application for import permit at Ministry of Commerce

The documents required to apply for the import permit are as follows:

1. Company registration with valid date
2. Bank Account in Foreign Country
3. List of feed and feed ingredients
4. Name of product to import (Color Photos)
5. Sales Contract and invoices
6. Composition (raw feed)

Customs Declarations can be entered into the Myanmar Auto Cargo Clearance System (MACCS).