



AGRICULTURE SECTOR BRIEF

MYANMAR



Country Overview











Myanmar, or officially the Republic of the Union of Myanmar is the largest South East Asian country on the mainland, with 676.578 km². The country's population is about 53 million, its capital is Naypyidaw, though the largest city is Yangon, previously known as Rangoon. Myanmar has been a member of the ASEAN cooperation since 1997.

Myanmar is a lower-middle income economy, and had a strong economic growth in the last decade, which has resulted in a reduction of poverty from 48% to around 25% of the population.

The medium-term macroeconomic outlook remains positive in spite of the global pandemic, and the country's strong ties with China, due to the performance of domestic trade and telecommunications, even if the growth of manufacturing and construction slows down over the next 1-3 years. Myanmar has a Sustainable Development Plan, which includes a new companies' law, a liberalised banking and insurance sector, as well as opening the wholesale and retail markets to foreign players. (World Bank report on Myanmar 2018).



THE LATEST ECONOMIC FIGURES ARE SHOWN IN THIS TABLE:

Indicator	 Population (million)	 GDP per capita (USD)	 Economic growth (GDP annual variation, %)	 Unemployment rate (%)	 Inflation rate (%)	 Trade balance (billion USD)	 Exports (billion USD)	 Imports (billion USD)
2015	51.8	1,219	7.0	4.0	9.4	-3.8	10.0	13.8
2016	52.3	1,157	5.9	4.0	7.0	-3.6	9.2	12.8
2017	52.6	1,166	5.8	4.0	4.6	-5.8	9.8	15.6
2018	52.8	1,217	6.4	4.0	6.9	-4.3	11.1	15.4

Sector Overview



Agriculture is still Myanmar's most important sector, providing jobs for more than 60% of the population. The sectors' contribution to the economy has been increasing over the last decade, and now accounts for around 25% of GDP.

The most important crops are rice, sugar cane, dry beans and vegetables. Myanmar was once the biggest exporter of rice in Asia, and paddy is still crucial to the economy, though in exports, the country now only ranks 9th. Livestock is raised for both food and labour purposes. Cattle, water buffalo, goats, sheep, chicken and pigs are the typical animals raised by farmers in Myanmar. The country is also rich in fish, both freshwater and marine fish are caught, and fish contributes a large part of daily protein intake.

Strategy and goals

The government has several development goals and aims in the agriculture and rural development:

- Training and education for farmers - applying advanced agricultural technologies and teaching farmers how to use them.
- Achieving sustainability and preparing for climate change - according to the UN, Myanmar is among the three most affected country in the world by climate change.
- Assisting farmers to get a fair price for their produce, and lowering their costs
- Technological transformation, and extension of irrigated area
- Encouragement of local and international investments in the agriculture sector.

Currently, Myanmar's agriculture's productivity is lagging behind other ASEAN nations, and Viet Nam, Thailand and even Cambodia have higher average yields.

The main strategic goal is poverty reduction. As one of the key strategic planning documents of Myanmar states: "Development of agriculture as a base and all-round development of other sectors of the economy as well." FAO has recognised Myanmar for its progress fighting poverty and hunger, and the country was one of those to achieve the Millennium Development Goal of halving the proportion of hungry people. The poverty rate has reduced from 48% to 24,8% from 2005 to 2017, according to World Bank figures. As the poor reside mainly in rural areas in Myanmar, development of agriculture, along with transportation and energy investments, is a key factor. The government intends to reduce poverty rate further, and agricultural development remains one of the main strategic goals.

Regulation

The MOALI, Ministry of Agriculture, Livestock and Irrigation is the centre of the sectors' regulatory actions in Myanmar. The country is implementing its Second Short Term Agriculture Policies and Strategic Thrusts, in which the main goals are:

- Improve food security and food safety
- Conduct agricultural diversification programmes, also to adapt climate change related challenges
- Set up standards for agro products on the market
- Improve market information, and disseminate them among stakeholders including farmers, small agri-businesses, traders, etc.
- Conduct sanitary and phytosanitary measures
- Develop and enhance agro-based industries.

The most important pieces of laws can be found in English language on the website of MOALI.

Most important products and segments - crops

Rice

Myanmar was a leading rice exporter, and the country is still dependent on paddy production as its main agricultural commodity.

In 2018/2019 there was a short period of decline of 1.5% in rice production growth, caused by widespread flooding in mid-2018, hitting the central parts of the country. In the fiscal year 2019/2020, rice production is expected to grow to 13.3 million metric tons again. The source of the recent production growth is due to high demand from China and attractive prices for farmers, increase of paddy fields area, replacement of pulses areas with rice, high-yielding seeds, and better farm mechanisation. Around 70% of paddy fields are harvested by machines.

China is the main buyer of Myanmar's rice, pushing the EU into second place.

Corn

Corn is the second crop of Myanmar in terms of production with an expected output in 2020 of 2.33 million metric tons. Domestic demand for corn is increasing, where it is mainly used in the emerging livestock sector as animal feed. Despite this usage, Myanmar still exports nearly two-third of its corn, mainly to China. According to the government, 90-95% of Burma's corn exports went across the land border to China, with smaller exports to Singapore, Malaysia, the Philippines, Viet Nam, Taiwan and Hong Kong via sea freight.

Pulses, beans and oil seeds

Pulses are the edible seeds of plants in the legume family, grow in pods and come in a variety of shapes, sizes and colours. There are 11 types of pulses sold in Myanmar, including dry beans, dry broad beans, dry peas, chickpeas, cow peas, pigeon peas, lentils, Bambara beans, vetches, lupins, and pulses NES (not elsewhere specified). Myanmar is second only to Canada in global exports of beans and pulses, exporting around US\$1 billion (2017).

The development goals in this subsector are to improve food safety, and compliance with international regulations, including phytosanitary measures.

Groundnuts

Myanmar's cooking oil is milled from groundnuts, and is an important export product - listed as a priority in the National Export Strategy, written by the Ministry of Commerce, though producers are suffering from cheap imported palm oil. In 2019, only 30% of the country's 3200 oil mills remained in operation, and imports were twice the volume of exports. The government is expecting a higher import demand from China in the future, and keeps supporting farmers to maintain production.

Sugarcane

In 2018, sugar cane area harvested for Myanmar was 167,546 ha. Though Myanmar's sugar cane area harvested fluctuated substantially in recent years, it increased overall in the period 1969 - 2018.

Main products and segments

Livestock

Livestock plays a key role in the sector, not only as a source of food, but cattle and buffalo are used for draught power, and pigs, chicken and ducks are the main cash income for many rural communities. In some areas, farmers collect milk from their cows and raise sheep and goats for additional income. Animals still serve as a capital reserve in times of emergency – including during the COVID-19 pandemic, when external markets are closed or slow, and jobs are scarce. The challenges of this subsector are:

- Improve production through better animal health care
- Increase the draught cattle population, in order to expand crop area
- Promote trade in livestock and animal products
- Investigate market opportunities to find niche products for exports.

The most important animals in Myanmar according to their number (headcount): chickens, ducks, cattle, pigs, goats, buffalos, turkey and sheep.

Aquaculture and fisheries

Fisheries are considered as a very important subsector to provide protein of the people of Myanmar and fish is second only to rice in the average diet. It is also a reliable way to strengthen the country's food security. Myanmar has vast natural resources both in freshwater and marine fish. Latest available data from the 2017-2018 fiscal year showed that freshwater fish production was 2.72 million metric tons and marine fish was 3.15 million tons per year. From this amount, 0.57 million metric tons was exported to more than 40 countries, with a value of US\$ 711.72 million.

Livestock and fisheries combined provide ca. 7% to the GDP of Myanmar, and play a significant role in the national sustainable development goals, as well as in rural development plans. Special areas of development are:

- Shrimp aquaculture, considered the most promising export product of this subsector
- Dried and salted fish production, which also has export potential
- Rural development projects to extend freshwater aquaculture activities
- Accelerating integrated fisheries developments, without impacting the natural environment.

Main imported products

Wheat is the most important crop where domestic demand is higher than local production. Wheat imports are expected to be around 500 thousand metric tons in the 2019/2020 fiscal year. The exporting countries are the Philippines, Turkey, Thailand, China, India and many ASEAN countries, where even Singapore is a re-exporter.

Myanmar's major import items in the agricultural sector are power tillers, hand tractors, fertilisers, pesticides, herbicides, diesel oil, dumpers, loaders and spare parts, water pumps, hydraulic excavators, gear box assembly for hand tractors. Myanmar does not yet have laws or regulations pertaining to Genetically Modified Organism (GMO) crops or seeds, which are currently imported without any restrictions.

Regulations



Tariffs

Myanmar's tariff system is based upon the ASEAN Trade in Goods Agreement (ATIGA), which in turn is based on the HS (Harmonized System) Nomenclature. Imports from ASEAN member states enjoy a preferential tariff rate under the above-mentioned agreement, all these tariff lines are duty free or have rates lower than MFN rates.

A useful source of information is the Myanmar Trade Portal, where one can find tariff rates for a range of commodities.

Myanmar generally levies tariffs that are lower than those of other countries in the region, and the tariff range is from 0 to 40% with luxury goods subject to the highest tariffs. The Customs Department uses its own guidelines to determine the value of imports. Prices in the guidelines are based on the price of these goods in Myanmar, which can be substantially different from the price in the country of origin.

Rules of origin

Rules of origin are the criteria applied to determine the national source of a product. Non-preferential and preferential rules can be applied. The first applies to most of the commercial policy measures, i.e.: anti-dumping duties, countervailing duties, trade embargoes, quantitative restrictions, etc. Criteria can be for example, tariff shifts at the four-digit level, or using descriptions like "wholly obtained" or "substantially transformed". Preferential rules of origin determine whether an imported good qualifies for no or reduced tariff.

As a member of ASEAN, Myanmar has free trade agreements with Australia and New Zealand, China, India, Japan and Korea. Myanmar has signed the GSTP (Global System of Trade Preferences) and the BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation).

To prove that an imported goods fall under preferential tariff treatment, a certificate of origin is used. From an ASEAN country, this document is widely known as Form D (ASEAN certificate of origin), issued by a government authority of the exporting member state. In Myanmar, the receiving authority is Myanmar Customs, which can accept or deny any preferential documents. The non-preferential certificate of origin is issued by the Union of Myanmar Federation of Chamber of Commerce and Industry.

Non-tariff measures in Myanmar

These are policy measures different from customs tariffs, and include all regulations that can have an economic effect on international trade in goods, change the quantity traded, alter prices or anyhow restrict trade. The typical NTMs, especially regarding agri-food products, are:

- Sanitary and phytosanitary measures
- Technical barriers to trade
- Pre-shipment inspection
- Non-automatic licencing, prohibition and quantity control
- Price-control measures, including additional taxes and charges
- Distribution restrictions or restrictions on post-sales services
- Subsidies (excluding export subsidies)
- Government procurement restrictions, such as only locally registered legal entities can apply.

The Myanmar Trade Portal's HS number search can be used to determine if specific licences are required and the procedure to get them. On the same website, there a „Measures and Procedures“ section, where applicable NTMs can be found. The ASEAN Trade Repository (ATR) website can be also used to find out non-tariff regulations in force.

Other useful sources on the web:

- Customs Department: www.myanmarcustoms.gov.mm/
- Union Attorney General's Office: www.oag.gov.mm
- Ministry of Commerce: www.commerce.gov.mm



Market Entry



In Myanmar, the national trade promotion institutions are fairly new organisations that were established to meet the export development goals of the government. Exporters may seek experienced business partners, or reliable local counterparts to be able to enter the market. As Myanmar's economic opening has just started, too little relevant and reliable information is available for SMEs.

MYANTRADE

The government of Myanmar, following international practices, launched the Myanmar Trade Promotion Organisation (MYANTRADE) on the 1st of April 2016. The new trade promotion organisation's main goal is to increase trade and exports of Myanmar, by building capacities of local companies for effective competition in regional and global markets.

The main objectives of MYANTRADE are to promote Myanmar exporters in international markets, do market research to help Myanmar companies, to introduce them to foreign buyers. MYANTRADE also does country and sector promotion overseas. For foreign SMEs willing to cooperate with partners from Myanmar, either importers or exporters, the export promotion agency has two useful tools on its website:

- **Virtual marketplace:** <https://www.myantrade.gov.mm/marketplace>
- **Supplier finder:** <https://www.myantrade.gov.mm/directory>

Myanmar International Trade Centre

A fairly new organisation, opened in March 2019 in Yangon, Myanmar International Trade Centre is a joint structure of the Myanmar Arts and Crafts Association and the Union of Myanmar Federation of Chambers of Commerce and Industry. It has a blog-style website, <https://mitcygn.blogspot.com>, which contains useful information, while the trade centre itself organises training and workshops for local small businesses.

Chambers of Commerce and Industry

The Union of Myanmar Federation of Chambers of Commerce and Industry is a more traditional institution regarding trade promotion and business networking. With its aim of strengthening Myanmar businesses, the Chambers provide local practical information and assistance in doing business, with a focus on training and local networking. More information can be found on <https://www.umfcci.com.mm/>



Myanmar National Brand

MYANTRADE, the Myanmar International Trade Centre and the Ministry of Commerce are supporting the Myanmar National Brand, a new attempt at country promotion. The brand can be used by manufacturers and service providers as well, assuring the buyers of trusted quality. The logo can be found on labels and packaging of companies participating in this initiative. For certified services it will appear as signage where service is rendered.

The Myanmar National Brand as an initiative is a good step forward in country promotion, but it should go in line with other measures and efforts, such as joint participation in the regions' most prominent trade fairs, events and promotion campaigns in relevant target countries.

Trade fairs and agrifood product shows

There are a few trade events in Myanmar every year, though most local traders take part in other events in Singapore, Bangkok or Hong Kong, and it is often easier to meet them on these occasions.

Interesting events include:

- Aqua Fisheries Myanmar
- Livestock Myanmar
- Agrilivestock Myanmar
- Myanfood Myanhotel and Myanmar Foodbev - more for food and beverages.

Trade channels

It has been only a decade since large retailers and multinational brands like Coca-Cola in 2012, and Burger King in 2014 entered the Myanmar market, and the retail-landscape has changed dramatically. Now more than 50% of the people in the cities visit a supermarket style grocery and other retail shops every week. The retail sector grew by a double-digit rate in most of the 2010s', and the new decade brought about the same retail structure with the same problems as in other ASEAN nations.

Based on these figures, the prospects for retail e-commerce in Myanmar are promising, though there are a few large obstacles to further expansion. There are insufficient regulations on customer protection and a lack of payment options, as most of the population does not have a registered bank account, and use of credit cards is rare. The development of mobile payment options will solve the problem eventually, but the rapid expansion of e-commerce is yet to start.

Business culture

Compared with even its ASEAN counterparts, Myanmar has a very traditional society and in business life it is necessary to build strong personal contacts, and recognise that decisions are rarely made quickly. The first few meetings are usually opportunities to get to know each other, and it is considered rude to mention prices, quantities, or contract options too early. It is a common practice to give a modest gift to a new potential partner.

In agricultural products, it is advisable to conduct personal market research before entering Myanmar. Product testing and price comparisons can be very useful, and cannot be carried out online, as reliable market data is limited. Import or export statistics tell very little about real competition on the market. For an exporter, the best approach is to find a potential importer/distributor directly, especially where the main target is the retail sector.

Other business opportunities



Investment

Both private and governmental investments are being made in Myanmar's developing agriculture sector. Currently, the largest single investment was in the Hmawbi Agricultural Input Complex, a huge chemical plant that produces fertilisers, expected to produce half of the total demand.

As the country's main challenges in agriculture are non-existent or not efficient infrastructure, low productivity and poor seed quality, the government backed Myanmar Agribusiness Public Corporation (MAPCO) is investing US\$ 500 million to construct high-end rice mills, and agribusiness service centres.

The Directorate of Investments and Company Administration (DICA) is the responsible government body for FDI promotion, under the supervision of the Ministry of Investment and Foreign Economic Relations (MIFER). Its website has useful information not only for foreign investors, but doing business in Myanmar. <https://www.dica.gov.mm>

According to DICA, the key business opportunities in Myanmar's agriculture are:

- Distribution of low-cost irrigation systems, particularly to rural communities, for example solar-powered, easy-to-use facilities.
- Leasing of agricultural machinery and technologies, microfinancing, microinsurance and trade financing for farmers.
- Distribution of seeds, which are better quality than locally available for higher yields.
- Fertilisers and other chemicals, as there is a growing demand, and the government supports the investments.
- Contract farming and direct sourcing from rural communities.
- Processing facilities, such as rice-mills.
- Establishing packaging, and canning industries, as well as improving warehousing and cold storage.
- Research and training institutions or demonstration farms on advanced technologies of integrated agriculture.

Singapore is the top foreign investor with more than US\$ 21 billion, followed by China with approximately US\$ 20 billion, and Thailand with US\$ 11 billion.

Financial services

The next step in the development of Myanmar's agriculture is strongly linked to enhancement of financial services available for the players in the industry. Farmers and rural communities need micro-loans, microfinancing to increase yields and apply new technologies, while integrators, exporting SMEs need trade financing and investment loans. Foreign investors mostly need stable regulations and a locally available banking sector to go beyond the safe havens of Myanmar.

Recommendations and Trends



For foreign traders

Myanmar is often depicted as an undiscovered gem of South East Asia, and untapped market for the adventurous. In 2021, the more realistic picture is that the country is developing radically. Changes over the past years were momentous, but market entry is still very difficult, and it takes a lot of time and money. Recommendations to other ASEAN exporters:

- More than anytime, a reliable local partner is inevitable for success.
- The country is China oriented, due to the large neighbours' strategic movements – though less so in agriculture, than in energy and infrastructure
- Strategic planning is needed even for a small exporter with a simple product
- Calculate long time frames, and estimate their costs when realising the market entry strategy.

Myanmar's agricultural stakeholders

The COVID-19 pandemic has if anything, increased the importance of agriculture. In Myanmar, there is a huge area for development, both in terms of geography and metaphorically. The main cornerstones of successful sector development should be:

- Increase yields by using better seeds, fertilisers and technologies – price competition can only be won if productivity is increasing and low income on the farmers' side is not a long-term strategy.
- Climate change is a real threat, and adaptation strategies should be carried out immediately
- As smallholder farmers' revenues should be increased, and more cash crops and livestock are needed on their side. Investors' money should be spent on this goal.
- Agro-IT and high-tech agri-technologies should be implemented, even if the state has to finance these companies.