



Agriculture in Myanmar

Myanmar's abundant land, extensive labour resources and proximity to the major emerging food markets of China and India offer distinct competitive advantages for doing business. The country's diverse topography, water and ecosystems allow for producing a range of cereals, pulses, horticultural products and fruits, as well as livestock and fishery products. As the Myanmar agriculture sector's performance is still below potential, plenty of opportunities are waiting for investments. A lot of the current constraints in production and supply can easily be addressed with straightforward interventions. Good business opportunities are for example found in the supply of seeds, logistics and technical support services.

Agriculture is the backbone of the Myanmar economy: the sector accounts for about 30% of GDP, over 50% of total employment and approximately 20% of exports. Cultivated land, covering 12.8 million hectares, has the potential to be increased by nearly 50%. For decades, the agricultural productivity has faced extensive government controls and underinvestment in the sector. In 2011, the government finally recognized the importance of the agricultural sector to economic development by kicking off a comprehensive reform programme.

As in neighbouring countries, smallholder paddy production dominates Myanmar's agricultural economy: paddy production accounts for roughly half of all cropped area. Pulses and oilseeds account for a further 20% each, whereas horticulture crops, root crops and other cereals account for the remaining part. Farmers generally grow staple crops such as paddy, pulses and oilseeds on relatively large surfaces, while high-value horticulture and fruit crops take place on much smaller plots. Paddy, pulse and oilseed farmers cultivate an average of 1.5 – 2.0 ha per holding. In contrast, onions, garlic and potato fields average about 0.6 ha each, while vegetables and cut flowers are grown on plots ranging between 0.25 and 0.3 ha in size.

Over the past decade, the Government of Myanmar has allocated nearly 0.8 million ha of land in large concessions to local agribusiness companies and, since 2010, to foreign investors. Some of the large concessions have proven commercially successful as farming businesses. Other concessionaires appear to have limited interest in farming and seem to have obtained land rights instead for speculation purposes or land rental to smallholder sharecroppers.

FDI and Business Climate

Since 2012 the foreign direct investment (FDI) levels in Myanmar have been propelled. FDI has mainly focused on the energy, oil and gas sectors. Since 1988, the share of agriculture, livestock and fisheries in approved foreign investment has averaged 1.4% of the total amount invested with foreign money. By December 2015, the total amount of approved FDI in these sectors reached US\$ 700 million.

At the moment, procedures are still complicated and they take a lot of time. Therefore, it is recommended to get well informed on the required procedures for investments, imports and exports. However, the Myanmar government is

implementing a comprehensive plan for improving the business climate and foreign investments. It is expected that foreign companies will profit from these changes soon.

Potential

Myanmar's current agricultural performance offers opportunities for successful agricultural development. Average yield and labour productivity is still one of the lowest in Asia, but at the same time, labour costs are low. Rapid gains can be made by better inputs, better seeds and improvement of logistical and marketing arrangements.

It is paramount that improvement of agri-finance is urgently needed to capitalize this emerging demand. In these the mentioned areas the Dutch agri-food sector could become an important partner. For them, a lot of sectors can be interesting, as outlined below.

Subsector Opportunities

In the following subparagraphs, we give you an overview of the sectors that the Netherlands is already involved in. We can give you sound advice about opportunities in each of these working fields. We are always open to explore new possibilities, so do not hesitate to contact us if you found other great opportunities in Myanmar

Cereals

Smallholder paddy production dominates Myanmar's agricultural economy, in terms of both land area and production value. Paddy production has increased considerably since the introduction of new varieties and the growth of dry season paddy. However, overall maize productivity is still low and has considerable room for improvement through combination of better seeds and better agronomic factors. The market demand for maize will grow considerably, especially because of the fact that the Myanmar poultry sector is expected to grow at a rate of 15% per year. This will most likely result in a doubling of the poultry feed demand in the coming five-six years. Moreover, there is already a considerable growing export to China.



Pulses

Myanmar is among the largest global exporters of pulses: in 2011/2012, the pulses area size is estimated to be 4.4 million ha. Pulses are grown mainly by smallholders. The range of exported beans includes mung bean (green gram), black gram pigeon pea, soy bean, cow pea, butter bean and kidney bean. The EU imports beans from Myanmar, especially mung beans, of which a large share is used for

sprouting (to produce fresh bean sprouts). There are good opportunities for sourcing pulses from Myanmar, especially in combination with the introduction of assured quality systems.

Potato

Currently, Myanmar produces approximately 600,000 tons of potato on 40,000 ha and the present consumption number is about 10 kg per capita. Given consumption patterns in the other parts of Asia, it is expected that demand will increase considerably over the coming years. Potatoes in Myanmar are grown year round in four distinct seasons: irrigated spring, early monsoon, late monsoon and winter crop.

Production and consumption grow rapidly. It is therefore a real cash crop for growers, for which they need to invest in seed, labour, fertilizer and crop protection. Currently, there is no professional production of quality seed potatoes. Farmers keep some late monsoon crop yield for the early monsoon crop. All seeds for the winter and late monsoon crop are bought from traders, who themselves buy their potatoes as ware potatoes. After grading and storing, they sell the smallest ones as seed potatoes to farmers. Disadvantages of this system are the varietal mixture and the high incidence of diseases such as late blight and brown rot. Modern disease-resistant varieties are thus urgently needed for the development of the Myanmar potato sector.

In the coming years the demand for ware potato varieties (fresh consumption) will increase, as well as (crisps and other snack food) processing varieties. By the use of high quality seed potatoes, combined with the use of other improved inputs (fertilisers, pesticides, irrigation water, and (small) machines) and GAP, the production rate can be doubled in the coming years. This growing demand for ware potatoes and potato-based products provide good business opportunities for improved storage and for setting up a processing industry. In March 2015 a delegation of the Netherlands potato sector visited Myanmar and a public-private cooperation programme on improving the Myanmar potato sector is being laid out.

Oilseeds

Myanmar is a large exporter of oilseeds. In 2011-2012, sesame accounted for 50% of the harvest, groundnut for 29% and sunflower for another 18%. Nevertheless, Myanmar does not yet exploit its leading position in sesame production in the international high-end markets. Export is still low, because Myanmar does not meet the high requirements from other countries, such as those in the European Union. Hence, there is considerable space for the development of Dutch/European markets for Myanmar's sesame seed and sesame oil.

Livestock

Commercial livestock production in Myanmar centres on poultry (broiler and layers) and to lesser extent on dairy cattle and is found near major cities. Alongside the growth of incomes and population, the demand for livestock products will rise sharply: for poultry meat the market is expected to grow annually with 15%. The market growth for dairy products is expected to be even higher: 30 – 100% in the upcoming 10 years.

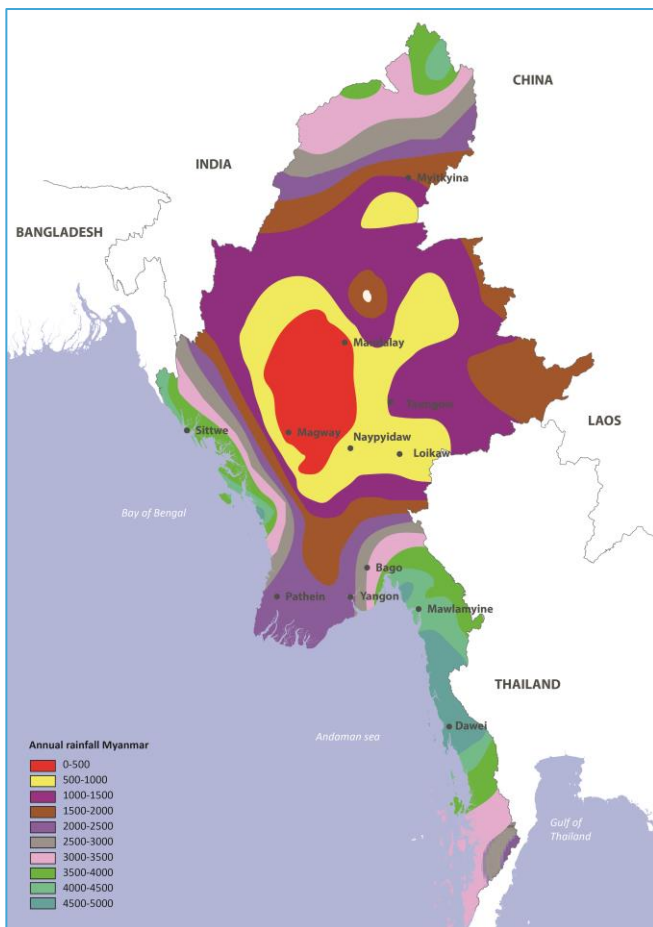
Poultry

Consuming 6 kg poultry meat and 40 eggs per head per year, Myanmar people's consumption levels are still low compared to other countries in the region. At the same time however, the growth of the production is around 15% a year. Herd or flock sizes remain typically small.

Charoen Phokphand Company (CP) has been active in Myanmar for more than 10 years and is the major vertically integrated player in the market. Japfa Comfeed Myanmar started in 2014 vertically integrated poultry business ranging with feed mills, poultry breeding farms and hatcheries and with commercial and contract farms. Besides, there are a number of local players.

In 2014, the Netherlands' feed company De Heus started operations in Myanmar and will build its first feed mill in 2015. It plans together with an international partner to set up the producing of hatching eggs and a hatchery.

In March 2015, a large delegation of the Dutch poultry sector visited Myanmar and a broad range of options for cooperation were identified. This makes for a broad range of opportunities for potential new investors.



Dairy

Myanmar's dairy sector is still underdeveloped. Dairy imports were valued at about USD\$ 75 million in 2012 and Myanmar has at present only around 400,000 heads of dairy cattle.

There are only six large dairy farms around Yangon and the majority of dairy farms have 20 or less heads of cattle. In Myanmar, the demand for fresh milk is much higher than the production and it is expected to continue to grow considerably in the coming years.

For the medium and long term, it would be favourable if the present system of dairy farms near cities in the lowlands were complemented by developing dairy clusters in higher areas. There, the climate is more favourable for dairy cows and opportunities for the production of high quality roughage are easily found.

The Netherlands has been requested by the Myanmar Government to assist in the development of the sector. Dutch companies and institutes have already shown interest in the dairy sector and there are ample opportunities for transfer of knowledge and the introduction of improved technologies.



Horticulture

The horticulture sector in Myanmar, with over 100 million consumers at a close distance, has the potential to become one of the most important agricultural sectors in terms of economic growth, rural employment and income generation. Its products – including fresh fruits, vegetables and flowers – provide earnings for about 15% of rural households in Myanmar. The domestic market demand for fresh products will grow and there are plenty possibilities for yield and quality improvements. With a good strategy and a comprehensive plan, Myanmar could become the vegetable garden for Southwest China and for parts of Southeast Asia. Opportunities for the Dutch business community include the supply of improved inputs, such as quality seeds and agro-chemicals in combination with transfer of knowledge on improved cultivation. In addition, as the sector develops, there will be a growing demand for drip irrigation and greenhouse systems, grading and packing equipment and cold chain systems.

Fishery and Aquaculture

With a coastline of 3,000 km and inland water areas covering 3.3 million ha, the Myanmar fish sector provides an enormous potential for economic growth and development. About 8% of total fishery production is exported to 29 countries, at a value of USD 650 million (2011). Only marine fish is exported to the EU at the moment, but export will also be possible for fish produced inland in the near future.

For the marine sector there is a serious issue of overfishing, due to gear that fails to discriminate between mature fish and small fry. The government of Myanmar takes the issue of

diminishing stocks seriously and is currently developing policies to address this issue.

In February 2015 a delegation of leading Netherlands marine and aquaculture companies and knowledge institutes visited Myanmar and a number of pilot projects are being developed at the moment.

On the medium and long term the aquaculture sector offers a lot of opportunities when it comes to support (developing) genetic material, development of hatcheries, feed and feeding and developing sustainable and quality assured export chains to Europe and other continents.

Seed sector

Myanmar's seeds sector is far behind most other Asian countries. Although there are a lot of challenges in establishing a vibrant seeds industry, the climate and soil conditions for seed production in Myanmar are excellent.

Four seed systems can be distinguished in Myanmar:

1. farm saved seed (>80%);
2. the public seed system, including seed farms and outgrowers/villages;
3. domestic companies producing public varieties
4. international companies, either producing locally or importing seed.

There is no Plant Variety Protection in Myanmar, so most seed companies currently opt for sales of imported seeds. There is a growing demand for hybrid maize and (hybrid) vegetable seeds. A small number of international companies are already producing seeds in Myanmar. A huge influx of international companies is expected soon, once a pending new seed law to protect plant variety will be enacted.

Upcoming Fairs and Expos

- Agro Myanmar (08-09 June 2016)
- Myanmar AgroTech (15-18 July 2016)
- Myanmar FoodTech (15-18 July 2016)
- Agri Myanmar (28-30 September 2016)
- Livestock Myanmar (28-30 September 2016)
- Aqua Fisheries Myanmar (28-30 October 2016)
- ILDEX Myanmar (October 2016)

Want to know more?

Please contact the Embassy for an overview of reports on the performance and plans in different agricultural sub-sectors in Myanmar (including dairy, seed supplies, oil seeds, pesticides, horticulture). Furthermore, we can provide further information on doing business in Myanmar in general and we have vast expertise on water related issues.

Relevant contacts

The Embassy of the Kingdom of the Netherlands, Yangon

- www.myanmar.nlambassade.org
- www.facebook.com/netherlandsmissionmyanmar

Others

- Netherlands Enterprise Agency: www.rvo.nl
- Embassy of Myanmar in Brussels: www.embassyofmyanmar.be
- Union of Myanmar Federation of Chambers of Commerce (for a wide variety of branch organisations): www.umfcci.net
- European Chamber of Commerce in Myanmar: www.eurocham-myanmar.org

Published by:
Embassy of the Kingdom of the Netherlands, Yangon

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