

Prospects for Agriculture and Fertilizer Market in Myanmar

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Background

- Country Size: 676 590 km²
- Population: 60 Million
- Agriculture Land: 12 Million (Ha)



Major Crops in Myanmar

	acres
Rice	19,689,178
Pulses and Beans	11,122,206
Sesame	3,860,032
Groundnut	2,167,404
Rubber	1,245,414
Corn (Maize)	962,295
Cotton	819,114
Sugarcane	679,223
Chilli	384,232
Oil Palm	308,252
Tomato	266,316
Onion	178,895
Potato	95,632
Cabbage	74,803
Garlic	71,976
Melons	51,585

Perspective (agriculture land)

	Myanmar	Thailand	Vietnam
Total Land Area	653 520 km ²	510 890 km ²	310 070 km ²
Agriculture Land	11.984 Million Ha	19.75 Million Ha	10.072 Million Ha
%	18.3 %	38.7 %	32.5 %
Arable Land	10.577 Million Ha	15.20 Million Ha	6.35 Million Ha
% of Agriculture Land	88.3 %	77.0 %	63.0 %

- Potential to expand agriculture land use
- If agriculture land is 35% of the total land area, it will be 22.9 Million Ha
- Could be double the size of Vietnam

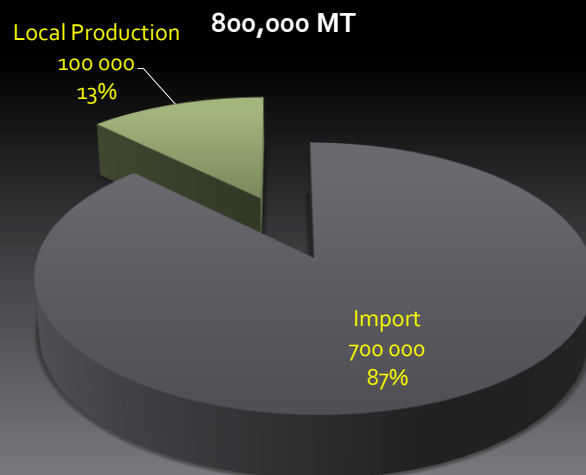
Perspective (rice yield and income)

	Myanmar	Thailand	Vietnam
Yield per Hectare (MT)	2.5 MT	3.5 MT	4.5 MT
Price (farm-gate)	US\$ 170	US\$ 350	US\$ 270
Income per Hectare	US\$ 425	US\$ 1,225	US\$ 1,215

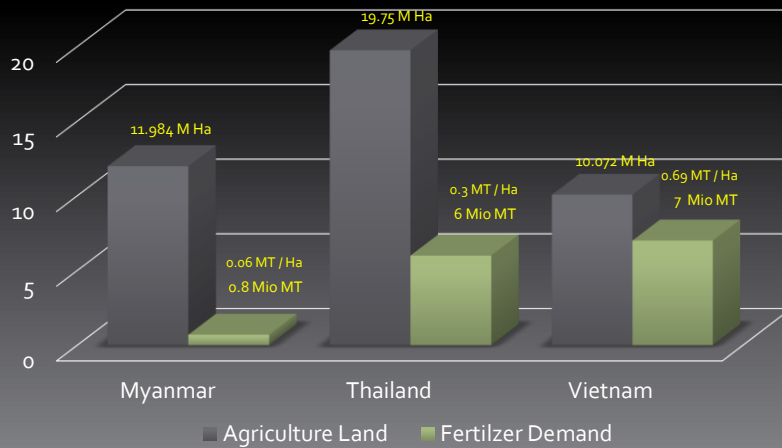
- Based on average yield of rain fed rice
- Relatively low compare to neighboring countries
- Potential for yield increase
- Income of other crops are lower than neighboring farmers too
- Lower income due to lower yield, lower crop price, exchange rate, logistics and transport, wastage in post harvest, financing, trading system

* Thai price based on average and not on guaranteed price.

Fertilizer Market



Comparison with Neighboring Countries



Fertilizer Local Production

- Only urea is produced locally
- 80,000~100,000 MT Annual production
- Five government own urea plants
- Only three plants are in working condition
- Producing less than optimal production capacity due to the efficiency of the equipment and shortage of suitable gas for urea production

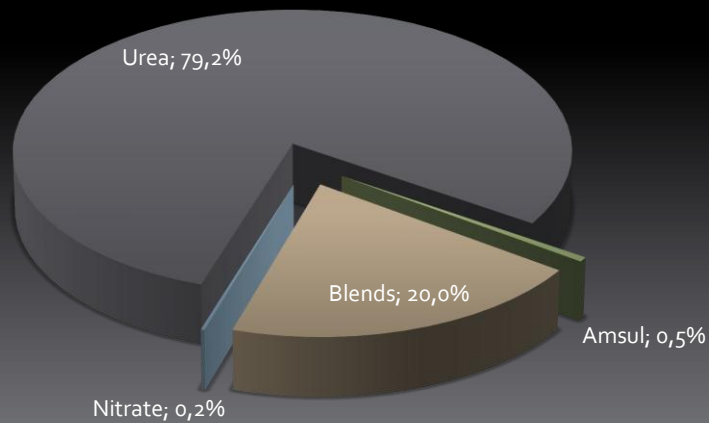
Fertilizer Imports

2011-12 Imports

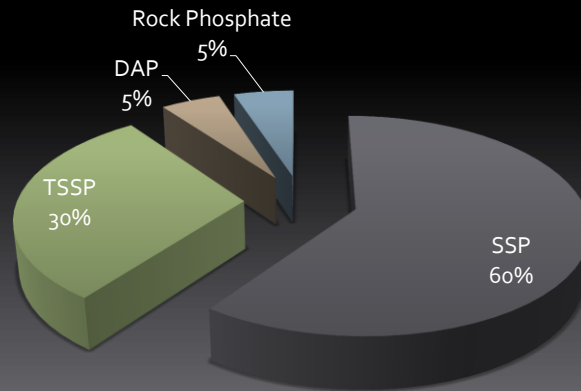
MT

urea	294,000
phosphate	150,000
potash	20,000
compound (NPK)	240,000

Nitrogen Sources



Phosphate Sources



Fertilizer Importing Countries

- China
- Vietnam
- Germany
- Belarus
- Thailand
- India
- Russia
- Malaysia

China and Fertilizer Prices

- 90% import from China border
- Logistics and Convenience
- Prices (avoid export taxes)
- Small lots (in 10 wheelers) and easier financing
- Many small traders

Fertilizer Law

Enacted on 1st October 2002

- Product Registration
- Import / Export Registration
- Storage, Blending and Packing License and Registration
- Retail Registration

Opportunities in Fertilizers Market

- AFTA and AEC – Myanmar's comparative advantage as agricultural based economy
- Located between the two world most populous countries
- Increasing cropping Intensity and the need to boost yield
- Potential 7-8 times growth

Constraints

- Logistics and port facilities are limited to handle big volume fertilizer imports (max. 12,000 MT vessel)
- Financing options are limited but expected to be improved (for importers, dealers and farmers)
- Credit sales and Credit default risks (crop prices, irregular weather patterns, net worth of farmers and law enforcement) (could be as high as 30% in certain area).
- Farmers education level
- Sub-Standard Fertilizers / Chemicals and Law Enforcement

Conclusions

- There are opportunities to grow in the long term as the country develops
- Attractive market due to fewer number of competitors
- There are constraints, challenges and risks
- Companies should educate farmers for sensible use of fertilizers and chemicals, exercise care for the environment and consumers
- Myanmar needs transparent, ethical and responsible companies and investors