

Rubber Planting Industry in Myanmar: Current Situation and Potentials

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INTRODUCTION

- *Hevea* Rubber – introduced 130 years ago
- Commercial planting – started since 1909
- Since then, the planted areas increased gradually, but dramatically in the last two decades.

- **Planted Area**

Year	Planted Area (ac)
1909	9,900
1920	72,000
1940	115,000
1960	140,000
1970-71	217,000
1980-81	200,000
1990-91	191,000
2000-01	446,000
2010-11	1,246,000
2011-12	1,342,000

Source: Perennial Crops Division, DICD

- Projects implemented with International Assistanances
 - First Rubber Project (1957-58 to 1966-67) (FAO TA)
 - Rubber Rehabilitation Project- Phase 1 (1979-80 to 1984-85) (IDA Credit, UNDP/FAO TA)
 - Rubber Rehabilitation Project- Phase 2 (1984-85 to 1992-93) (IDA Credit, UNDP/FAO TA)
 - Applied Research Centre for Perennial Crops Project (1991 to 94) (UNDP/FAO TA)

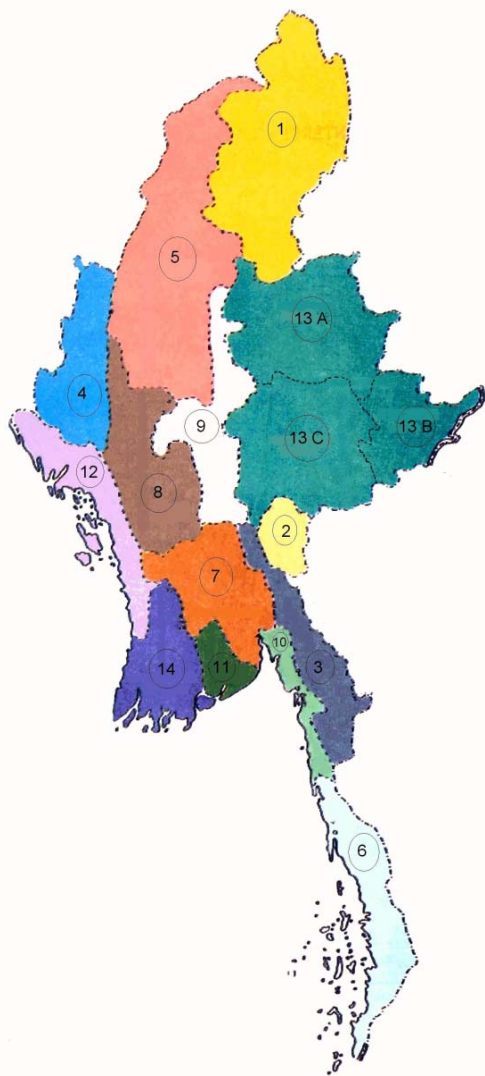
CURRENT SITUATION

Rubber Planted Area, Productive Area and Production (2005-06 to 2011-12)

Year	Planted Area (acre)	Productive Area (acre)	Production (MT)
2005-06	558,565	267,180	64,239
2006-07	728,329	303,907	73,355
2007-08	935,800	342,930	88,528
2008-09	1,057,395	356,437	93,207
2009-10	1,143,427	411,688	111,673
2010-11	1,246,531	460,767	127,921
2011-12	1,342,202	490,151	149,619

Source : Perennial Crops Division, DICD

Rubber Planted Area, Productive Area and Production by States and Regions (2011-12)



No.	State/Region	Planted Area (acre)	Productive Area (acre)	Production (pound)
1	Kachin	61,478	1,436	768,095
2	Kayah	67	-	-
3	Kayin	189,747	44,595	28,497,142
4	Chin	85	-	-
5	Sagaing	8,451	23	11,500
6	Tanintharyi	264,106	106,419	56,184,391
7	Bago	101,121	20,346	10,744,902
8	Magway	80	-	-
9	Mandalay	381	-	-
10	Mon	464,477	286,502	214,926,118
11	Yangon	39,208	7,957	3,919,967
12	Rakhine	34,320	1,481	619,368
13A	Shan (North)	68,756	16,523	10,692,218
13B	Shan (East)	87,180	4,579	3,274,563
13C	Shan (South)	861	92	92,688
14	Ayeyarwaddy	21,884	198	123,045
Total		1,342,202	490,151	329,853,995 (149,619 MT)

Rubber Production and Export

Year	Production (MT)	Export (MT)	Export Value (Million US\$)
2005-06	64,239	52,800	63.42
2006-07	73,355	46,930	76.55
2007-08	88,528	61,610	116.49
2008-09	93,207	40,070	73.00
2009-10	111,673	77,790	135.37
2010-11	127,921	91,350	302.89
2011-12	149,619	78,884	311.11

Source: Perennial Crops Division, DICD, and MAPT

Average Productivity of Rubber

Year	Pound/ac/year
2005-06	530.06
2006-07	532.13
2007-08	569.12
2008-09	576.50
2009-10	598.02
2010-11	612.00
2011-12	672.96

Source: Perennial Crops Division, DICD

Composition of Private and State Sectors (1998-99, 2006-07, and 2010-11)

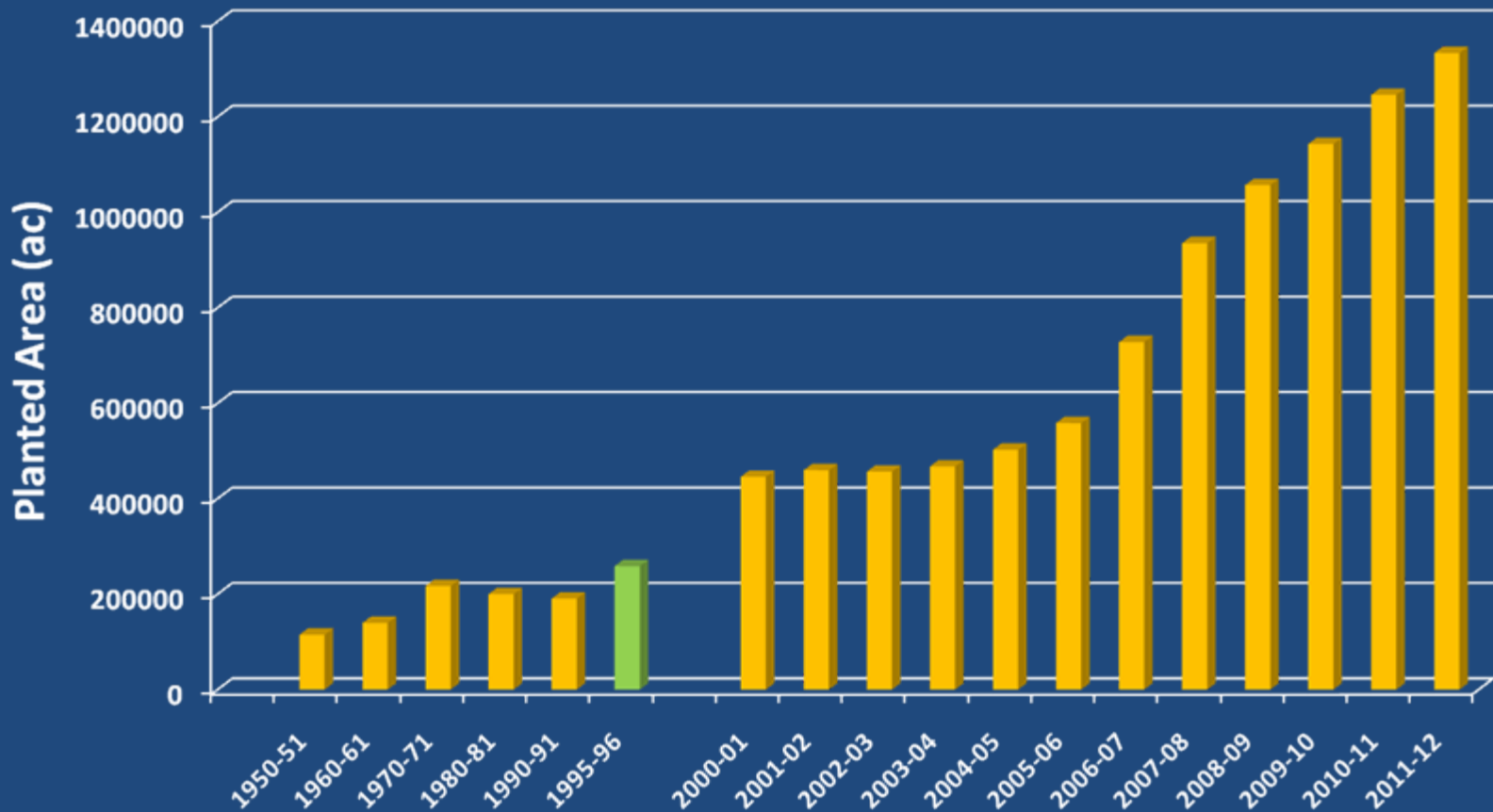
Year	Total Planted Acre	Share %		Total Production MT	Share %	
		Private	State		Private	State
1998-99	369,403	90.4	9.6	22,943	83.4	16.2
2006-07	728,329	94.2	5.8	73,355	94.1	5.9
2010-11	1,246,531	97.4	2.6	127,921	97.7	2.3

Structure by Size of Holdings (2006-07)

Category	Holdings		Planted Area	
	No.	%	Acre	%
Below 5 acres	22,423	40.2	62,778	8.6
5 to 20 acres	28,052	50.3	242,828	33.3
20 to 50 acres	3,791	6.8	109,422	15.1
50 to 100 acres	950	1.7	59,700	8.2
100 to 500 acres	419	0.8	99,872	13.7
500 to 1000 acres	65	0.1	52,560	7.2
Above 1000 acres	31	0.1	101,169	13.9
Total	55,731	100.0	728,329	100.0

PROGRESS AND GROWTH

Changes in Total Rubber Planted Area (1950-51 to 1995-96 and 2000-01 to 2011-12)



Annual Expansion Area (2005-06 to 2011-12)

Year	Area at Yr. Start	Expansion	Area at Yr. End
2005-06	502,653	55,912	558,565
2006-07	558,565	169,764	728,329
2007-08	728,329	207,471	935,800
2008-09	935,800	121,595	1,057,395
2009-10	1,057,395	86,032	1,143,427
2010-11	1,143,427	103,104	1,246,531
2011-12	1,246,531	95,671	1,342,202

Source: Perennial Crops Division, DICD

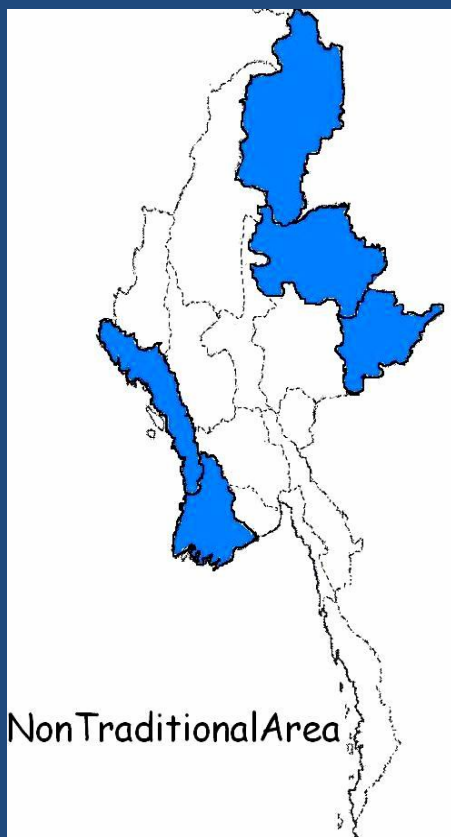
Growth in Rubber Planted Area in Traditional Areas (2000-01 vs. 2006-07 and 2011-12)



State/ Region	2000-01	2006-07		2011-12		Average Annual Growth % (2000-01 to 2011-12)
	Acre	Acre	% increase over 2000-01	Acre	% increase over 2000-01	
Mon	194,268	311,251	60	464,477	139	12.6
Taninthary	102,958	141,326	37	264,106	157	14.2
Kayin	33,430	72,159	116	189,747	468	42.5
Bago	46,781	57,822	24	101,121	116	10.6
Yangon	28,332	33,132	17	39,208	38	3.5
Total	405,769	615,690	52	1,058,659	161	14.6

Source: Perennial Crops Division, DICD

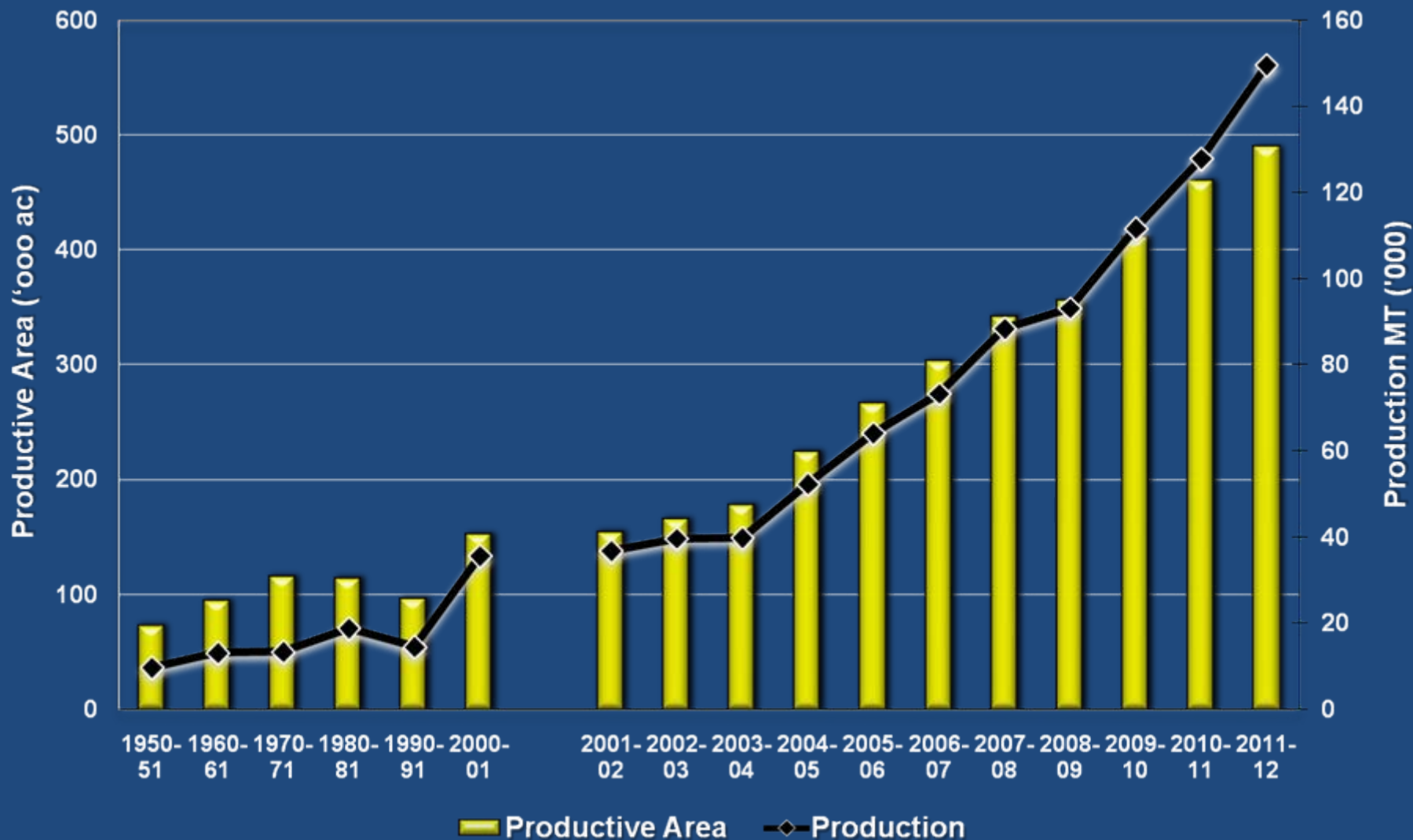
Growth in Rubber Planted Area in Non-Traditional Areas (2000-01 vs. 2006-07 and 2011-12)



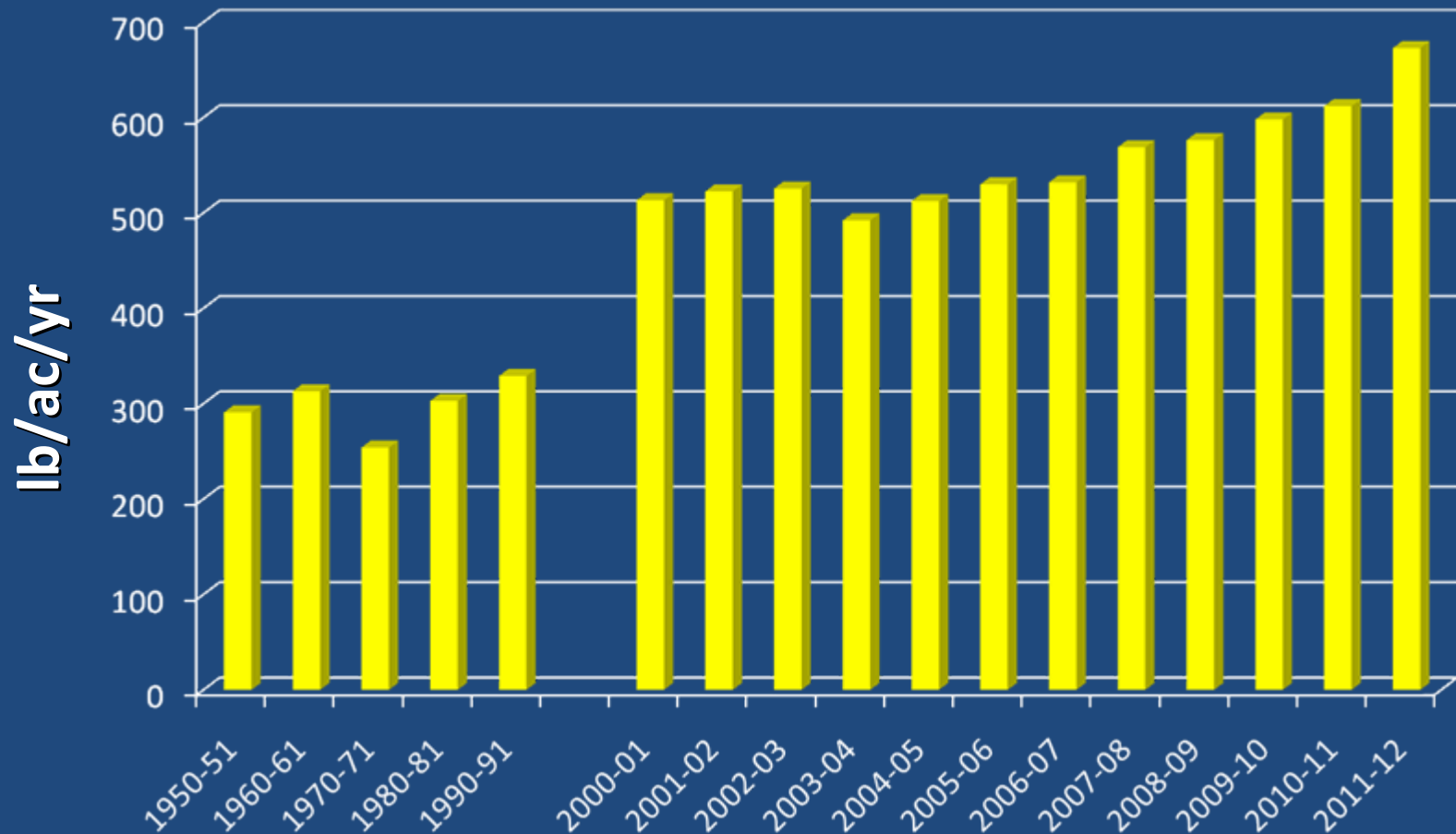
State/ Region	2000-01	2006-07		2011-12		Average Annual Growth % (2000-01 to 2011-12)
	Acre	Acre	% increase over 2000-01	Acre	% increase over 2000-01	
Shan (East)	1,694	52,365	2991	87,180	5046	458.8
Shan (North)	17,858	23,893	34	68,756	285	25.9
Kachin	5,772	11,528	100	61,478	965	87.7
Yakhine	9,717	14,175	46	34,320	253	23.0
Ayeyarwaddy	1,613	7,364	357	21,884	1256	114.3
Total	36,654	109,325	198	273,618	646	58.8

Source: Perennial Crops Division, DICD

Changes in Total Productive Area and Production



Changes in Average Productivity



- Growth of the rubber planting industry is fastest and accelerated during the past two decades, after adoption of market-oriented economic policy since late 1988.

	Growth 1990-91 to 2000-01	Growth 2000-01 to 2010-11
Planted Area	134 %	179 %
Productive Area	57 %	201 %
Production	145 %	259 %
Productivity	56 %	19 %

Main Contributing Factors for the Fast and Accelerated Growth

- Favourable Policy Environment and the Government's encouragement
- Institutional Reforms including emergence of NGO like MRPPA and its active participation
- Expansion in Non-traditional areas
- Good Rubber Prices since 2005-06

POLICY AND INSTITUTIONS

Agriculture Sector Policy

- Market-oriented Economic Policy since 1988
- Agriculture Sector - Top Priority
- Welcomes
 - Private Sector Investment
 - Both local & foreign entrepreneurs
 - Foreign Investment (100 %, JV with private sector, JV with public sector)
- Allocation of Vacant Lands (Virgin, Fallow, Waste Lands) for agriculture, livestock farming and aquaculture.
- No Government's Control and Quota Purchase of Crops produced. i.e Free Local Trading and Marketing.

Rubber Policy

- Top priority among Perennial/ Plantation Crops
- Encourage Private Sector involvement for
 - accelerated Area Expansion
 - increased Production and Export
 - downstream Value-added Products Industry
- Free Local Trading and Marketing
- No Control and Restriction on Export (since 2004-2005)

Institutional Changes and Reforms

- Rubber Project Office /Plantation Crops Division under Agriculture and Rural Development Corporation / Agriculture Corporation / Myanmar Farms Enterprise (1956-57 to May 1994).
- Myanmar Perennial Crops Enterprise (MPCE)
(June 1994 to 2005-06)
 - Function - Development of Plantation Crops in both government and private sectors
(State-owned Plantations, Marketing & Export, Research & Training, Extension Services to private sector).
 - Main Crops - Rubber, Oil Palm, Cashew.

- Perennial Crops Department, Perennial Crops and Farms Division under Myanmar Industrial Crops Development Enterprise (MICDE) (2006-07 to 2011-12)
 - Function - Development of Plantation Crops exclusively for private sector
(Research & Training, Extension Services to Private Sector)
 - Main Crops - Rubber, Oil Palm, Cashew

- With effect from 1st April 2012, reorganized under new name with same functions
 - Perennial Crops Educational and Technical Development Division under Department of Industrial Crops Development (DICD)

Myanmar Rubber Planters and Producers Association (MRPPA)

- NGO formed in March 2005. Affiliated Association of Union of Myanmar Federation of Chamber of Commerce and Industry (UMFCCI). Member of IRRDB since 2007.
- Main Objectives
 - ✓ To accelerate the development of Myanmar rubber planting and production industry, quantitatively as well as qualitatively, as a whole.
 - ✓ To increase the export of rubber and foreign exchange earnings.
 - ✓ To promote the local rubber manufacturing industries.
 - ✓ To improve the income and living standard of the people involved in rubber planting and production industry.
 - ✓ To contribute to the overall economy of the country.

- Main Functions

- ✓ Disseminate up-to-date information on natural rubber development (technologies, market information and prices, etc.)
- ✓ Liaise with concerned agencies to have necessary assistances.
- ✓ Organize to have more rubber planters and investors.
- ✓ Cooperate with Dept. of Trade for fair export price.
- ✓ Participate in trade fairs to promote Myanmar rubber.
- ✓ Give suggestions to concerned ministries and govt. organizations for promotion and development of natural rubber planting.

OPPORTUNITIES

Opportunities exist in -

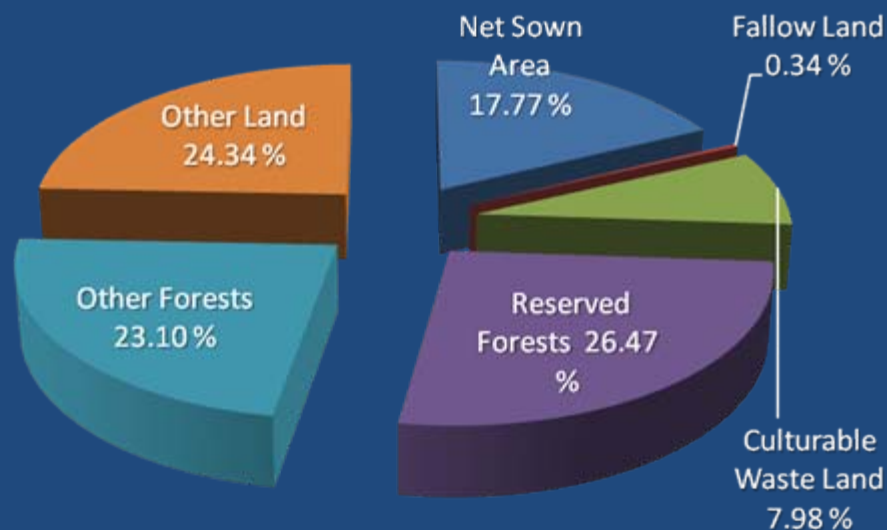
- Planting and Production of NR (Upstream)
- Midstream Products
- Downstream Products

Planting and Production of NR

- Abundant vacant land (virgin, fallow, waste land) are still available.
- Opportunities exist for further expansion/planting and NR production

Land Utilization in Myanmar (2010-11)

Type of Land	Hectare (mil)	%
Net Sown Area	12.02	17.77
Fallow land	0.23	0.34
Culturable Waste Land	5.40	7.98
Reserved Forests	17.91	26.47
Other Forests	15.63	23.10
Other land	16.47	24.34
Total	67.66	100.00



Source: Ministry of Agriculture and Irrigation

Midstream Products

- Rubber currently produced are of the types RSS (about 90%) and TSR (about 10%). Concentrated Latex is not produced yet.
- Opportunities exist for high-value midstream products (TSR, Concentrated Latex, Compound Rubber, etc.)

Downstream Products

- Local consumption of NR estimated around 15,000 MT is very low. Accordingly downstream products industry has yet to develop.
- Most local industries are small and medium cottage industries.
- Development of manufacturing industry and modernization is government's top economic objective.

- NR production will increase in immediate near future.
 - 2015-16 - 200,000 to 220,000 MT
 - 2020-21 - 320,000 to 330,000 MT
- Huge potential for downstream products (tyres, auto parts, engine parts, belts, gloves, condoms, medical goods, sport goods, etc.)

CONCLUSION

- Rubber planting industry in Myanmar has been surviving and developing under various economic policies under different political regimes, since commercially planted about a century ago.
- Growth of the industry is seen after two decades under market-oriented economic policy adopted since late 1988, with dramatic increases in planted area and production.

- Further growth is also anticipated, due to favourable policy environment and available land resources.
- Huge potential exists also for development of midstream products and value-added downstream products.

THANK YOU