



# Transforming Myanmar's Food Processing Industry: Obstacles and Opportunities

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# A nationally representative survey of agro-processing firms in Myanmar



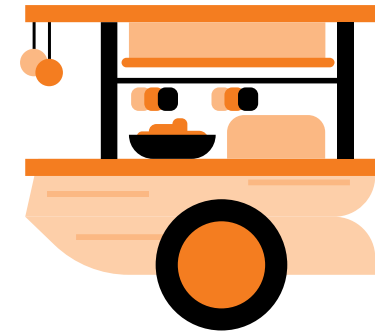
400 firms

The survey covers all of Myanmar and is divided into 7 zones (Yangon, Mandalay, Bago, Mon, Nay Pyi Taw, Magway, Shan, and Ayeyarwady)



10 to 4 value chains

The survey covered: Rice milling (23%), Edible oil (20%), Processed foods (31%), and Animal products (26%).



Micro & Informal too

The survey covers micro and small firms (64%) medium firms (26%) and large firms (10%)



10 FGDs

**10 focused group discussions** were conducted to generate qualitative insights into the enabling business environment, firm-level constraints, and broader systemic issues

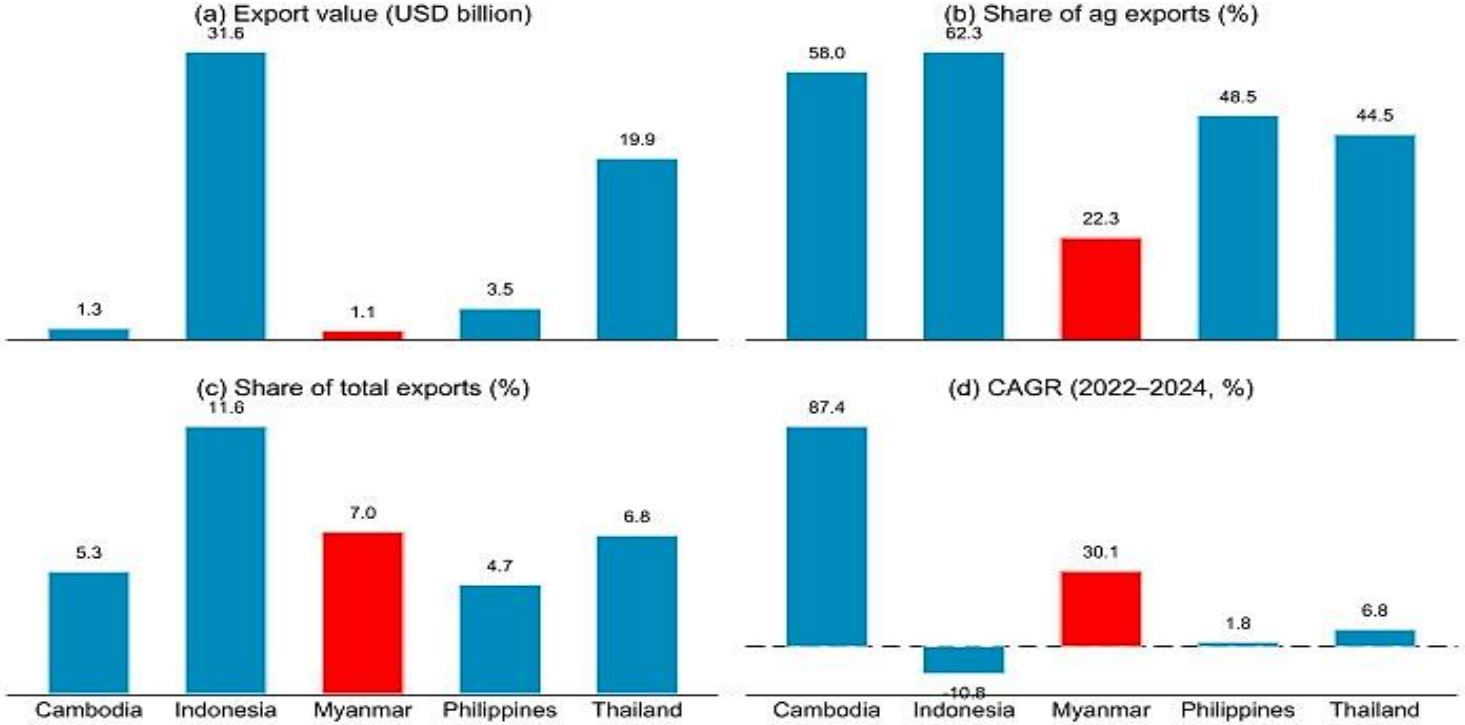
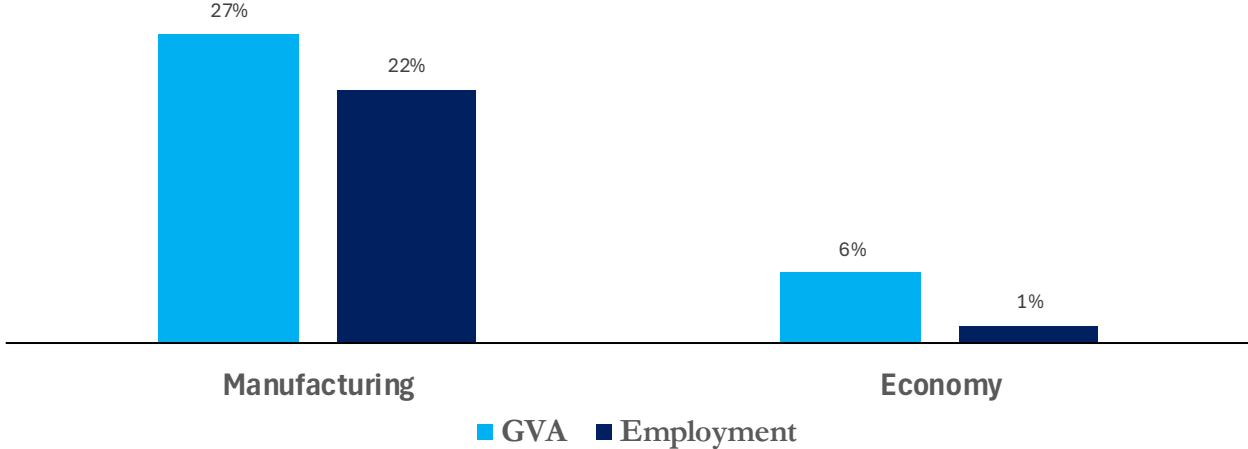
Note: Firm size is defined as the number of FTE employees, calculated as the total number of full-time employees and seasonal or temporary employees, weighted by their duration of employment

1) Small firms employ fewer than 20 full-time equivalent (FTE); 2) Medium-size firms employ 20–49 workers; and 3) Large firms employ more than 50 workers

# Why agrifood processing matters to the private sector and the general economy?

- ❑ 27% of manufacturing GVA
- ❑ 22% of manufacturing employment
- ❑ 6% of GVA
- ❑ 1% of total employment
- ❑ 22% of Ag exports
- ❑ 7% of total exports
- ❑ One of the fastest CAGR in the East Asia

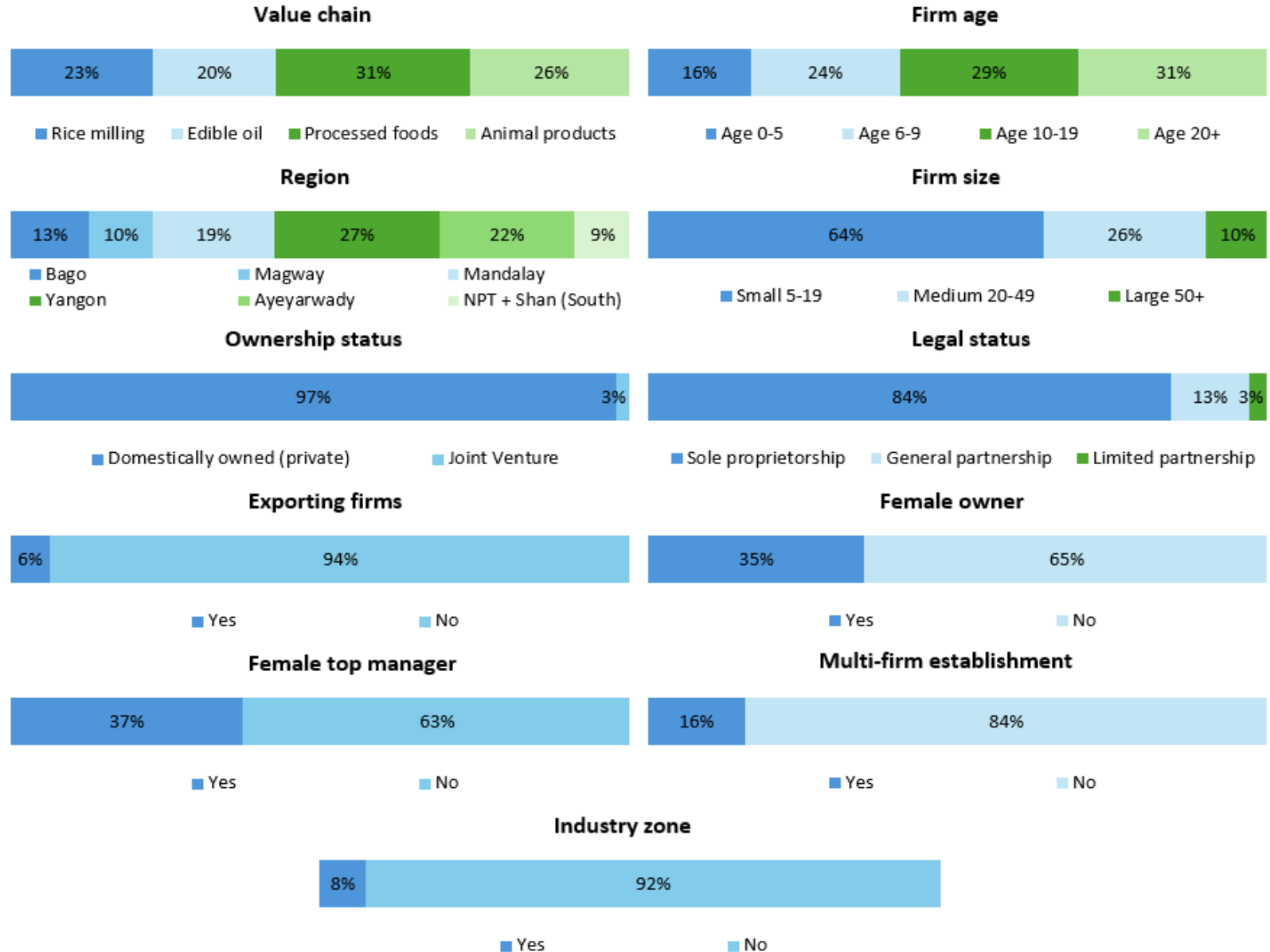
Contributions to gross value added (GVA) and employment



# Who are the firms in Agrifood Sector?

- Mostly SMEs
- Domestic ownership
- Limited clustering
- Low exports (6%)
- Many started informal (40%) and took on average 5.4 years to register
- Only **8%** operate in industrial zones
- Women play a significant role – owners/management

## Food processing sector profile



# Where the sector's value comes from and what to prioritize?

	Rice millers	Edible oil	Animal products	Processed food	Total industry
<b>Employment and labor productivity</b>					
FTE workers per firm	27	12	15	19	18
Seasonal employment (prevalence, % of firms)	85	46	48	30	50
Sales per worker (MMK million)	98	74	27	24	52
Real Value Added (RVA) per worker (MMK million)	34	11	5	6	13
<b>Operational performance</b>					
Capacity utilization (% available capacity)	56	56	70	48	57
Prevalence of full capacity (% firms)	8	14	15	4	9

**Rice milling and processed foods dominate employment, sales and GVA**

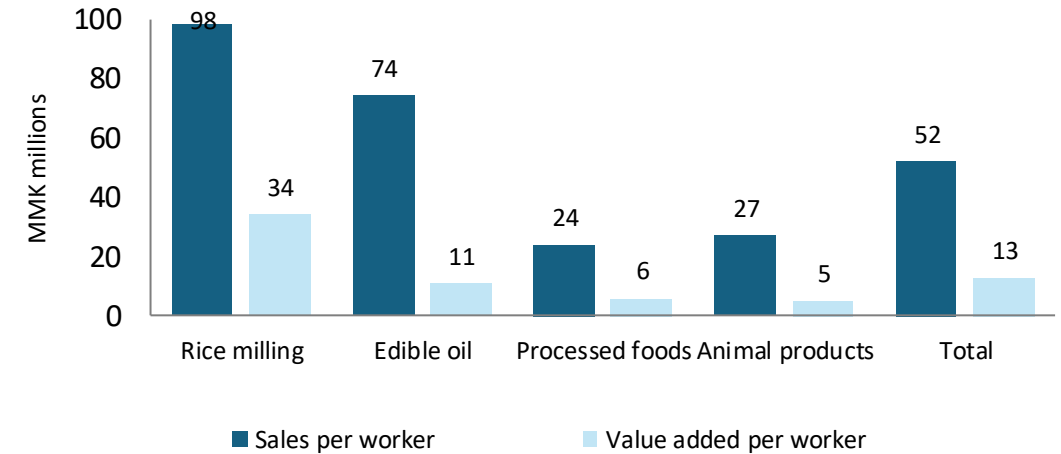
**Rice accounts for about 34% of jobs and 45% of sales; Capacity utilization is low**

	Rice millers	Edible oil	Animal products	Processed food	Total industry
<b>Operational performance</b>					
Target output 2025/26 (% maximum output)	55	58	73	73	66
<b>Financial performance</b>					
Gross Margins (%)	4	-4	17-18	21-22	
Working capital financed by formal sources (%)	11	13	3	11	9
Fixed assets financed by formal sources (%)	6	8	4	11	8
Prevalence of disaster insurance (% firms)	24	23	7	13	16

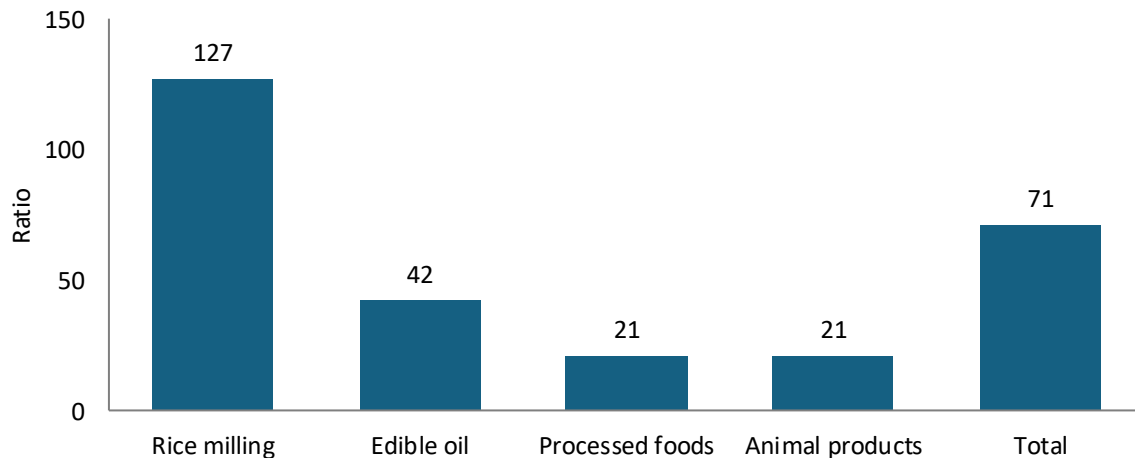
# Productivity story: big winners exist, but scaling is blocked

- ☐ Real sales and value added in positive
- ☐ Productivity growth has decline consistently - signaling system-wide stress
- ☐ Dispersion is huge: top firms are about 71 times more productive than laggards
- ☐ In rice milling it's around 127 times

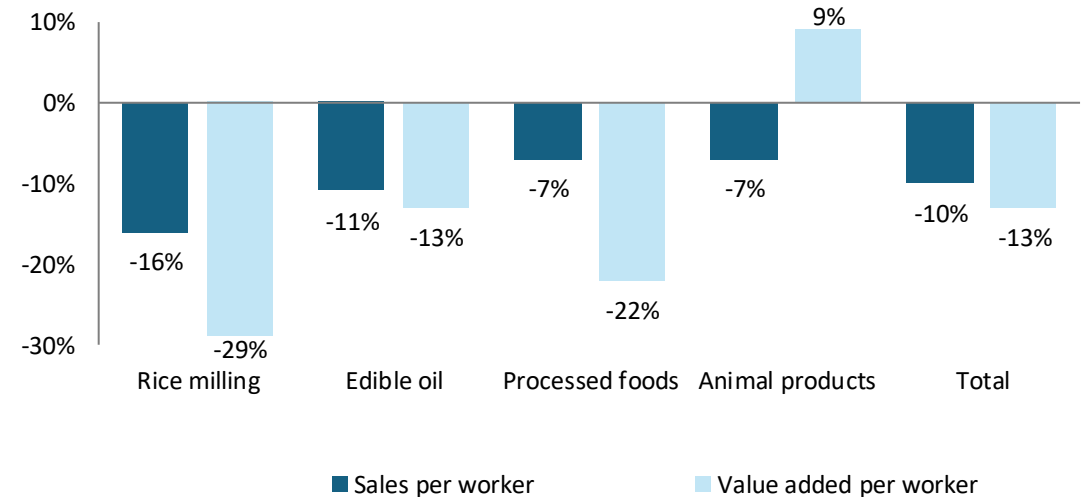
Real productivity level (in 2017 prices)



Productivity ratio between top and laggard performers



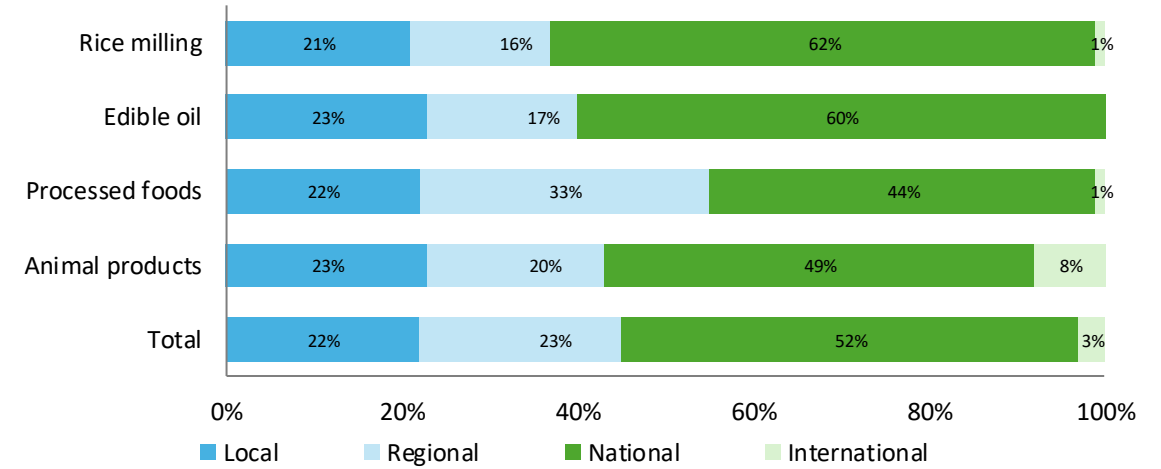
Real productivity growth FY2022/23 to FY2023/24 (in 2017 prices)



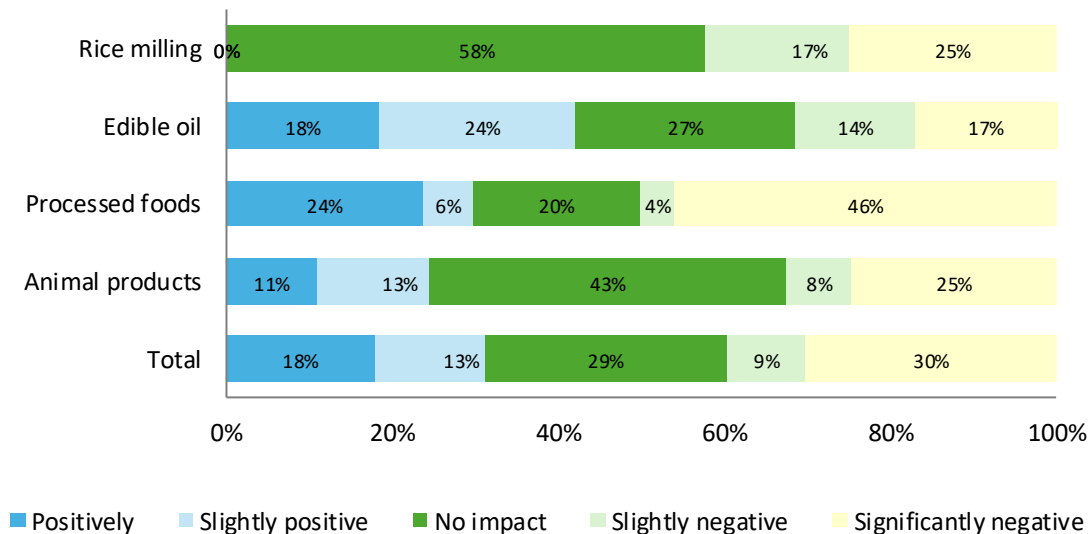
# Firms operate in competitive markets but are not exporting

- ❑ Direct exports ~2% of sales;
- ❑ Indirect ~2% of sales;
- ❑ Yet about 65% of firms believe they are competitive internationally.
- ❑ Over 50% face medium to very high competition intensity – highest in edible oils and Animals
- ❑ Only 18% think import restrictions had positive impacts – highest in processed foods

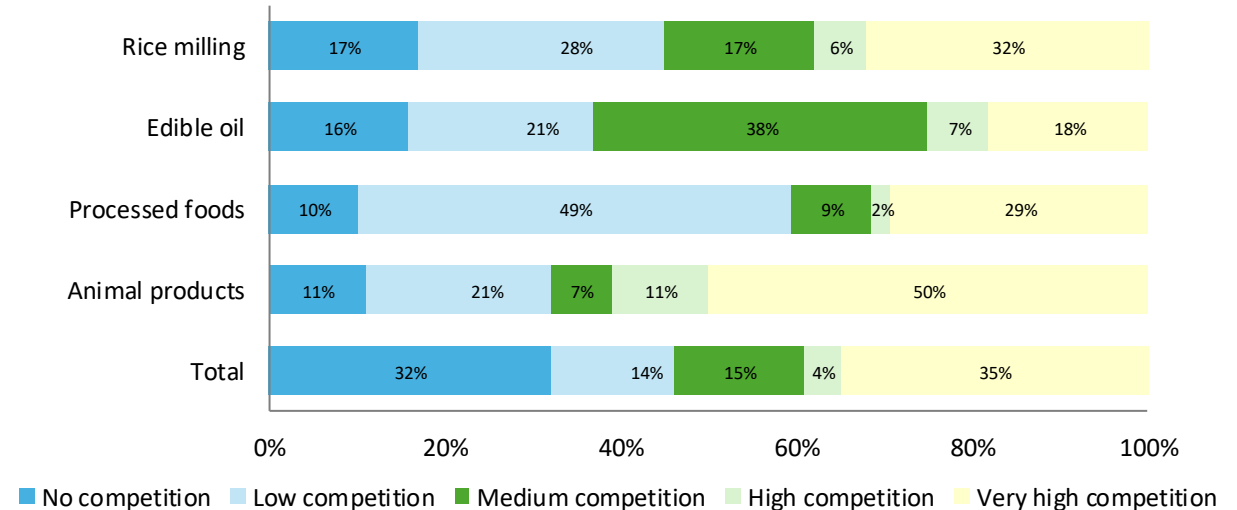
Main product market - by the share of firms



Impacts of import restrictions - by the share of firms



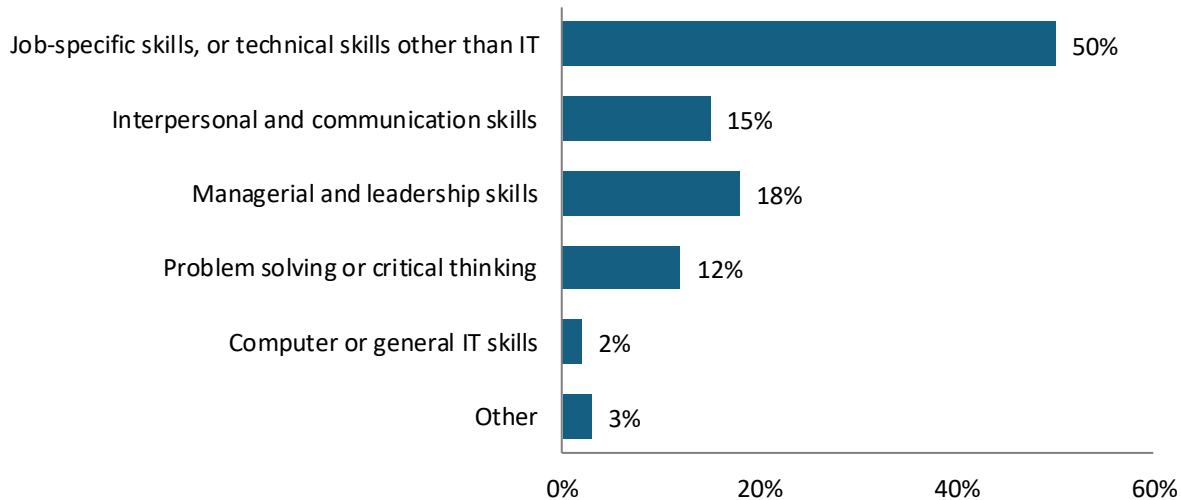
Competition intensity - by the share of firms



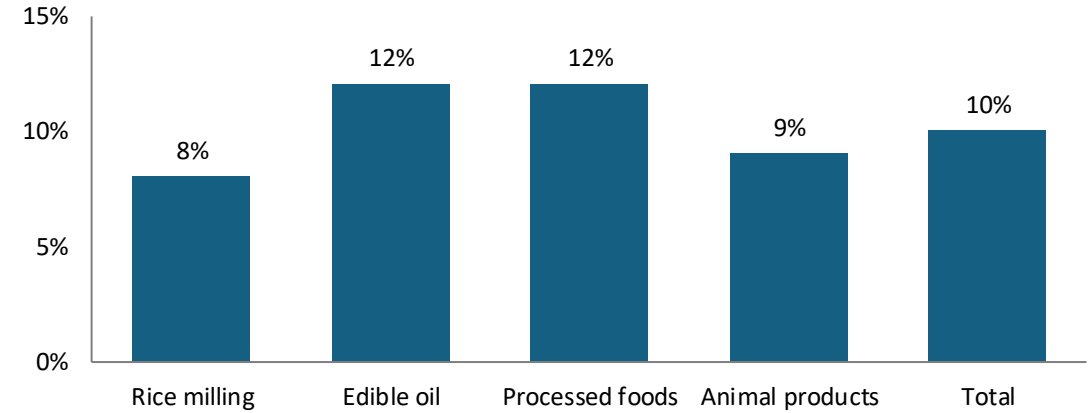
# Jobs, wages, skills: the talent bottleneck is now a business risk

- ❑ Leading job creator (10%)
- ❑ Seasonal employment is rampant
- ❑ Labor cost have increased - (~23.6% nominal avg wage increase)
- ❑ 88 percent of establishments reported increasing employee wages
- ❑ Firms report difficulty recruiting skilled operators and technicians
- ❑ Skills shortages for non-production workers

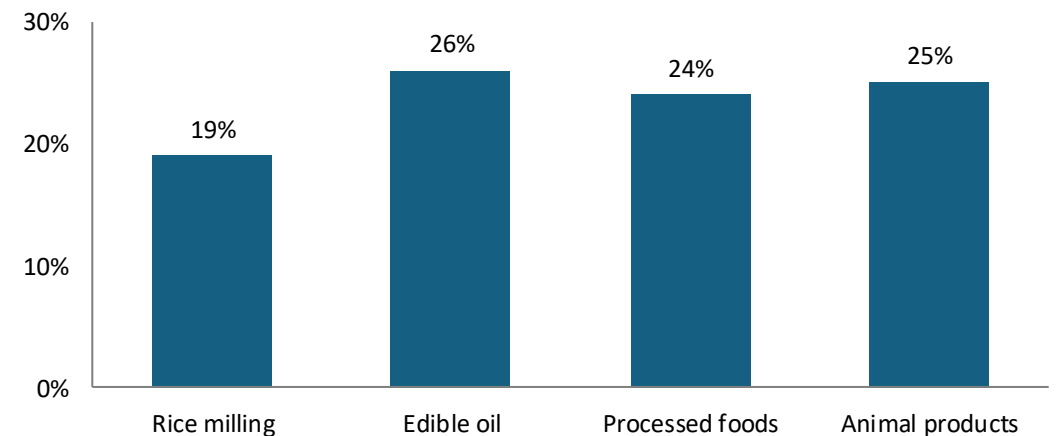
## Skills required for professional workers



Employment growth by firm age (CAGR, FY2022/23 to FY2023/25)



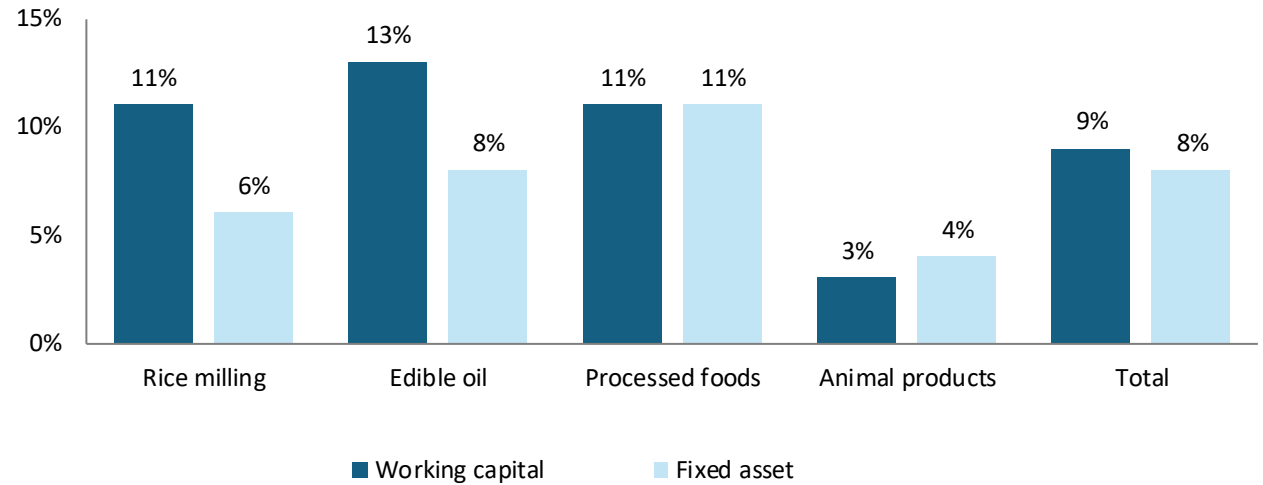
Average wage increases by value chain



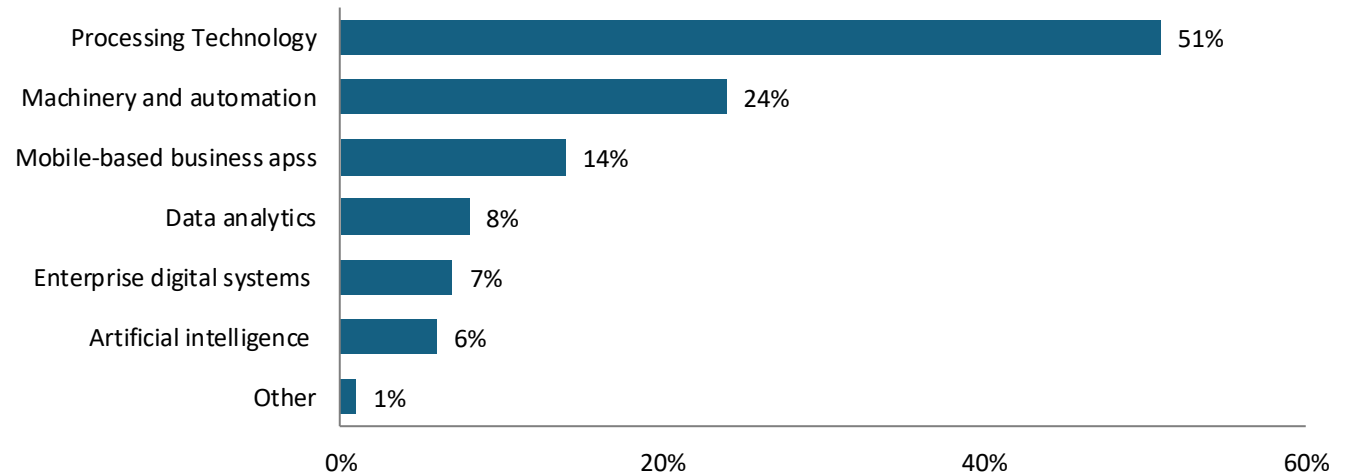
# Access to finance and technology adoption are the missing links to rapid productivity growth and transformation

- ❑ 9% firms can access formal bank credit
- ❑ 80% relying on internal funds
- ❑ Fewer than 40% maintain a corporate bank account
- ❑ Tech adoption is low – the processing equipment (51 percent)
- ❑ Machinery or automation (24 percent)
- ❑ Less than 10% use digital enterprise systems

## Proportion of working capital and fixed assets financed by formal financial institutions



## Share of firms using digital and processing technologies during the last year (% of firms)

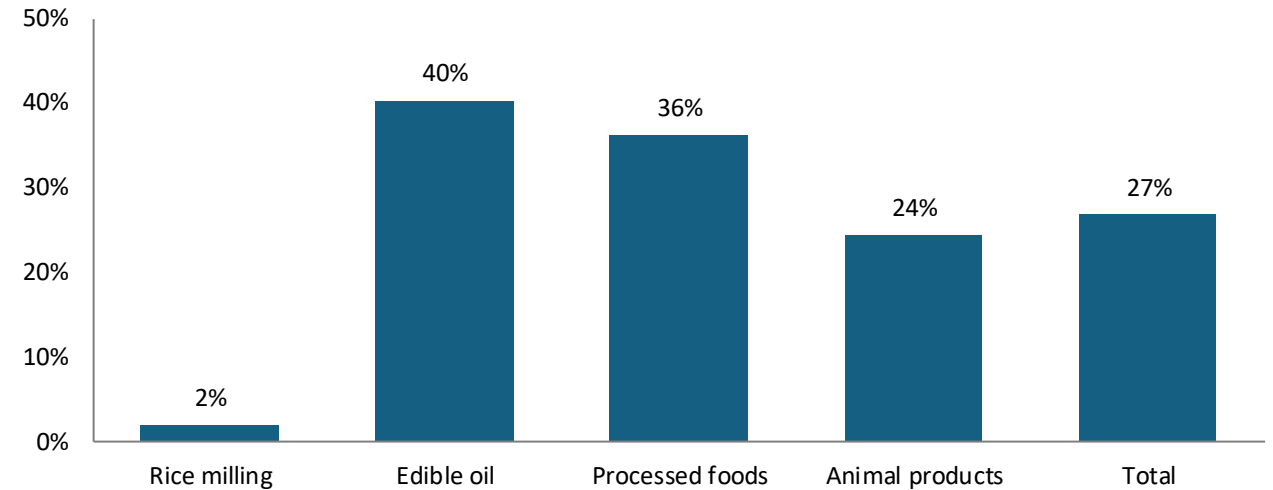


# Standards & certification: the gateway to modern retail and exports

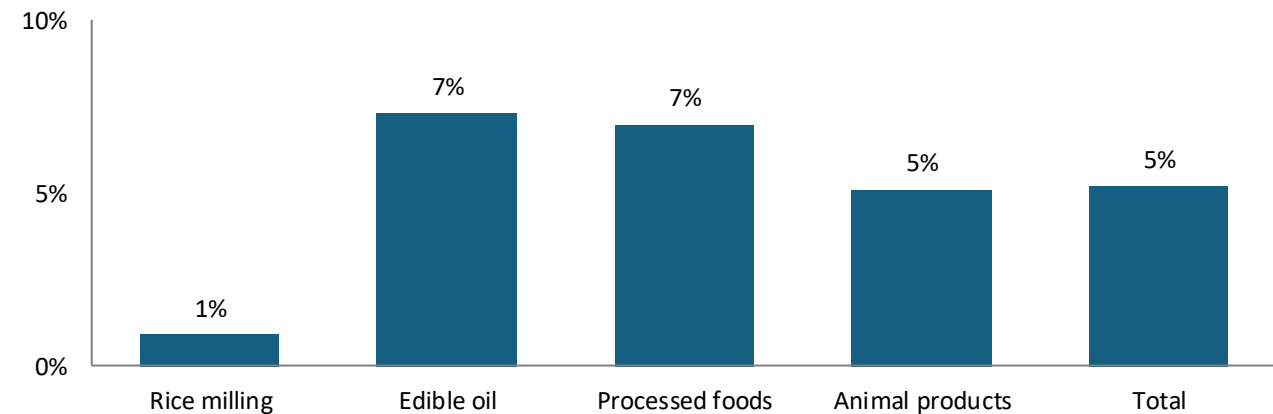
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- FDA certified: 27%
- International certification: <5%
- Testing capacity constraints
- Ongoing quality issues; inconsistent moisture control and poor packaging hinder competitiveness

Share of firms with local FDA certification by value chain



Share of firms with international certification by value chain



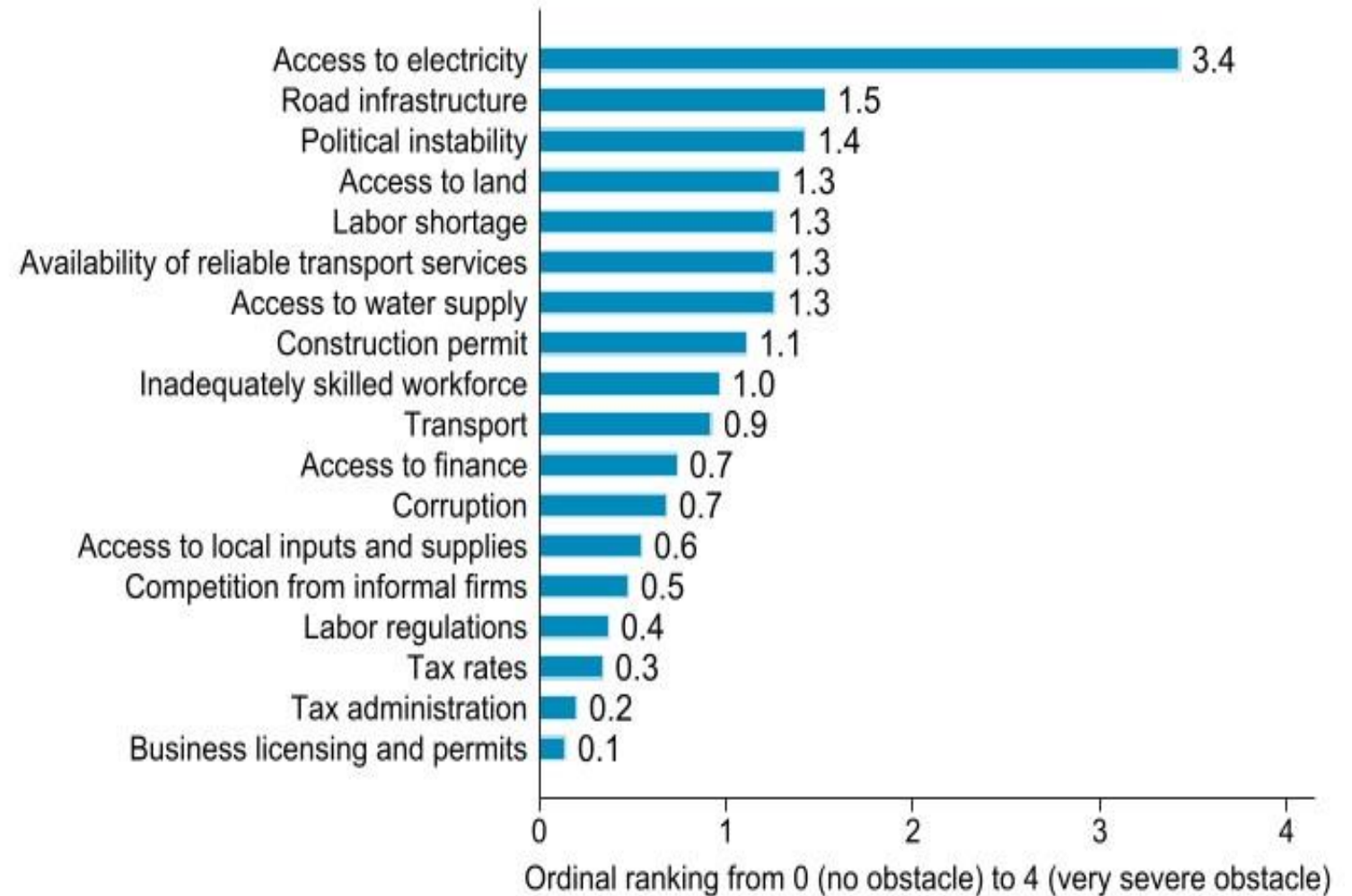
# The headline constraints = idle capacity and lost revenue/productivity

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Growth and productivity constrained by:

- Chronic electricity shortages
- Unreliable transport networks
- Inadequate cold-chain systems
- Conflict disruptions
- Labour and skills shortages

Obstacles to operations

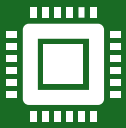


# What should happen next: a focused national action agenda

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**Phase I (next 6–18 months):** focus on electricity reliability, predictable outages/voltage stability, cold chain, logistics, and working-capital products aligned with seasonal cycles. This is where capacity utilization—and revenue—can rise quickly.



**Phase II (18–36 months):** make upgrading easier: streamline compliance steps, expand testing capacity, reduce certification friction, and scale skills/advisory services for efficiency, packaging, and quality control (QC).



**Phase III (3+ years):** build competitiveness through clusters and shared facilities—packaging centers, cold rooms, testing labs, shared waste management—and embed resilience because disasters already generate major sales losses and insurance remains low.

# What can Chambers do to support the sector?

Set up	Set up a member “Standards & Market Access Desk” (certification pathway guidance, pre-audit support).
Launch	Launch a skills compact with short courses for operators/technicians/QC.
Pilot	Pilot shared services (packaging/labeling and basic testing) in one or two hubs with high member concentration.

**THE END**

