IFPRI MYANMAR

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Global Rice Price Declines and Expected Effects on Monsoon Paddy Farming

Insights from Key Informants

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This brief draws on interviews with 51 agro-input retailers across 10 states and regions to assess how falling international rice prices may affect monsoon paddy cultivation in their communities.

Key Findings

- In May 2025, international rice prices (in real terms) reached their lowest level in the past 15 years, one-third lower than in May 2024.
- Myanmar's dual exchange rate system has further depressed local rice prices. In addition to low export prices, rising marketing and processing costs—driven by persistent electricity shortages and transportation challenges—have widened the gap between farmgate prices and end-market prices (both domestic and export).
- According to informants, fertilizer (urea) prices rose 12 percent, while paddy prices fell by an average of 21 percent (median decline: 29 percent) in May 2025 compared to a year earlier.
- In response to weaker price incentives, respondents expect monsoon paddy area to decline by 11 percent and fertilizer use to drop by 18 percent compared to the 2024 monsoon season.
- Expected declines in paddy prices, cultivated areas, and yields are likely to reduce production, lower farm incomes, and increase rural poverty in 2025 - especially concerning given farmers' relative resilience in recent years.

Recommended Actions

- To ensure adequate incentives for paddy farmers, the dual exchange rate system should be revised to give exporters—and, by extension, farmers—fairer and more predictable returns.
- Barriers to efficient domestic trade and processing—such as roadblocks, restrictive regulations, poor transportation infrastructure, and limited access to fuel and electricity—should be addressed to narrow the growing gap between producer and consumer prices.

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Introduction

Paddy rice is a critically important crop in Myanmar. It is the country's primary staple food—contributing 51 percent of urban and 62 percent of rural calorie intake—and a vital source of income for farmers. During the monsoon season, it is typically cultivated by at least 60 percent of crop farmers. Rice is also a key export commodity, with Myanmar ranking as the world's fifth-largest rice exporter. As such, any changes in the incentive structure for monsoon paddy production are expected to have significant implications for farmer incomes, national exports, and domestic food consumption.

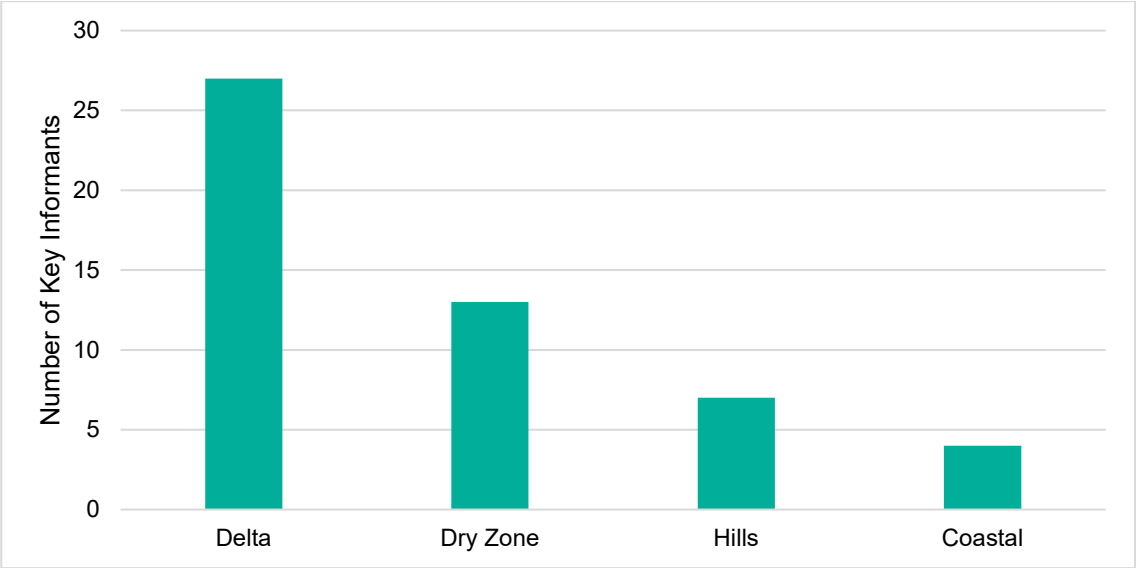
This research note presents findings from a non-representative survey of more than 50 key informants across 10 states and regions in Myanmar. It provides evidence on the rapidly changing profitability of paddy production ahead of the upcoming monsoon season, as well as key informants' expectations regarding the likely impacts of these developments.

Data

Key informant interviews were conducted in 10 states and regions to assess recent changes in paddy and fertilizer prices within local communities. Respondents were also asked about their perceptions of changes in the area cultivated with paddy and in fertilizer use—often the most important agricultural input for rice farmers.[1] This survey was carried out in the first half of June 2025 and included 51 agro-input retailers. These retailers were selected as key informants because they are in regular contact with a large number of farmers and are thus well informed about agricultural trends and developments in the communities they serve.

Figure 1 presents the distribution of key informants by agro-ecological zone. Fifty-three percent of the respondents were from the Delta region (Ayeyarwady, Bago, Yangon)—the country's primary paddy-growing area. Twenty-five percent were from the Dry Zone, while 13 percent and 8 percent were from the Hills and Coastal zones, respectively. It is important to note that, although informants were drawn from diverse regions across the country, this survey is not intended to be nationally representative, nor representative of any specific agro-ecological zone. As such, results should be interpreted with caution.

Figure 1: Number of key informants interviewed by agro-ecological zone, June 2025



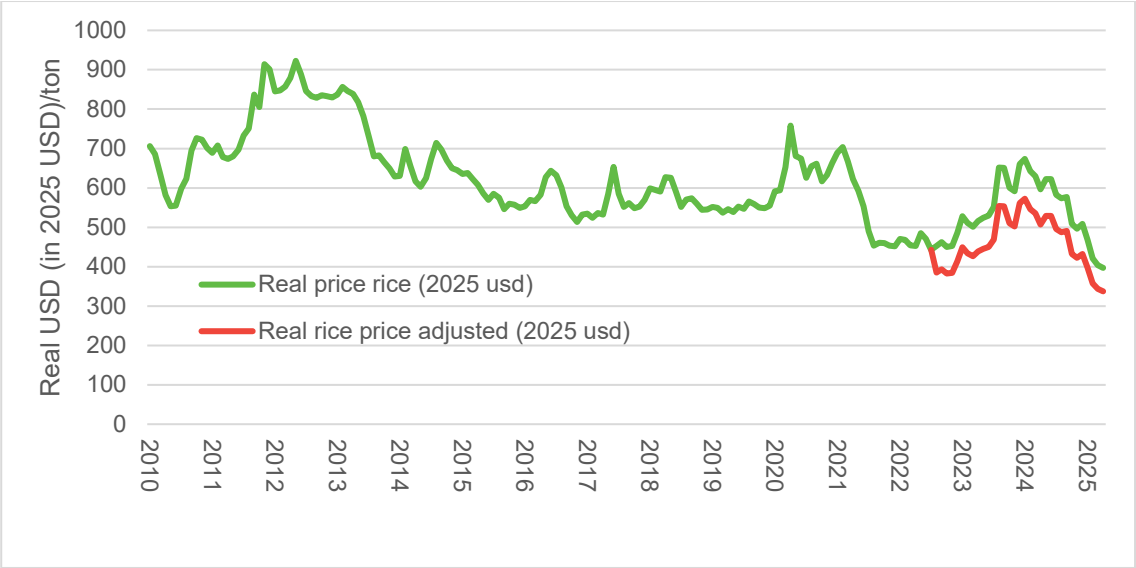
Source: Key informant interviews, June 2025

[1] In some areas, farmers were still in the very early stages of paddy cultivation at the time of the survey, so responses may be somewhat speculative—though still informative.

International rice prices

We use reported FOB rice prices from Thailand as an indicator of broader rice price trends in Asia. To ensure meaningful comparisons over time, nominal prices are deflated and converted to constant 2025 USD.[2] Figure 2 illustrates the evolution of real rice prices over the past 15 years. Prices peaked in the early 2010s, driven by severe weather shocks, high global demand for biofuels, and volatile trade policies during that period (IFPRI 2013). Since then, prices have generally declined. A notable exception occurred in 2024, when prices surged due to El Niño-related production shortfalls and India's rice export restrictions (Pede and Dawe 2024).

Figure 2. International real rice prices (FOB Thailand rice)



Source: World Bank and Federal Reserve Bank of St. Louis
Note: Rice (Thailand), 100% broken, A.1 Super from 2006 onwards, government standard, f.o.b. Bangkok; prior to 2006, A1 Special, a slightly lower grade than A1 Super.

Most importantly for expectations regarding the next monsoon, prices have dropped sharply over the past year. As of April 2025, real rice prices were one-third lower than in April 2024. This decline is largely attributed to favorable weather, the removal of export restrictions by India—the world's largest rice exporter—and reductions in import tariffs by major importing countries aiming to counter high food prices (Dawe et al. 2024). As a result, real rice prices are now at their lowest level in the past 15 years.

Myanmar's rice prices are closely linked to international markets, as nearly 20 percent of its rice production is typically exported (USDA 2025). Although Myanmar ranks as the world's fifth-largest rice exporter, it remains a price taker—meaning it must accept prevailing global market prices. As a result, local paddy producers are directly affected by recent international price declines.

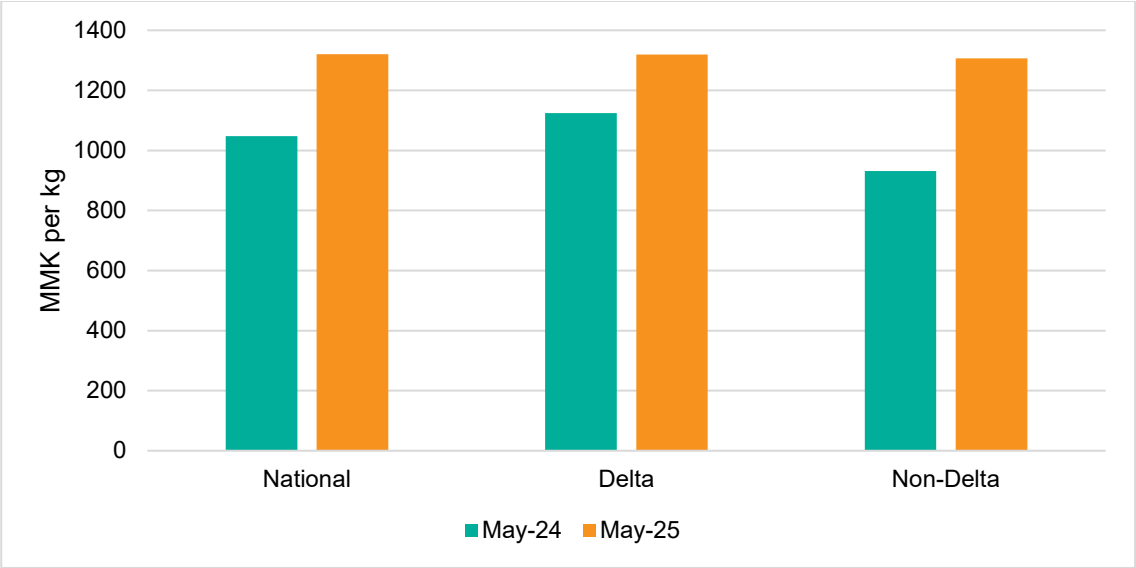
Since August 2022, Myanmar has operated under a dual exchange rate system, which significantly reduces the prices received by exporters compared to international benchmarks (MAPSA, 2024). While the structure of this system has evolved over time, by early 2025, exporters were required to convert 25 percent of their export earnings at a fixed reference rate of 2,100 MMK/USD, with the remaining 75 percent exchanged at a market rate (USDA, 2025). This system has led to a steeper decline in rice prices received by Myanmar exporters compared to those in other countries. This trend is illustrated in Figure 2, which shows the adjusted real rice price (red line). In April 2025, adjusted FOB prices were 25 percent lower than in April 2022—and less than half their level in April 2020.

[2] Using the wholesale price index published by the Federal Reserve Bank of St. Louis.

In addition to deteriorating international price conditions, paddy farmers in Myanmar are also facing rising local marketing and processing costs. These increases are driven by multiple factors, including insecurity, higher transportation expenses, deteriorating infrastructure, roadblocks, and restrictive trade regulations (such as the reference price system and prohibitions on transporting paddy across state and regional borders), and shortages of electricity, fuel and labor. Together, these challenges have widened the gap between farmgate prices and end-market prices—whether to local consumers or export markets.

Figure 3 illustrates the scale of this issue. Key informants were asked to report local paddy and rice prices at the time of the survey and one year earlier. The data show that, on average, the price wedge between paddy at the farmgate and retail rice has increased by 26 percent over the past year.

Figure 3. Change in price wedge between average paddy farmgate and rice retail prices, May 2024 and May 2025



Source: Key informant interviews, June 2025

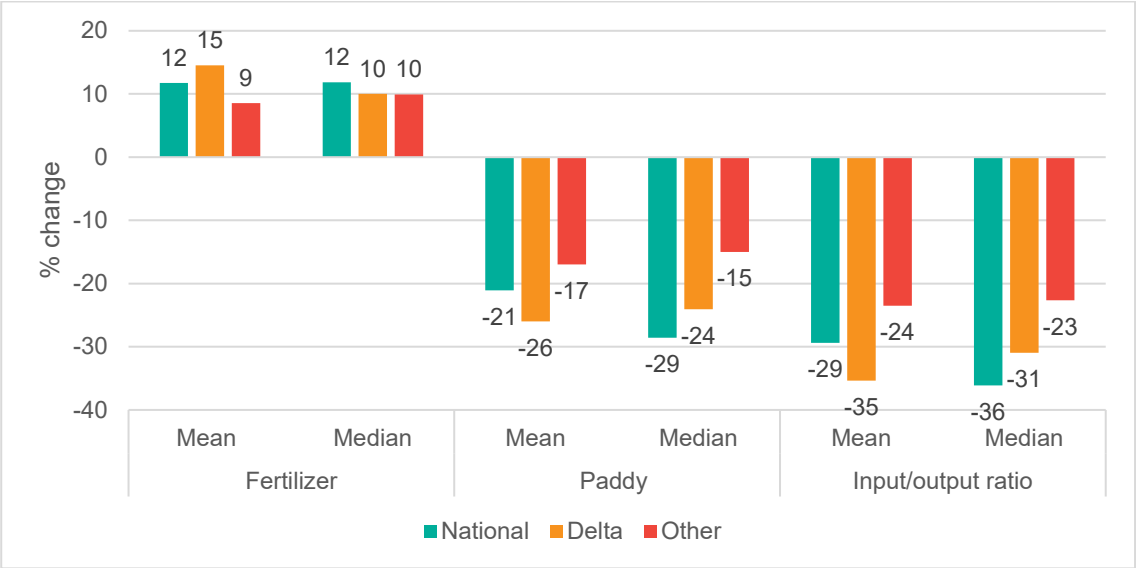
Evolution of fertilizer and paddy prices

We asked key informants to report average fertilizer prices and farmgate paddy prices in their communities for May 2024 and May 2025. Figure 4 presents the percentage changes in both mean and median values at the national level, as well as disaggregated results for the Delta and non-Delta agro-ecological zones. Farmers faced notable increases in fertilizer prices. At the national level, urea prices in May 2025 (the start of the monsoon season) were 12 percent higher than in May 2024, for both mean and median measures. Similar trends were observed across both Delta and non-Delta zones (based on median price changes).

In contrast, paddy prices declined sharply. The national average farmgate price fell by 21 percent, while the median dropped by 29 percent. The largest reductions were observed in the Delta region—the country's most commercialized and internationally connected rice-producing area.

To assess the impact on farmer profitability, we compared input (fertilizer) costs to output (paddy) prices. This simple ratio indicates a decline in profitability of 29 percent using mean prices, and 36 percent using median prices (Figure 4). Anecdotal evidence suggests that other key input costs—such as mechanization and agricultural labor—have also increased, in some cases more sharply than fertilizer prices, further exacerbating pressure on farm margins.

Figure 4. Change in Fertilizer and Paddy Price, and Estimated Profitability, from May 2024 to May 2025 (Key Informant Perceptions)



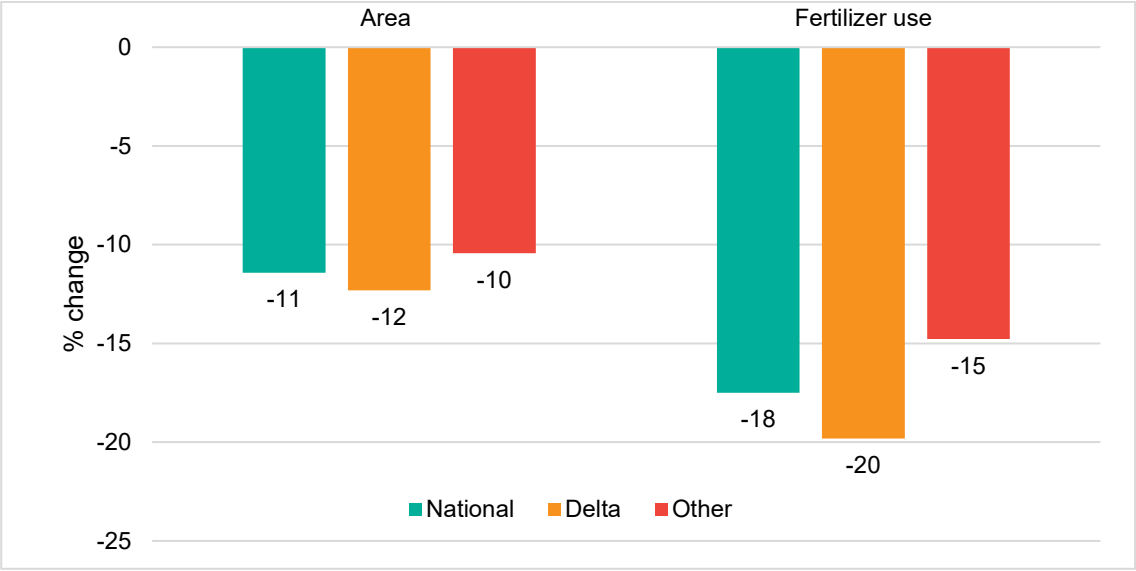
Source: Key informant interviews, June 2025

Perceived impact on paddy area cultivated and fertilizer use

We then asked key informants to estimate the extent to which farmers in their communities were reducing paddy cultivation area this monsoon compared to the previous season. On average, they expected an 11 percent reduction in cultivated area overall (Figure 5). The reduction was slightly more pronounced in the Delta region, likely because paddy production there is more commercially driven compared to other zones (Minten et al. 2024).

We also inquired about changes in fertilizer purchases. Given that all key informants are fertilizer distributors, they were well positioned to provide insights on this. Nationally, fertilizer use was expected to decline by 18 percent, with a higher reduction of around 20 percent reported in the Delta (Figure 5).

Figure 5. Change in paddy area cultivated and fertilizer use on paddy, May 2024 and May 2025

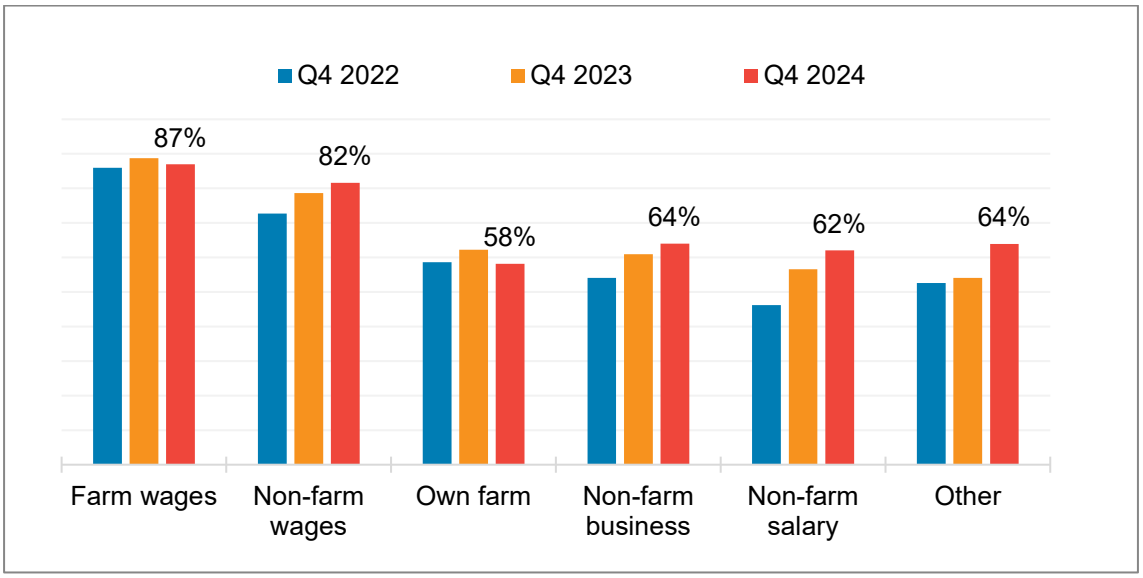


Source: Key informant interviews, June 2025

Impact on income-based poverty

Due to favorable international market conditions since 2022, farmers in Myanmar have been among the most resilient livelihood groups in the country (Figure 6). While income-based poverty worsened for most other sectors, farming remained relatively stable. However, this is likely to change in 2025, given the recent unfavorable price developments. These declining incentives for paddy cultivation are on top of a series of other shocks affecting farmers, including increasing incidences of flooding and drought, as well as the recent earthquake.

Figure 6. Change in income-based poverty rates by main livelihoods, 2022 to 2024



Source: Myanmar Household Welfare Surveys, multiple rounds

Conclusion

Key informant interviews suggest a challenging outlook for monsoon paddy farming in 2025, shaped by weakening price incentives and rising production costs. Farmers are expected to respond by reducing cultivated area and cutting back on fertilizer use, particularly in more commercialized regions like the Delta. These adjustments are likely to result in lower production and incomes, threatening the relative resilience that Myanmar's farmers have maintained in recent years.

Given current trends, continued monitoring of international rice prices throughout the monsoon season is essential, alongside close attention to factors driving up processing and marketing costs—such as transportation, fuel, and labor, as well as ongoing trade restrictions.

Improvements in the broader policy environment will be important to restore adequate incentives for paddy production. Revising the dual exchange rate system to ensure exporters—and, by extension, farmers—receive fairer and more predictable returns could help bolster profitability. In parallel, addressing persistent barriers to efficient domestic trade and processing—including roadblocks, restrictive regulations, transportation bottlenecks, and energy shortages—would help narrow the widening gap between farmgate and consumer prices and strengthen the resilience of Myanmar's rice sector.

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