A new market in 1 hour

AHK Myanmar’s weekly factsheet and webinar series, in collaboration with the German-Myanmar Business Chamber (GMBC)
DISCOVER YOUR BUSINESS OPPORTUNITIES WITH US

Coffee and tea in Myanmar, Laos and Cambodia

The climate and geographical location of Southeast Asia is ideal for the coffee and tea cultivation. The region’s coffee is still evolving but has great potentials and might grow to a thriving coffee industry in ASEAN.

Especially in the Asian region, prefabricated coffee products are popular as e.g. instant coffee, in contrast to the EU, where often only green beans as raw products are bought for further processing from abroad. Foreign buyers are attracted to the traditional way of farming of the three countries to satisfy their demand for sustainable and organic products.

Leading coffee importing countries are the US, Germany, France and Italy, whereas Pakistan, Russia, the US and the UK are the leading tea importers. The revenue in the global coffee market will amount to US$ 448,382 million in 2020 and is expected to grow annually by 5.5% until 2025. In comparison, the global tea market is expected to grow annually by 6.7% until 2025 and its revenue will amount to US$ 231,043 million in 2020.

However, Laos, Cambodia and Myanmar are still facing challenges such as e.g. missing quality standards, a lack of knowhow and trade finance, and low processing capacity due to a lack of machinery. At the same time, their exports are growing and continuously expanding to new markets.

MYANMAR

Myanmar mainly grows Arabica coffee (80%), particularly in the hilly Shan State area. Robusta coffee (20%) is mostly produced for the domestic demand of instant coffee. In 2017, Myanmar exported 860 tons of coffee, worth EUR 1.2 million. The largest export destination was China, followed by the USA and Japan. The export of Myanmar coffee to the European Union (EU) started in 2015 and increased every year since then. In 2017, the EU imported 78 tons of coffee from Myanmar. Main customers in the EU are Germany, the UK and Belgium. The Myanmar Ministry of Agriculture, Livestock and Irrigation aims to increase the coffee producing area to 200,000 ha and to export 60,000 tons of high-quality coffee by 2030.

Myanmar is one of the oldest teas growing areas in the world. In 2017, the overall tea export value was US$ 2.8 million. A local specialty are pickled, fermented tea leaves (laphet), a well-known traditional food of Myanmar with a unique taste and health benefits. 15 to 20% of the total fresh tea leaves production in Myanmar is used to produce fermented tea. In 2017, over 5,000 tons of pickled tea leaf salad were exported. The largest export destinations are China and Thailand.

Besides pickled tea, also green and black tea are produced. Currently, around 80 Myanmar companies are exporting green tea. The largest quantities of green tea from Myanmar are exported to Japan, Malaysia, and Singapore. Buyers from the EU have also started to show interest in purchasing green tea from Myanmar. With the support of the Private Sector Development Programme of GIZ Myanmar, commissioned by BMZ and the EU, six Myanmar tea companies...
were able to present their organic green tea under the Myanmar Tea Cluster (MTC) at the world’s leading trade fair for organic food – BIOFACH in 2018.

CAMBODIA

Compared to Myanmar and Laos, Cambodia has the lowest coffee and tea production. The country still imports at least 5,000 tons of coffee from Vietnam and Laos to satisfy its domestic consumption, whereas it can only produce about 300 tons. In 2017, the country exported coffee valued US$18,100 to Russia and the US. Cambodia primarily grows Robusta coffee, because the elevations very rarely exceed 800 meters and therefore the cultivation of Arabica coffee is difficult. Also, the tea production is rather low with only US$8,650 export value to mainly the UK, Czech Republic and Singapore.

LAOS

Following Vietnam and Indonesia, Laos is one of the top coffee producers and exporters in Southeast Asia and, like Myanmar, distinctive for its production of higher quality Arabica. In 2017, Lao coffee exports exceeded a value of US$112 million and the coffee industry is one of the top ten revenue generators in the country’s economy. The total coffee production in Laos reached 28,500 tons in 2017. Main export destinations include Thailand, Vietnam, Japan, Spain, Poland, Germany, the US, France, Belgium, and Sweden. In 2016, Laos has 5,367 smallholder tea plantations and exported tea worth US$ 593,000 to mainly China, France, Switzerland and Germany. Different domestic tea specialties exist, such as e.g. the Maocha or the Xiangkhouang tea. The latter is well known by Chinese and considered wild, organic and chemical free.

The tea production is also identified as a focus crop in the recent Lao National Socio-Economic Development Plan 2016 - 2020 and the Agriculture Development Strategy to the year 2025 and therefore is strongly promoted. Also, GIZ and Helvetas established the Lao Tea Alliance, a precursor to a potential national tea association, which ingroups an advisory committee consisting of farmer representatives and officials from relevant ministries.

YOUR BUSINESS OPPORTUNITIES

In order to meet its growing export targets, the coffee and tea sector in Myanmar and Laos depends on machine imports and technical knowhow.

Some Myanmar companies as e.g. U Kar Ka Company are looking for a packaging machine for plastic bags for their green tea. Also, the Myanmar tea company Ya Thar War Thi Co. Ltd. is planning to expand their production to a new factory and is looking for new machineries for pickled organic tea leaves. Moreover, the leading Myanmar local organic manufacturer Genius Coffee is planning to increase its production capacity and is looking for joint ventures with international partners to set up roasting plants in export destinations. Additionally, the company needs a packaging machine and a digital monitoring system to pursue the roasting process and transmit real-time data.

BEST PRACTICE COOPERATION WITH GERMANY

In 2015, the German company Tee Gschwendner and GIZ built the first tea factory in the Myanmar Shan State and supported more than 100 small farmers in different processing and optimizing methods, craft production, testing machines and developed infrastructure systems. In 2018, the first organic certification was generated, and Tee Gschwendner now offers green organic tea from Myanmar as the first German company.

From April 2017 to 2018, GIZ, the Myanmar Fruit, Flower and Vegetable Producer and Exporter Association (MFVP) and Nestlé Company supported three local coffee farms to get an organic certification to produce organic Arabica coffee in Myanmar.
OUR BUSINESS PARTNER RESEARCH

Even during times of COVID-19, we are there to support you and your business in discovering new and expanding existing business opportunities. We continue to offer our tailored business partner research for you. All services can be exclusively provided via e-mail and phone. For more information, please contact us under the details below.

Sophie Waldschmidt, Head of Projects and Services
E-Mail: Sophie.Waldschmidt@myanmar.ahk.de
Tel: +95 (0) 945 062 9364

JOIN OUR WEBINAR

We are hosting a webinar on the topic of Coffee and tea in Myanmar, Laos, and Cambodia on Thursday, 16th April from 10:00 to 11:00 Germany time / 14:30 to 15:30 Myanmar time.

We are looking forward to welcoming two external experts on this topic: Dr. Astrid Faust, Head of Component – Myanmar, ASEAN Regional Economic Integration / CIF, GIZ & Ms. Karina Ufert, Managing Director, AgriRS

Please pre-register your participation with our Events and Communication Manager Mrs. Thet Htet Lin Han @ Yuki:
E-Mail: ThetHtetLin.Han@myanmar.ahk.de
Tel: +95 (0) 945 062 9364