A new market in 1 hour

AHK Myanmar’s weekly factsheet and webinar series, in collaboration with the German-Myanmar Business Chamber (GMBC)
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**Spices and natural sweetener in Myanmar, Laos and Cambodia**

Myanmar, Laos and Cambodia are the last frontier markets in the ASEAN community and are perfectly located between in the Southeast Asian market and the two most populous countries in the world, China and India. With the steadily improving infrastructure, the increasing urbanization and middle class, the consumption of processed and packaged food rises constantly. Local demand for packaged food is expected to increase by 20% between 2018 and 2022. The climatic and geographical diversity make food production highly interesting, both for supplying the local population and for export.

The sector of spices and natural sweeteners is still nascent but with great potentials. Due to the traditional way of farming, the three countries are able to produce sustainably and organically which attracts many foreign buyers.

The three countries are still facing challenges such as e.g. missing quality standards and low processing capacity due to a lack of machinery. Therefore, domestic producers are looking for foreign technical support and knowledge, particularly for processing and packaging, to meet the increasing demand.

**MYANMAR**

Myanmar is the largest country of the three states, with a population of 54.3 million and a land area of 653,500 km² and direct land borders to India, China and ASEAN as well as direct access to the Andaman Sea and Bay of Bengal.

In 2017, the export of spices (primarily turmeric, chili, ginger, black pepper), was valued US$17.1 million mainly to India, China and Bangladesh. Other spices such as vanilla, nutmeg, cardamom, coriander, cloves, cinnamon, star anise are also produced, but in smaller quantities.

Myanmar also produces sugar, which is largely traded with China. Moreover, Myanmar is currently exporting honey (US$4.17 million) to Thailand, Japan, South Korea, the US and Canada and plans to expand to the European and Vietnamese market as well. Myanmar introduced European honeybees in the late 1970s, with the support of FAO and US government, for producing honey and related products as well as for enhancing pollination services to agriculture and forestry. However, the indigenous Asian bees have habitats in Myanmar long before human habitations. Almost 50% of the honey currently produced in Myanmar is jujube honey, and more honey crops (including specialty crops) are available. Over the past years, the Myanmar Apiculture Association has been intensively working on residue monitoring plans in order to get Myanmar listed on the EU’s Third Country List later this year. This will finally enable Myanmar honey producers to also directly export to the EU market. With this perspective, Myanmar beekeepers plan to expand their annual production capacities to a total of 10,000 metric tons by 2025.
CAMBODIA

The Kingdom of Cambodia has a population of 16.25 million and a land area of 176,520 km². The country is strategically positioned within Southeast Asia, with a major port on the Gulf of Thailand. Cambodia also shares land borders with Thailand, Laos and Vietnam.

Cambodia produces various spices, e.g. red chili peppers, star anis, ginger, galangal, fingerroot, turmeric, cardamom, tamarind and pepper. The Kampot pepper received the coveted geographical indicator (GI) from the EU in 2016. The label guarantees the origin of the product and assures buyers a certified quality management structure. Thus, the prize of black pepper increased from US$4 per kg to US$15. The Kampot pepper is mainly exported to Europe (export value of US$3.17 million), as biggest market, and also to the US, Japan, China, South Korea and Malaysia.

Raw sugar has an overall export value of US$5.08 million and is mainly exported to China. Palm sugar, Kampong Speu palm sugar, has recently awarded as well the coveted geographical indicator (GI) from the EU. The Kampong Speu palm sugar is exported to 27 countries in Asia and the EU and had a production volume of 3,000 metric tons in 2018.

Cambodia is known as a potential place for honey harvesting due to its tropical climate, biodiversity of forests and geographical area. However, Cambodia has a honey deficit, which means the country still imports honey. Due to the rising demand of wild honey as a high-quality good, Cambodian honey could be sold for as much as US$10 per kilogram, more than similar honey from neighboring countries. Therefore, various NGOs have recently supported some bee-keeping programs in Cambodia through trainings in e.g. processing and packaging honey properly.

LAOS

Laos has the smallest population, about 7.06 million inhabitants, among the three countries covered here and has a surface area of 230,800 km², without any direct access to the sea.

The country mainly exports its spices, worth US$3.81 million, to Japan, the Netherlands, South Korea and Germany. Cardamom, 400-500 metric tons/ year, is only produced for the export market, and mainly goes to China, Korea, Thailand and Vietnam.

Laos also produces raw sugar (worth US$29 million) only for exports to Poland and Portugal. Laos primarily produces forest honey, which is locally used as a medical product. It is estimated that at least 1,230 metric tons of forest honey at a value of US$5.19 million may be produced. The traditional forest honey is exported to China, Hong Kong, Singapore, South Korea, Macao, Qatar and Bahrain. Also, one Lao company is exporting honey to the US.

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The targeted export drives the demand for increasingly complex processing and packaging procedures and corresponding machinery. Due to the almost non-existent and only slowly developing production capacities of local machine manufacturers, the spices and natural sweeteners sector depends on machine imports. Chinese machines have still a dominant role due to the geographical proximity and the favorable prices. However, China’s dominant position is overshadowed by a wide range of complaints about poor quality, unreliability and poor performance. Problems with delivery are also being addressed. Consequently, German machines become more attractive in terms of speed, precision and reliability in supplying the market. German manufacturers can set standards here, train the local population on their machines and thus create a long-term advantageous position for themselves.

Some Myanmar companies as e.g. the New A1 Family Co. Ltd. are looking for a new production line for pastes of chili and turmeric and a stick remover. The Great Wall-Wilmar Holdings Ltd. is planning to expand their production capacity from 8,000 tons to 12,000 tons per day of sugar cane. To export consumer-friendly honey packaging, the Kaung Ko company requires a packaging machine for 300 g packaging. According to the Sugar Association in Mandalay, there is a demand in the sugar industry for analytical equipment needed to monitor quality, especially for exports. Decolorization equipment and molasses plants are also needed. Local producers are also currently investigating the production of honey sticks for the US market and are looking for a machine for this purpose.
Furthermore, there is great potential to source increasing amounts of organic spices and natural sweeteners from Myanmar, Laos and Cambodia.

BEST PRACTICE COOPERATION WITH GERMANY

Martin Burhenne, a German salesman, established THE PEPPER HILL farm in 2013 in Kampot, Cambodia and is growing high quality Kampot pepper in the traditional way and according to organic standards. All employees of THE PEPPER HILL receive wages above the local average and are insured against accidents through a professional association. The employees live with their families directly on the farm. Since spring 2015, THE PEPPER HILL has been supporting a new school near the farm and assures that the children of the farm can attend this school. To actively support the social commitment of THE PEPPER HILL farm, a sponsorship of individual Kampot pepper plants is possible.

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.

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JOIN OUR WEBINAR

We are hosting a webinar on the topic of *Spices and natural sweeteners in Myanmar, Laos, and Cambodia* on Thursday, 9th 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: Mr. Myint Than, Myanmar Apiculture Association and Mr. Andreas Groetschel, The Pepper Hill Cambodia Co., Ltd.

Please pre-register your participation with our Events and Communication Manager Mrs. Thet Htet Lin Han @ Yuki:
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