

Myanmar Program Creates Solid Foundation for U.S. Potato Exports

By tapping new customers, new sectors and new products this year, Potatoes USA has created a solid foundation for U.S. potato exports to the emerging market of Myanmar. As a direct result of the marketing program, U.S. exports of fresh, frozen and dehydrated potatoes are rising dramatically. During the first three quarters of the current July 2016-June 2017 marketing year, the value of potato exports more than tripled, reaching \$199,122 during July 2016-March 2017, compared with the same period the prior year. Export volume grew to 147 metric tons, up 107% over the first three quarters of the prior year.

Just four years ago, this market imported no U.S. potato products directly, instead utilizing small amounts of U.S. potato products re-exported via Singapore and other countries. There were limited types of U.S. products and brands imported, and U.S. product knowledge was very low. The market's reliance on products transshipped from regional markets impacted the reliability of supply and meant that U.S. potato products – already disadvantaged by their price differential with EU competitors – became even more expensive and often lost their identity in the process. However, market research carried out by Potatoes USA in 2013 indicated that this country could become a promising new market for U.S. potato exports if constraints could be overcome.

Thus, over the past several years, Potatoes USA has utilized funding from USDA's EMP and MAP programs to lay the groundwork for future sales, focusing on building relationships and U.S. product knowledge. Activities have comprised one-on-one meetings, educational seminars, cold chain training, and education material distribution to develop initial awareness and interest in U.S. potato products, particularly frozen potato products. A key strategy has been to focus on developing direct export relationships, to overcome constraints related to the transshipment of products. On the U.S. side, Potatoes USA has worked to convince U.S. suppliers to increase their market presence in Myanmar itself, to cut out the middleman.

Foodservice Sector

U.S. frozen potato products have made steady gains since the first direct imports of \$22,781 were made in 2013 as a result of initial market activities. During MY 15/16, Potatoes USA successfully aided two major foodservice groups, Nan Nan Group/Potato Break and Lotteria, to negotiate direct purchases of U.S. frozen fries, resulting in a large jump in U.S. exports. Potatoes USA cold chain training has been a significant part of U.S. fry success, by improving understanding of U.S. product usage and teaching companies how to maintain quality in fries.

During the current fiscal year, Potatoes USA has continued to build on this base. Both Lotteria and Nan Nan have been convinced to trial multiple types of specialty frozen fry products, which increases the range of products utilized in the market. Meanwhile, seven new foodservice operators have begun using U.S. fries this year, bringing the number of foodservice operators selling U.S. frozen potatoes up from two to nine. This includes the delicatessen area of a retail chain (City Mart), expanding the distribution channels through which consumers can try U.S. fries. Also, a local importer is currently bringing in a trial container of frozen fries from a U.S. processor that is new to the market, expanding the presence of U.S. brands. As a result, U.S. frozen potato exports during July 2016-March 2017 jumped 208% by value to \$133,216, compared with the first three quarters of the prior marketing year.

Retail Sector

The current MY 16/17 year has also seen significant gains in the emerging modern retail sector. In March/April 2017, the country's largest retailer, Capital Hypermarket, conducted the first

Potatoes USA retail promotion of U.S. frozen fries. A second round of promotions is scheduled for May/June. Nor are U.S. fries the only product making headway in this sector. U.S. fresh potatoes have developed a small presence at retail in premium outlets. These are mostly russet and golden varieties, although in March 2017 U.S. red potatoes appeared for the first time. Four retailers now carry and identify U.S. fresh table-stock potatoes; at least two of these are new users this year. During the first three quarters of the current fiscal year, U.S. fresh potato exports are up 20% by value to \$26,300, compared with the past year.

Ingredient Sector

A third U.S. potato product category – U.S. dehydrated potatoes – has also benefited from Potatoes USA activities. Educational activities aimed at food manufacturers and others have successfully convinced four companies to carry out product trials with U.S. dehydrated potatoes. A key activity was a regional bakery workshop held in Singapore, resulting in three Myanmar participants that are conducting baking trials. For the first time, U.S. dehydrated potatoes have been exported directly into the market, with initial exports of \$39,606 during July 2016-March 2017. This was likely headed into the snack manufacturing sector. While the primary snack manufacturer uses mostly European dehydrated potatoes, during Potatoes USA trade servicing company representatives have previously requested U.S. supplier contacts.



Capital Hypermarket conducts the market's first retail promotion of U.S. frozen fries.